JCY INTERNATIONAL BERHAD
(713422 X)
(Incorporated in Malaysia)

Statement by Directors and Audited Financial Statements
30 September 2013

713422 X

JCY International Berhad
(Incorporated in Malaysia)

Contents

JCY International Berhad
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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 2013.

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
(Loss)/Profit net of tax	(61,611)	83,175

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

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

Dividends

The amount of dividends paid by the Company since 30 September 2012 were as follows:

	RM'000
In respect of financial year ended 30 September 2013:	
Single tier interim dividend of 1 sen per ordinary share on 2,028,913,300 ordinary shares, declared on 26 November 2012 and paid on 10 January 2013	20,289

JCY International Berhad
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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
Dato' Tan Shih Leng
Lim Ching Tee, Peter

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, other than those arising from the share options granted under the Executive Share Options Scheme.

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 27 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:

	Number of ordinary shares of RM0.25 each			
The Company	**1 October 2012**	**Acquired**	**Sold**	**30 September 2013**
Direct interest				
Dr. Rozali Bin Mohamed Ali	650,000	-	-	650,000
Wong King Kheng	3,500,000	-	-	3,500,000
Chang Wei Ming	25,000	-	-	25,000
Goh Chye Kang	600,000	-	-	600,000
Dato' Tan Shih Leng	950,000	500,000	(950,000)	500,000
Lim Ching Tee, Peter	1,000,000	-	(1,000,000)	-

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Directors' interests (cont'd)

The other director in office at the end of the financial year does not have any interest in shares in the Company and its related corporations during the financial year.

	Number of options over ordinary shares			
The Company	**1 October 2012**	**Granted**	**Exercised**	**30 September 2013**
Direct interest				
Dr. Rozali Bin Mohamed Ali	-	600,000	-	600,000
Wong King Kheng	-	1,500,000	-	1,500,000
Chang Wei Ming	-	450,000	-	450,000
Chan Boon Hui	-	450,000	-	450,000
Goh Chye Kang	-	1,500,000	-	1,500,000
Dato' Tan Shih Leng	-	1,500,000	-	1,500,000
Lim Ching Tee, Peter	-	1,500,000	-	1,500,000

Executive Share Options Scheme

At an Extraordinary General Meeting held on 24 March 2011, shareholders approved the Executives' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees.

The Options Committee administering the ESOS comprises four directors and one senior executive, namely Wong King Kheng, Goh Chye Kang, Dato' Tan Shih Leng, Lim Ching Tee Peter and Yong Yong Chai.

The duration of the ESOS is 3 years from the implementation date of 1 August 2011. The Options Committee has the discretion to extend the duration of the ESOS for another 3 years.

The salient features and other terms of the ESOS are disclosed in Note 25 to the financial statements.

On 2 July 2013, the Company granted 39,120,000 share options under the ESOS at the exercise price of RM0.61. The options expire on 31 July 2017. The options are distributed into three equal tranches vesting on 2 July 2013, 1 July 2014 and 1 July 2015. The vesting condition is that the offeree must be an employee or director of the Company or its subsidiaries on the respective vesting and exercise dates.

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Executive Share Options Scheme (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 600,000 ordinary shares of RM0.25 each. The names of options holders granted options to subscribe for 600,000 or more ordinary shares of RM0.25 each during the financial year are as follows:

	Number of share options		
Name	**Granted**	**Exercised**	**30 September 2013**
Yong Yong Chai	1,200,000	-	1,200,000
Yong Jong Siah	1,200,000	-	1,200,000
Lim Su Kiat	600,000	-	600,000
Lieo Yong Tiam	600,000	(200,000)	400,000
Ong Jor Kham	600,000	-	600,000

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

Treasury shares

As at 30 September 2013, the Company held as treasury shares a total of 15,946,700 of its 2,044,860,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM15,584,000 and further relevant details are disclosed in Note 22 to the financial statements.

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.

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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.

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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 23 January 2014

Goh Chye Kang

Wong King Kheng

JCY International Berhad
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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 11 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 2013 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 34 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 23 January 2014

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 11 to 67 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 23)
January 2014

Wong King Kheng

Before me,

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Independent auditors' report to the members of
JCY International Berhad
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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 2013 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 11 to 66.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 judgement, 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.

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Independent auditors' report to the members of
JCY International Berhad (cont'd)
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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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.

(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

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 September 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as of 30 September 2013 and financial performance and cash flows for the year then ended.

2. The supplementary information set out in Note 34 on page 67 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.

3. 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

Lee Ming Li
2983/03/14(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 23 January 2014

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Statements of comprehensive income
For the financial year ended 30 September 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	4	1,598,653	2,241,289	76,798	195,192
Cost of sales		(1,634,289)	(1,776,713)	-	(3,430)
Gross (loss)/profit		(35,636)	464,576	76,798	191,762
Other items of income					
Other operating income		3,526	2,180	10,345	-
Other items of expense					
General and administrative expenses		(22,165)	(34,930)	(3,967)	(7,805)
Finance costs	8	(961)	(3,070)	(1)	(1)
(Loss)/Profit before tax	5	(55,236)	428,756	83,175	183,956
Income tax expense	9	(6,375)	(1,460)	-	-
(Loss)/Profit net of tax		(61,611)	427,296	83,175	183,956
Other comprehensive income					
Foreign currency translation		22,941	(5,379)	-	-
Total comprehensive income for the year		(38,670)	421,917	83,175	183,956
Basic (loss)/earning per share (sen)	10	(3.0)	20.9		
Diluted (loss)/earning per share (sen)	10	(3.0)	20.9		

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

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Statements of financial position as at 30 September 2013

	Note	Group		
		30.9.2013	**30.9.2012**	**1.10.2011**
		RM'000	**RM'000**	**RM'000**
Assets				
Non-current assets				
Property, plant and equipment	12	680,190	725,281	702,311
Land use rights	13	18,260	18,515	19,005
Deferred tax assets	21	7,334	12,533	9,458
Restricted bank deposits	18	847	808	804
		706,631	757,137	731,578
Current assets				
Inventories	15	289,592	324,648	224,864
Trade and other receivables	16	223,858	411,373	336,969
Other current asset	17	14,597	13,298	3,669
Tax recoverable		346	671	40
Cash and bank balances	18	177,188	129,778	92,664
		705,581	879,768	658,206
Total assets		1,412,212	1,636,905	1,389,784
Equity and liabilities				
Current liabilities				
Trade and other payables	19	255,428	351,911	257,740
Borrowings	20	54,853	129,083	224,708
Tax payable		-	15	582
		310,281	481,009	483,030
Net current assets		395,300	398,759	175,176
Non-current liabilities				
Long term employee benefits		773	393	-
Deferred tax liabilities	21	28,041	26,926	21,447
		28,814	27,319	21,447
Total liabilities		339,095	508,328	504,477
Net assets		1,073,117	1,128,577	885,307

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Statements of financial position as at 30 September 2013 (cont'd)

		Group		
	Note	**30.9.2013**	**30.9.2012**	**1.10.2011**
		RM'000	**RM'000**	**RM'000**
Equity attributable to equity holders of the Company				
Share capital	22	511,359	511,215	511,215
Reserves		561,758	617,362	374,092
Total equity		1,073,117	1,128,577	885,307
Total equity and liabilities		1,412,212	1,636,905	1,389,784

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

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Statements of financial position as at 30 September 2013

		Company		
	Note	**30.9.2013 RM'000**	**30.9.2012 RM'000**	**1.10.2011 RM'000**
Assets				
Non-current assets				
Property, plant and equipment	12	-	6,632	9,145
Investment in subsidiaries	14	454,131	451,751	451,751
		454,131	458,383	460,896
Current assets				
Trade and other receivables	16	168,776	158,584	165,429
Other current asset	17	135	184	233
Tax recoverable		-	-	40
Cash and bank balances	18	186	135	320
		169,097	158,903	166,022
Total assets		623,228	617,286	626,918
Equity and liabilities				
Current liabilities				
Trade and other payables	19	937	61,380	76,321
Net current assets		168,160	97,523	89,701
Net assets		622,291	555,906	550,597
Equity attributable to equity holders of the Company				
Share capital	22	511,359	511,215	511,215
Reserves		110,932	44,691	39,382
Total equity		622,291	555,906	550,597
Total equity and liabilities		623,228	617,286	626,918

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

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Consolidated statement of changes in equity
For the financial year ended 30 September 2013

		<----------------	Non-distributable		---------------->		Distributable	
	Note	Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Foreign currency translation reserve (Note 23(b)) RM'000	Retained earnings (Note 24) RM'000	Total RM'000
2013								
At 1 October 2012		511,215	-	(15,584)	-	7,703	625,243	1,128,577
Total comprehensive income for the year		-	-	-	-	22,941	(61,611)	(38,670)
Transactions with owners								
Dividends	11	-	-	-	-	-	(20,289)	(20,289)
Grant of equity-settled share options to employees		-	-	-	3,148	-	-	3,148
Exercise of employee share options		144	308	-	(101)	-	-	351
At 30 September 2013		511,359	308	(15,584)	3,047	30,644	543,343	1,073,117

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Consolidated statement of changes in equity (cont'd)
For the financial year ended 30 September 2013

		<----- Non-distributable			----->	Distributable	
	Note	Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Foreign currency translation reserve (Note 23(b)) RM'000	Retained earnings (Note 24) RM'000	Total RM'000
2012								
At 1 October 2011		511,215	-	(42)	-	13,082	361,052	885,307
Total comprehensive income for the year		-	-	-	-	(5,379)	427,296	421,917
Transactions with owners								
Dividend	11	-	-	-	-	-	(163,105)	(163,105)
Purchase of treasury shares		-	-	(15,542)	-	-	-	(15,542)
At 30 September 2012		511,215	-	(15,584)	-	7,703	625,243	1,128,577

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

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Company statement of changes in equity
For the financial year ended 30 September 2013

		<---------- Non-Distributable		--------->		Distributable	
	Note	Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Retained earnings (Note 24) RM'000	Total RM'000
2013							
At 1 October 2012		511,215	-	(15,584)	-	60,275	555,906
Total comprehensive income for the year		-	-	-	-	83,175	83,175
Transactions with owners							
Dividends	11	-	-	-	-	(20,289)	(20,289)
Grant of equity-settled share options to employees		-	-	-	3,148	-	3,148
Exercise of employee share options		144	308	-	(101)	-	351
At 30 September 2013		511,359	308	(15,584)	3,047	123,161	622,291

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Company statement of changes in equity (cont'd)
For the financial year ended 30 September 2013

		<---------- Non-Distributable --------->				Distributable	
	Note	Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Retained earnings (Note 24) RM'000	Total RM'000
2012							
At 1 October 2011		511,215	-	(42)	-	39,424	550,597
Total comprehensive income for the year		-	-	-	-	183,956	183,956
Transactions with owners							
Dividend	11	-	-	-	-	(163,105)	(163,105)
Purchase of treasury shares		-	-	(15,542)	-	-	(15,542)
At 30 September 2012		511,215	-	(15,584)	-	60,275	555,906

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

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Statements of cash flows
For the financial year ended 30 September 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Operating activities				
(Loss)/Profit before tax	(55,236)	428,756	83,175	183,956
Adjustments for:				
Depreciation	107,141	101,692	-	2,513
Amortisation of land use rights	370	350	-	-
Gain on disposal of property, plant and equipment	(11)	-	-	-
Unrealised (gain)/loss on foreign exchange	(14,633)	18,846	(10,345)	5,706
Property, plant and equipment written off	927	922	-	-
Inventories written down to net realisable value	2,336	1,029	-	-
Grant of equity-settled share options to employees	3,148	-	768	-
Interest income	(974)	(1,112)	-	-
Interest expenses	670	2,791	-	-
Operating cash flows before working capital changes	43,738	553,274	73,598	192,175
Inventories	32,720	(101,627)	-	-
Receivables	206,474	(108,107)	-	-
Other current asset	(1,299)	(9,629)	48	49
Payables	(38,347)	47,690	424	-
Cash flows from operations	243,286	381,601	74,070	192,224
Interest paid	(670)	(2,791)	-	-
Tax refunded	248	-	-	40
Tax paid	-	(309)	-	-
Net cash flows from operating activities	242,864	378,501	74,070	192,264
Investing activities				
Interest received	974	1,112	-	-
Purchase of property, plant and and equipment	(43,782)	(133,191)	-	-
Proceeds from disposal of property, plant and equipment	61	-	6,632	-
Amount due to/from subsidiaries	-	-	154	(74,669)
Net cash flows (used in)/ generated from investing activities	(42,747)	(132,079)	6,786	(74,669)

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Statements of cash flows (cont'd)
For the financial year ended 30 September 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financing activities				
Dividends paid	(81,156)	(102,238)	(81,156)	(102,238)
Treasury shares purchased	-	(15,542)	-	(15,542)
Proceeds from exercise of employee share options	351	-	351	-
Repayment of short-term borrowings	(67,440)	(95,164)	-	-
Net cash flows used in financing activities	(148,245)	(212,944)	(80,805)	(117,780)
Net increase/(decrease) in cash and cash equivalents	51,872	33,478	51	(185)
Effect of exchange rate changes on cash and cash equivalents	(4,462)	3,636	-	-
Cash and cash equivalents at beginning of year	129,778	92,664	135	320
Cash and cash equivalents at end of year (Note 18)	177,188	129,778	186	135

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

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Notes to the financial statements
For the financial year ended 30 September 2013

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

These financial statements for the year ended 30 September 2013 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

For all periods up to and including the year ended 30 September 2012, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS"). These financial statements for the year ended 30 September 2013 are the first that the Group and the Company have prepared in accordance with MFRS and MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing their opening MFRS Statements of Financial Position as at 1 October 2011 (which is also the date of transition), the Group and the Company have not adjusted the amounts previously reported in the financial statements prepared in accordance with FRS as the adoption of the MFRS did not have a material impact on the financial statements. Accordingly, notes related to the statements of financial position as at date of transition are not presented.

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

2. Summary of significant accounting policies (cont'd)

2.2 Standards issued but not yet effective

The standards and interpretations that are issued but are not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013

2. Summary of significant accounting policies (cont'd)

2.2 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 139 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedger Accounting	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above standards and interpretations will not have any material impact on the financial statements in the period of initial application except as discussed below :

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group’s financial position and performance.

2. Summary of significant accounting policies (cont'd)

2.3 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.

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. Summary of significant accounting policies (cont'd)

2.4 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.

2.5 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.

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% - 5%
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. Summary of significant accounting policies (cont'd)

2.6 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. Impairment loss on goodwill is not reversed in a subsequent period.

2.7 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. Summary of significant accounting policies (cont'd)

2.8 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.

2. Summary of significant accounting policies (cont'd)

2.9 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.

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 receivables, where the carrying amount is reduced through the use of an allowance account. When a 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.

2.10 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.

2.11 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. Summary of significant accounting policies (cont'd)

2.12 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 MFRS 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

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.

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.

2.13 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. Summary of significant accounting policies (cont'd)

2.14 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.

2.15 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.

2.16 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.

(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.

2. Summary of significant accounting policies (cont'd)

2.16 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.17 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. Summary of significant accounting policies (cont'd)

2.18 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.

(c) Defined benefit plan

The cost of providing benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benfits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

2. Summary of significant accounting policies (cont'd)

2.18 Employee benefits (cont'd)

(c) Defined benefit plan (cont'd)

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly.

2.19 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.

(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.

2. Summary of significant accounting policies (cont'd)

2.19 Foreign currency (cont'd)

(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.

2.20 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 are 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.

2. Summary of significant accounting policies (cont'd)

2.21 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 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 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.

2.23 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.

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(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) Impairment assessment of property, plant and equipment

During the current financial year, the Group has carried out an impairment test by estimating the value-in-use of its property, plant and equipment. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Based on the estimated value-in-use, no impairment is required in respect of the Group's property, plant and equipment during the current financial year. The carrying amount of the Company's property, plant and equipment are disclosed in Note 12.

(c) 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. Further details of the recognised and unrecognised deferred tax assets are disclosed in Note 21.

4. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of hard disk drive components	1,598,653	2,241,289	-	-
Rendering of design and development services	-	-	-	939
Dividend income	-	-	76,798	194,253
	1,598,653	2,241,289	76,798	195,192

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5. (Loss)/Profit before tax

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before tax is stated after charging:				
Depreciation (Note 12)	107,141	101,692	-	2,513
Amortisation of land use rights (Note 13)	370	350	-	-
Auditors' remuneration:				
- Statutory audit				
- current year	348	334	55	55
- underprovision in prior year	7	5	7	5
- Other services	51	51	15	15
Employee benefits expense (Note 6)	193,286	119,320	3,189	2,044
Inventories written down to net realisable value	2,336	1,029	-	-
Non-executive directors' remuneration (Note 7)				
- Fees	300	150	300	150
- Other emoluments	300	300	300	300
Rental of land and building	2,917	3,051	-	-
Rental of equipment	1,713	1,910	-	-
Rental of hostel	11,211	6,597	-	-
Rental of office	184	184	184	184
Property, plant and equipment written off	927	922	-	-
Loss on foreign exchange				
- Unrealised	-	18,846	-	5,706
And crediting:				
Interest income from deposits	974	1,112	-	-
Gain on disposal of property, plant and equipment	11	-	-	-
Gain on foreign exchange				
- Realised	3,304	17,984	-	-
- Unrealised	14,633	-	10,345	-

6. Employee benefits expense

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	181,015	110,057	2,339	1,907
Defined contribution plans	5,813	5,278	70	130
Social security contributions	1,773	1,868	3	7
Share options granted under ESOS	3,148	-	768	-
Other staff related expenses	1,537	2,117	9	-
	193,286	119,320	3,189	2,044

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,500,000 (2012: RM4,334,000) and RM450,000 (2012: RM476,000) 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Executive directors (Note 6) :				
Salaries and bonus	3,787	3,958	50	260
Fees	575	220	400	200
Defined contribution plan	138	156	-	16
	4,500	4,334	450	476
Non-executive directors (Note 5) :				
Fees	300	150	300	150
Other emoluments	300	300	300	300
	600	450	600	450
Total directors' remuneration	5,100	4,784	1,050	926

7. Directors' remuneration (cont'd)

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	
	2013	**2012**
Executive directors:		
RM50,000 and below	-	*1
RM300,001 - RM350,000	-	**1
RM500,001 - RM550,000	-	1
RM750,001 - RM800,000	1	-
RM800,001 - RM850,000	1	1
RM1,000,001 - RM1,050,000	1	-
RM1,150,001 - RM1,200,000	-	1
RM1,450,001 - RM1,500,000	1	-
RM1,550,001 - RM1,600,000	-	1
Non-executive directors:		
RM50,000 and below	-	2
RM50,001 - RM100,000	2	-
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	-

Includes remuneration of executive directors who resigned:

* In the financial year ended 30 September 2011

** In the financial year ended 30 September 2012

8. Finance costs

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses on:				
- Bankers' acceptances	537	1,218	-	-
- Term loan	-	473	-	-
- Bill payable	133	1,100	-	-
Bank charges	291	279	1	1
	961	3,070	1	1

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2013 and 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	-	1	-	-
Overprovision in prior year	(12)	(945)	-	-
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	6,387	2,404	-	-
	6,375	1,460	-	-

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 2013 and 2012 are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before taxation	(55,236)	428,756	83,175	183,956
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	(13,809)	107,189	20,794	45,989
Income not subject to tax	-	(120,882)	(21,786)	(48,563)
Expenses not deductible for tax purposes	771	1,014	79	1,460
Effect of temporary differences reversing during the tax exemption period	4,007	11,772	-	-
Deferred tax assets not recognised	15,418	3,733	913	1,114
Utilisation of unabsorbed losses previously not recognised as deferred tax assets	-	(421)	-	-
Overprovision of income tax in prior year	(12)	(945)	-	-
Income tax expense recognised in profit or loss	6,375	1,460	-	-

9. Income tax expense (cont'd)

Domestic current income tax is calculated at the statutory tax rate of 25% (2012 : 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 2013 and 2012 has reflected the effects of such exemptions.

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

10. (Loss)/Earnings per share

Basic (loss)/earnings per share are calculated by dividing (loss)/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.

Diluted (loss)/earnings per share are calculated by dividing (loss)/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 plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary

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

	Group	
	2013	**2012**
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(61,611)	427,296
Weighted average number of ordinary shares for basic (loss)/earnings per share computation ('000 units)	2,029,021	2,043,679
Effects of dilution:-		
Share options	9,646	-
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation ('000 units)	2,038,667	2,043,679
Basic (loss)/earnings per share (sen)	(3.0)	20.9
Diluted (loss)/earnings per share (sen)	(3.0)	20.9

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11. Dividends

	Dividend in respect of year		Dividend recognised in year	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Single tier interim dividend of 2 sen per ordinary share on 2,044,760,000 ordinary shares	-	40,895	-	40,895
Single tier interim dividend of 3 sen per ordinary share on 2,044,760,000 ordinary shares	-	61,343	-	61,343
Single tier interim dividend of 3 sen per ordinary share on 2,028,913,300 ordinary shares	-	60,867	-	60,867
Single tier interim dividend of 1 sen per ordinary share on 2,028,913,300 ordinary shares	20,289	-	20,289	-
	20,289	163,105	20,289	163,105

12. Property, plant and equipment

2013 Group	Freehold land RM'000	Buildings RM'000	Construction in progress RM'000	Fixtures, fittings and office equipment RM'000	Plant and machinery RM'000	Equipment RM'000	Electrical installation RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost										
At 1 October 2012	7,288	172,986	6,739	9,386	981,000	118,392	9,114	17,705	2,298	1,324,908
Additions	-	208	5,799	801	24,434	4,761	-	7,460	319	43,782
Disposal	-	-	-	-	(147)	(307)	-	-	(53)	(507)
Written off	-	-	-	(65)	(1,469)	-	-	-	-	(1,534)
Reclassifications	-	(2,505)	(10,155)	22	4,356	-	-	8,282	-	-
Exchange differences	294	1,135	5,109	218	24,788	-	-	916	57	32,517
At 30 September 2013	7,582	171,824	7,492	10,362	1,032,962	122,846	9,114	34,363	2,621	1,399,166
Accumulated depreciation										
At 1 October 2012	-	20,769	-	6,727	487,365	62,354	6,520	14,013	1,879	599,627
Charge for the year (Note 5)	-	6,470	-	884	86,353	11,051	1,180	1,039	164	107,141
Disposal	-	-	-	-	(289)	(115)	-	-	(53)	(457)
Written off	-	-	-	(60)	(547)	-	-	-	-	(607)
Exchange differences	-	596	-	139	12,504	-	-	7	26	13,272
At 30 September 2013	-	27,835	-	7,690	585,386	73,290	7,700	15,059	2,016	718,976
Net carrying amount										
At 30 September 2013	7,582	143,989	7,492	2,672	447,576	49,556	1,414	19,304	605	680,190

12. Property, plant and equipment (cont'd)

2012 Group	Freehold land RM'000	Buildings RM'000	Construction in progress RM'000	Fixtures, fittings and office equipment RM'000	Plant and machinery RM'000	Equipment RM'000	Electrical installation RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost										
At 1 October 2011	7,478	130,156	39,732	8,443	878,676	117,637	9,114	20,427	2,269	1,213,932
Additions	-	190	22,600	1,093	103,120	5,293	-	847	48	133,191
Written off	-	-	-	(88)	(2,880)	(4,538)	-	(3,569)	-	(11,075)
Reclassifications	-	44,071	(54,710)	-	10,639	-	-	-	-	-
Exchange differences	(190)	(1,431)	(883)	(62)	(8,555)	-	-	-	(19)	(11,140)
At 30 September 2012	7,288	172,986	6,739	9,386	981,000	118,392	9,114	17,705	2,298	1,324,908
Accumulated depreciation										
At 1 October 2011	-	16,075	-	5,996	411,211	55,338	4,900	16,382	1,719	511,621
Charge for the year (Note 5)	-	4,870	-	844	81,443	11,546	1,620	1,200	169	101,692
Written off	-	-	-	(73)	(1,981)	(4,530)	-	(3,569)	-	(10,153)
Exchange differences	-	(176)	-	(40)	(3,308)	-	-	-	(9)	(3,533)
At 30 September 2012	-	20,769	-	6,727	487,365	62,354	6,520	14,013	1,879	599,627
Net carrying amount										
At 30 September 2012	7,288	152,217	6,739	2,659	493,635	56,038	2,594	3,692	419	725,281

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12. Property, plant and equipment (cont'd)

Company	**Plant and machinery RM'000**	**Equipment RM'000**	**Renovation RM'000**	**Total RM'000**
2013				
Cost				
At 1 October 2012	21,103	1,136	364	22,603
Disposal	(21,103)	(1,136)	(364)	(22,603)
At 30 September 2013	-	-	-	-
Accumulated depreciation				
At 1 October 2012	14,682	985	304	15,971
Disposal	(14,682)	(985)	(304)	(15,971)
At 30 September 2013	-	-	-	-
Net carrying amount				
At 30 September 2013	-	-	-	-
2012				
Cost				
At 1 October 2011/ 30 September 2012	21,103	1,136	364	22,603
Accumulated depreciation				
At 1 October 2011	12,377	821	260	13,458
Charge for the year (Note 5)	2,305	164	44	2,513
At 30 September 2012	14,682	985	304	15,971
Net carrying amount				
At 30 September 2012	6,421	151	60	6,632

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13. Land use rights

	Group 2013 RM'000	Group 2012 RM'000
As at beginning of year	18,515	19,005
Amortisation for the year (Note 5)	(370)	(350)
Exchange differences	115	(140)
As at end of year	18,260	18,515
Amount to be amortised:		
- Not later than one year	371	369
- Later than one year but not later than five years	1,485	1,475
- Later than five years	16,404	16,671
	18,260	18,515

14. Investment in subsidiaries

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost:		
- In Malaysia	451,751	451,751
- Outside Malaysia	2,300	2,300
	454,051	454,051
Less: Accumulated impairment losses	(2,300)	(2,300)
	451,751	451,751
ESOS granted to employees of subsidiaries	2,380	-
	454,131	451,751

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	2013 %	2012 %	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
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding

14. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	2013 %	2012 %	Principal activities
Held through subsidiaries:				
YK Technology (Suzhou) Co. Ltd***##	The People's Republic of China	100.00	100.00	Manufacturing and trading of HDD components
Foshan YK HDD Co. Ltd***#	The People's Republic of China	100.00	100.00	Manufacture and distribution of HDD components.
PCA Hard.Com Sdn Bhd Limited*#	British Virgin Island	100.00	100.00	International marketing support and procurement services
Axius Investments Ltd*#	Mauritius	100.00	100.00	Investment holding
JCY HDD Technology Company Limited **#	Thailand	99.99	99.99	Manufacture and distribution of HDD components
QB Technology Sdn Bhd *###	Malaysia	100.00	100.00	Provision of labour management services within the Group

* 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

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15. Inventories

	Group 2013 RM'000	Group 2012 RM'000
At cost:		
Raw materials	58,312	61,752
Work-in-progress	100,885	96,034
Finished goods	88,859	115,275
Consumables	16,169	14,757
	264,225	287,818
At net realisable value:		
Work-in-progress	6,071	20,342
Finished goods	19,296	16,488
	25,367	36,830
	289,592	324,648

16. Trade and other receivables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Trade receivables				
Third parties	219,960	408,654	-	-
Other receivables				
Sundry receivables	1,935	946	-	-
Deposits	1,963	1,773	34	34
Subsidiaries	-	-	168,742	158,550
	3,898	2,719	168,776	158,584
Total trade and other receivables	223,858	411,373	168,776	158,584
Add: Cash and bank balances (Note 18)	178,035	130,586	186	135
Total loans and receivables	401,893	541,959	168,962	158,719

16. Trade and other receivables (cont'd)

(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	
	2013	2012
	RM'000	RM'000
Neither past due nor impaired	210,434	337,449
1 to 30 days past due but not impaired	6,178	59,490
31 to 60 days past due but not impaired	3,038	3,234
61 to 90 days past due but not impaired	302	4,914
More than 91 past due but not impaired	8	3,567
	9,526	71,205
	219,960	408,654

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 all 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 RM9,526,000 (2012: RM71,205,000) 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.

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17. Other current asset

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	14,597	13,298	135	184

18. Cash and bank balances

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current:				
Repurchase agreements	75,493	50,159	-	-
Fixed deposits with commercial banks	17,370	26,188	-	-
Cash and bank balances	84,325	53,431	186	135
Cash and cash equivalents	177,188	129,778	186	135
Non-current:				
Restricted bank deposits	847	808	-	-
	178,035	130,586	186	135

In addition to the Group's restricted bank deposits, bank balances of approximately RM1,363,000 (2012: RM104,000) are pledged for bank guarantee 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	
	2013	**2012**	**2013**	**2012**
	%	**%**	**Days**	**Days**
Repurchase agreements	0.15 - 2.90	0.12 - 2.85	1 - 7	1 - 5
Fixed deposits with commercial banks	2.3 - 3.3	0.12 - 3.25	29 - 365	29 - 365
Restricted bank deposits	2.35	2.35	>365	>365

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19. Trade and other payables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade payables				
Third parties	204,330	227,642	-	-
Other payables				
Sundry payables	11,650	16,338	-	-
Accruals	39,448	47,064	937	513
Dividend payable	-	60,867	-	60,867
	51,098	124,269	937	61,380
Total trade and other payables	255,428	351,911	937	61,380
Add: Borrowings (Note 20)	54,853	129,083	-	-
Total financial liabilities carried at amortised cost	310,281	480,994	937	61,380

Trade payables

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

20. Borrowings

	Group	
	2013	**2012**
	RM'000	**RM'000**
Current		
Unsecured:		
Bills payable	5,648	72,339
Foreign currency trade loans	49,205	56,744
	54,853	129,083

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

	Group	
	2013	**2012**
	% per annum	**% per annum**
Bills payable	1.20	1.20
Foreign currency trade loans	0.86 - 1.14	0.81 - 1.39

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.

21. Deferred tax assets/(liabilities)

	Group	
	2013	2012
	RM'000	RM'000
At beginning of year	(14,393)	(11,989)
Recognised in profit or loss (Note 9)	(6,314)	(2,404)
At end of year	(20,707)	(14,393)
Presented after appropriate offsetting as follows:		
Deferred tax assets	7,334	12,533
Deferred tax liabilities	(28,041)	(26,926)
	(20,707)	(14,393)

The components of deferred tax mainly relate to timing differences on capital allowances for property, plant and equipment. The movement of deferred tax during the financial year are as follows:

	2013	2012
Deferred tax assets	**RM'000**	**RM'000**
At beginning of year	12,533	9,458
Recognised in profit or loss	(5,199)	3,075
At end of year	7,334	12,533

	2013	2012
Deferred tax liabilities	**RM'000**	**RM'000**
At beginning of year	(26,926)	(21,447)
Recognised in profit or loss	(1,115)	(5,479)
At end of year	(28,041)	(26,926)

At the reporting date, the Group and the Company have tax losses and unabsorbed capital allowances of approximately RM106,905,000 (2012: RM32,245,000) and RMNil (2012: RM8,917,000) respectively that is available for offset against future taxable profits. No deferred tax assets have been recognised in respect of the above tax losses and capital allowances as the Group is not able to estimate the extent of future taxable profit that will allow the deferred tax

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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**
2013				
At beginning of year	2,044,860	(15,947)	511,215	(15,584)
Exercise of employee share options	575	-	144	-
At end of year	2,045,435	(15,947)	511,359	(15,584)
2012				
At beginning of year	2,044,860	(100)	511,215	(42)
Purchase of treasury shares	-	(15,847)	-	(15,542)
At end of year	2,044,860	(15,947)	511,215	(15,584)

	Number of ordinary shares of RM0.25 each		Amount	
	2013 '000	**2012 '000**	**2013 RM'000**	**2012 RM'000**
Authorised share capital	8,000,000	8,000,000	2,000,000	2,000,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

The Company has an Executives' Share Option Scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

22. Share capital (cont'd)

(b) 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.

During the previous financial year, the Company acquired 15,846,700 shares in the Company through purchases on the Bursa Malaysia Securities Berhad. The total amount paid to acquire the shares was RM15,542,528 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. Other reserves

(a) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 25). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(b) 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 entire retained earnings of the Company as at 30 September 2013 may be distributed as dividends under the single tier system.

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25. Executives' share option scheme

During the financial year, the Company introduced an Executives' Share Option Scheme ("ESOS") to eligible executives of the Company.

Description of the ESOS

The ESOS was approved at the Extraordinary General Meeting of the Company held on 24 March 2011 and implemented on 1 August 2011 with a duration of 3 years. The Options Committee has the discretion to extend the duration of the ESOS for another 3 years. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The exercise price of the share options granted under the ESOS is RM0.61 each. All options granted are divided into 3 equal tranches which vest on 2 July 2013, 1 July 2014 and 1 July 2015. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiary on the respective vesting and exercise dates. The options expire on 31 July 2017 and the tranche vesting on 1 July 2015 is subject to extension of the ESOS duration by the Options Committee.

Movement of share options during the financial year

The following table illustrates the number of, and movements in, share options of the Company during the financial year:

	Number of share options at exercise price of RM0.61 each
	2013
	'000
Outstanding at beginning of financial year	-
- Granted	39,120
- Exercised	(575)
Outstanding at end of financial year	38,545
Exerciseable at end of financial year	12,465

- The weighted average fair value of each option granted during the financial year was RM0.19.

- The weighted average share price at the date of exercise of the options exercised during the financial year was RM0.75.

- The exercise price for options outstanding at the end of the year was RM0.61. The options expire on 31 July 2017.

25. Executives' share option scheme (cont'd)

Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted. The model inputs were the share price of the Company's shares at grant date of RM0.675, exercise price of RM0.61 each, expected dividend yield of 3%, a risk-free interest rate of 3.52%, weighted average expected life of 927 days (it was assumed that the employees would exercise the options at the mid point of the vesting dates and the option expiry date), volatility of 41.3% (derived from the annualised historical volatility of the share prices of the Company) and the assumption that the Option Committee would extend the duration of the ESOS for another 3 years.

26. Commitments

(a) Capital commitments

Committed capital expenditure as at the reporting date is as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Approved and contracted for:		
Property, plant and equipment	6,157	15,650

(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 2013 amounted to RM12,092,000 (2012: RM11,240,000).

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum rental payments:				
Not later than 1 year	3,169	2,108	-	153
Later than 1 year and not later than 5 years	4,762	1,478	-	-
	7,931	3,586	-	153

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27. 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 which took place at terms agreed between the parties during the financial year:

	2013 RM'000	2012 RM'000
Group		
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
YK Technology (Foshan) Co., Ltd - a company in which a substantial shareholder has equity interest and in which a director is also the management personnel		
- Rental of building	219	-
Company		
Rendering of design and development services to a subsidiary	-	939
Disposal of plant and equipment to a subsidiary	6,332	-
Dividend income from a subsidiary	76,798	194,253

(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.

28. Contingent liabilities

Group - Unsecured

On 14 December 2009, Tenaga Nasional Berhad ("TNB") served a claim of additional electricity charges amounting to approximately RM8.36 million to JCY HDD Technology Sdn. Bhd. ("JCY HDD"), a subsidiary of the Group. 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 allegedly defective or tampered with.

JCY HDD had disputed the claims and held discussions with TNB as to their basis and quantification of the additional electricity charges.

On 15 December 2011, the High Court ruled that TNB's claim is only restricted to 3 months backcharges. Therefore, JCY HDD is only required to pay an amount of approximately RM1.05 million to TNB. However, TNB had filed an appeal to the Court of Appeal against the decision of the High Court made on 15 December 2011. Currently, this matter has been fixed for Full Trial on 25 and 26 March 2014.

There will be no significant financial impact arising from the above claim made by TNB as a major corporate shareholder of the Company has undertaken that it would make good on the amount claimed by TNB. As such, no provision has been made for these backcharges.

29. Fair value of financial instruments

(a) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

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

	Note
Trade and other receivables	16
Trade and other payables	19
Borrowings	20

The carrying amounts of these financial assets and liabilities are reasonable approximations 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.

29. Fair value of financial instruments (cont'd)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Investment in subsidiaries

Fair value information has not been disclosed for the Company’s investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in subsidiaries that are not quoted on any market and does not have any comparable industry peers that are listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques would be significant. The Company does not intend to dispose of these investments in the foreseeable future.

30. 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.

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30. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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 RM54,853,000 (2012: RM129,083,000) 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).

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			
	2013		2012	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	53,483	24%	110,724	27%
Singapore	3,752	2%	17,979	5%
Thailand	152,777	69%	270,803	66%
Other countries	9,948	5%	9,148	2%
	219,960	100%	408,654	100%

At the reporting date, approximately 77% (2012: 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.

30. Financial risk management objectives and policies (cont'd)

(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.

Analysis of financial instruments by remaining contractual maturities

Other than the Group's long term employee benefits amounting to RM773,000 (2012: RM393,000), all of the Group's and the Company's liabilities at the reporting date fall due within one year.

(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 2013 and 2012. 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 loss net of tax would have been RM206,000 (2012: RM484,000) lower/higher, 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.

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30. Financial risk management objectives and policies (cont'd)

(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), Singapore Dollars (SGD) and Thailand Baht (Baht). 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 78% (2012: 77%) of the Group's sales are denominated in foreign currencies whilst 45% (2012: 46%) 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 RM161,983,000 (2012: RM54,268,000) and RM39,000 (2012: RM37,000) for the Group and the Company respectively.

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

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

Net financial assets/ (liabilities) held in non-functional currency	Functional currency of group companies				
	Thai Baht RM'000	United States Dollars RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
2013					
United States Dollars	(233,682)	-	233,850	29,333	29,501
Singapore Dollars	(1,200)	(4)	(14,851)	-	(16,055)
Euro	-	-	(186)	-	(186)
Japanese Yen	-	-	(3)	-	(3)
Swiss Franc	-	-	(55)	-	(55)
Thai Baht	-	-	(1,203)	-	(1,203)
	(234,882)	(4)	217,552	29,333	11,999

30. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Net financial assets/ (liabilities) held in non-functional currency	Functional currency of group companies				
	Thai Baht RM'000	United States Dollars RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
2012					
United States Dollars	(208,939)	-	313,753	3,787	108,601
Singapore Dollars	(1,454)	514	(21,338)	-	(22,278)
Euro	-	-	(29)	-	(29)
Japanese Yen	-	-	(6)	-	(6)
Swiss Franc	-	-	(2)	-	(2)
Thai Baht	-	-	(1,047)	-	(1,047)
	(210,393)	514	291,331	3,787	85,239

Sensitivity analysis for foreign currency risk

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

		Group Loss net of tax	
		2013 RM'000	2012 RM'000
USD/RM	- strengthened 3% (2012: 3%)	(7,016)	(3,224)
	- weakened 3% (2012: 3%)	7,016	3,224
USD/Baht	- strengthened 3% (2012: 3%)	7,010	100
	- weakened 3% (2012: 3%)	(7,010)	(100)
USD/RMB	- strengthened 10% (2012: 10%)	(2,933)	(379)
	- weakened 10% (2012: 10%)	2,933	379
SGD/RM	- strengthened 7% (2012: 7%)	1,040	1,494
	- weakened 7% (2012: 7%)	(1,040)	(1,494)
Baht/RM	- strengthened 10% (2012: 10%)	120	105
	- weakened 10% (2012: 10%)	(120)	(105)

31. 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 2013 and 30 September 2012.

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.

		Group		**Company**	
	Note	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Borrowings	20	54,853	129,083	-	-
Trade and other payables	19	255,428	351,911	937	61,380
Less: Cash and bank balances	18	(178,035)	(130,586)	(186)	(135)
Net debt		132,246	350,408	751	61,245
Equity attributable to the owners of the parent, represents total capital		1,073,117	1,128,577	622,291	555,906
Capital and net debt		1,205,363	1,478,985	623,042	617,151
Gearing ratio		11%	24%	0%	10%

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32. Segment information

The Group's activities are predominantly in the 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.

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 2013					
Revenue					
Sales to external customers	1,249,872	315,368	29,052	-	1,594,292
Inter-segment sales	241,678	-	54,231	(295,909)	-
Total revenue	1,491,550	315,368	83,283	(295,909)	1,594,292
Results					
Segment results	(7,024)	(28,344)	(50,539)	31,619	(54,288)
Finance costs	(939)	-	(22)	-	(961)
(Loss)/Profit before tax	(7,963)	(28,344)	(50,561)	31,619	(55,249)
Income tax	(1,104)	(2,726)	13	(2,545)	(6,362)
(Loss)/Profit net of tax	(9,067)	(31,070)	(50,548)	29,074	(61,611)
Assets and liabilities					
Segment assets	1,403,950	237,770	290,874	(520,382)	1,412,212
Segment liabilities	349,989	232,637	239,903	(483,434)	339,095
Other segment information					
Depreciation	63,613	15,633	20,579	7,316	107,141
Amortisation	341	-	29	-	370

32. Segment information (cont'd)

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2012					
Revenue					
Sales to external customers	1,732,696	443,797	64,796	-	2,241,289
Inter-segment sales	436,503	-	45,828	(482,331)	-
Total revenue	2,169,199	443,797	110,624	(482,331)	2,241,289
Results					
Segment results	430,910	(4,476)	(10,493)	15,885	431,826
Finance costs	(3,047)	-	(23)	-	(3,070)
Profit/(Loss) before tax	427,863	(4,476)	(10,516)	15,885	428,756
Income tax expense	(4,535)	-	-	3,075	(1,460)
Profit/(Loss) net of tax	423,328	(4,476)	(10,516)	18,960	427,296
Assets and liabilities					
Segment assets	1,594,805	254,697	325,563	(538,160)	1,636,905
Segment liabilities	517,056	222,420	231,039	(462,187)	508,328
Other segment information					
Depreciation	83,219	14,633	17,450	(13,610)	101,692
Amortisation	341	-	9	-	350

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2013 were authorised for issue in accordance with a resolution of the directors on 23 January 2014.

34. 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 30 September 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Retained earnings of the Company and its subsidiaries:				
Realised	501,799	608,829	128,225	75,684
Unrealised	(2,404)	(2,147)	(5,064)	(15,409)
	499,395	606,682	123,161	60,275
Less: Consolidation adjustments	43,948	18,561	-	-
Retained earnings per financial statements	543,343	625,243	123,161	60,275