JCY INT'L

JCY International Berhad

(Company No. 713422-X)

ANNUAL REPORT 2017

CONTENTS

FINANCIAL STATEMENTS

CORPORATE STRUCTURE

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

100%
JCY HDD TECHNOLOGY PTE. LTD. (SINGAPORE)
(Dormant)

100%
JCY HDD TECHNOLOGY SDN BHD (MALAYSIA)
(HDD mechanical components manufacturing)

- **100%**
  QB Technology Sdn Bhd (Malaysia)
  (Provision of labour management services)

100%
JCY HDD INDUSTRIES SDN BHD (MALAYSIA)
(Management services and trading)

100%
MINAREX HOLDINGS LIMITED (MAURITIUS)
(Investment holding)

- **99.999%**
  JCY HDD Technology Co. Ltd. (Thailand)
  (HDD mechanical components manufacturing)
- **100%**
  Axius Investments Ltd. (Mauritius)
  (Investment holding)
  - **100%**
    YK Technology (Suzhou) Co. Ltd. (PRC)
    (HDD mechanical components manufacturing)
- **100%**
  PCA HARD.com Sdn. Bhd. Ltd. (British Virgin Islands)
  (Dormant)
- **100%**
  Foshan YK HDD Co. Ltd. (PRC)
  (Dormant)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr. Goh Chye Kang
(Executive Director)

Dato' Wong King Kheng
(Executive Director)

Dato' Tan Shih Leng
(Executive Director)

Mr. Lim Ching Tee Peter
(Executive Director)

Mr. Chang Wei Ming
(Independent Non-Executive Director)

Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)

COMPANY SECRETARY

Ms. Chua Siew Chuan
(MAICSA 0777689)

AUDIT COMMITTEE

Mr. Chang Wei Ming
(Chairman, Independent Non-Executive Director)
Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)
Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)

NOMINATION COMMITTEE

Mr. Chan Boon Hui
(Chairman, Senior Independent Non-Executive Director)
Mr. Chang Wei Ming
(Independent Non-Executive Director)
Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dr. Rozali Bin Mohamed Ali
(Chairman, Independent Non-Executive Director)
Mr. Chan Boon Hui
(Senior Independent Non-Executive Director)
Mr. Chang Wei Ming
(Independent Non-Executive Director)
Dato' Wong King Kheng
(Executive Director)

ENTERPRISE RISK MANAGEMENT COMMITTEE

Dato' Wong King Kheng
(Chairman, Executive Director)
Mr. Goh Chye Kang
(Executive Director)
Dato' Tan Shih Leng
(Executive Director)
Mr. Lim Ching Tee Peter
(Executive Director)
Mr. Lim Su Kiat
(Group Financial Controller)

REGISTERED OFFICE

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

BANKERS

CIMB Bank Berhad
AmBank (M) Berhad

SHARE REGISTRAR

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

HEAD/MANAGEMENT OFFICE

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

AUDITORS

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

SOLICITORS

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

STOCK EXCHANGE LISTING

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

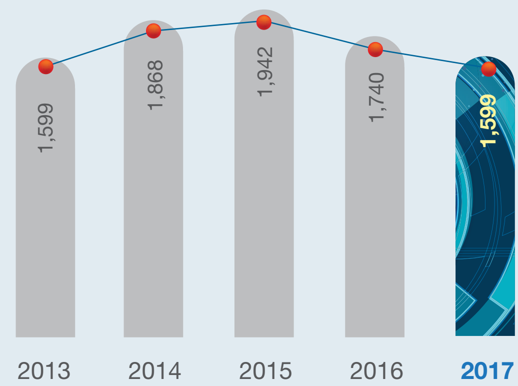
FINANCIAL HIGHLIGHTS

Description	2013 RM Million	2014 RM Million	2015 RM Million	2016 RM Million	2017 RM Million
Revenue	1,598.7	1,867.7	1,942.3	1,740.5	1,599.4
(Loss)/Profit Before Taxation	(55.2)	122.8	207.2	(6.9)	46.1
(Loss)/Profit After Taxation	(61.6)	109.9	209.5	(8.2)	40.9
(Loss)/Profit Attributable to Shareholders	(61.6)	109.9	209.5	(8.2)	40.9
Share Capital	511.4	512.0	515.7	519.0	536.7
Reserves	561.7	610.1	785.0	616.8	552.1
Shareholders' Fund	**1,073.1**	**1,122.1**	**1,300.7**	**1,135.8**	**1,088.8**
Current Liabilities	310.3	366.5	469.9	282.6	271.7
Non-Current Liabilities	28.8	40.1	42.6	38.3	41.6
Total Liabilities	**339.1**	**406.6**	**512.5**	**320.9**	**313.4**
Property, Plant and Equipment	680.2	618.3	649.3	556.5	510.1
Land Use Rights	18.3	20.7	20.6	28.3	27.7
Other Non-current Assets	8.1	5.7	12.1	5.4	4.5
Current Assets	705.6	884.0	1,131.2	866.4	859.9
Total Assets	**1,412.2**	**1,528.7**	**1,813.2**	**1,456.6**	**1,402.2**
Net Assets Per Share (Sen)	52.9	55.3	66.6	55.1	52.8
Net Earnings Per Share (Sen)	(3.0)	5.4	10.3	(0.4)	2.0
Dividend Against Net Earnings	0.0%	78.5%	66.1%	N/M	188.7%
Dividend Amount*	-	86.3	138.4	103.0	77.3

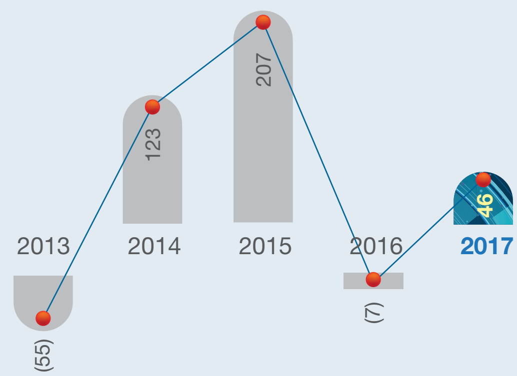
* *inclusive of dividend declared and recognised after end of the financial year for the financial year.*

FINANCIAL HIGHLIGHTS
CONT'D

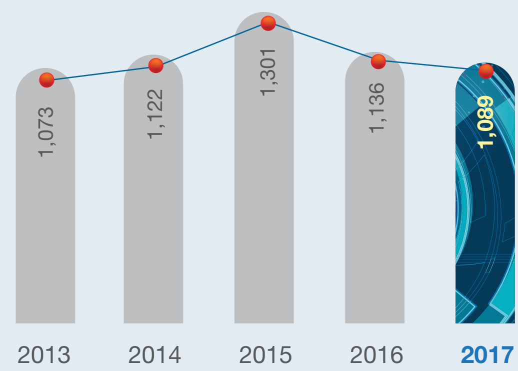
REVENUE
(RM Million)



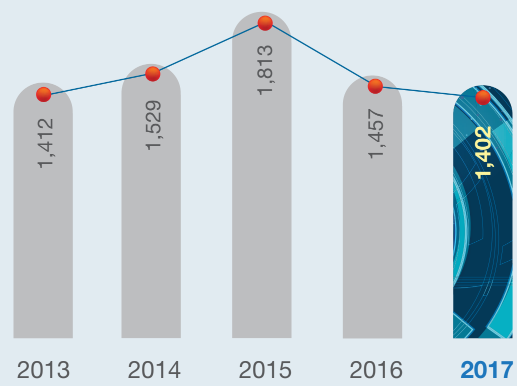
(LOSS)/PROFIT BEFORE TAXATION
(RM Million)



SHAREHOLDERS' FUND
(RM Million)



TOTAL ASSETS
(RM Million)



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

The JCY International Berhad Group ("JCY") is principally involved in the manufacturing of precision components and sub-assembly. For more than two decades, JCY and its predecessors have been a leading component supplier and contract manufacturer for the data storage market.

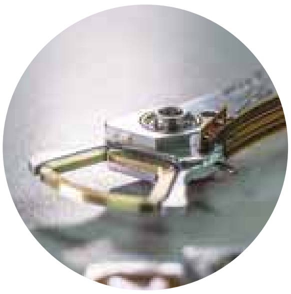
VISION

To be a Supplier of Choice through Excellence.

MISSION STATEMENT

We aim to deliver shareholder value through excellence in design, state of the art technology, financial competence and resource optimization.

To achieve our Vision and Mission, JCY offers vertically integrated solutions which include die-casting, computerised numerical control (CNC) machining, stamping, cleanroom and in-house tool rooms. Our head office is in Johor Bahru, Malaysia, with JCY's plants strategically located in Malaysia, Thailand, and China.



FINANCIAL ANALYSIS

Revenue

For the financial year ended 30 September 2017, JCY recorded a revenue of RM1,599,391,000. This represents a reduction of 8.1% compared to the preceding financial year ended 30 September 2016. The reduction was due mainly to lower overall volume shipped and lower Average Selling Price (ASP).

Gross Profit

The Group recorded a gross profit of RM59,561,000 for the financial year under review, an improvement of 13.6% compared to gross profit of RM52,453,000 recorded in the preceding financial year ended 30 September 2016. The improvement was due mainly to an overall improvement in production efficiencies and better US Dollar exchange rate against Ringgit Malaysia.

Other Items in Statement of Financial Performance

- **Other Operating Incomes** are incomes that did not meet the definition of revenue. In FY2017, this amounted to RM21,672,000 (FY2016: RM8,909,000). Net exchange gain and interest income, which constitutes the largest portion of other operating incomes, stood at RM11,852,000 and RM2,770,000 respectively (FY2016: RM nil and RM4,816,000).

- **Finance Cost** included the cost of borrowing and miscellaneous bank charges. Interest expense, the largest component of Finance Cost, stood at RM1,055,000 (FY2016: RM975,000). This was incurred mainly due to short term borrowings which are low interest bearing and denominated in USD. Refer to Note 8 of the Audited Financial Statements for further details of the Finance Cost.

- **General and Administrative Expenses** are generally non-operational costs which were incurred to maintain the supporting services of the Group. It stood at RM33,565,000 in FY2017, a reduction of RM22,146,000 from RM55,711,000 recorded in FY2016. The reduction was due mainly to the RM22,426,000 one-time cost of written down properties, plants and equipment in FY2016, comparing to RM1,466,000 in FY2017.

- **Other Operating Expenses** were incurred in FY2016 (RM11,213,000) which was wholly contributed by impairment loss arising from the cessation of a business unit.

- **Taxation** in the FY2017 totalled at RM5,192,000 (FY2016: RM1,298,000) as some of the Group's operations had ceased to enjoy tax free status. Refer to Note 9 of the Audited Financial Statements for further information.

MANAGEMENT DISCUSSION & ANALYSIS
CONT'D

Statement of Financial Position

- Lower **Retained Earnings** of RM510,755,000 (FY2016: RM552,542,000) was due to payment of dividends of RM92,722,000.
- **Cash and Bank Balances**, despite the generous dividend pay-out during the financial year, cash and bank balances as at 30 September 2017 increased to RM296,306,000 compared to RM281,914,000 in the previous financial year. The increase was due mainly to strong operating cash inflow.
- **Short-term Borrowings** increased marginally to RM54,602,000 (FY2016: RM50,608,000).

Capital Expenditures

During the financial year ended 30 September 2017, the Group had set aside RM42,525,000 as capital expenditure mainly for the automation of production machineries and equipment to achieve better operational efficiencies.

Gearing

As at 30 September 2017, JCY's cash and bank balances was greater than the aggregate of all short-term liabilities.

Financial Prospects

The following factors will have a material impact on JCY's financial performance in the financial year 2018:-

1. The global demand of HDD;
2. The exchange rate of the US Dollar relative to the Malaysian Ringgit;
3. Labour costs.

JCY will seek to mitigate any adverse impact of the above factors wherever possible.

OPERATION REVIEW

The Group is organised into geographical operating segments independently managed by their respective management teams who are responsible for the performance of their respective business activities. These segment managers report directly to the senior management of the Company who regularly review their operational and financial performance.

Overall Operation

JCY currently operates largely in the digital storage industry, especially in the Hard Disk Drive (HDD) market, which is currently very challenging. The Group is actively reviewing opportunities to bring our capabilities and expertise to bear in other industries.

The risks and its potential impact for JCY's operations, as well as the mitigation actions will be further discussed in the Risk Analysis and Forward Looking Statement below.

Malaysia

Malaysia is the most significant geographical operational segment and the headquarters of the JCY Group. There are 12 facilities in Malaysia providing various solutions for our customers across the states of Johor, Melaka and Penang.

One of the subsidiaries situated in Malaysia was recently awarded the Principal Hub Incentive from the Malaysian Investment Development Authority commencing from 1st October 2017 (the first day of FY2018). This Principal Hub Incentive enables the Malaysian subsidiary to enjoy full tax exemption on incomes it derives from qualifying services and trading activities.

The foreign workers policy has been one of the biggest challenges for our operations in Malaysia and this will be further discussed in the Risk Analysis section below.

Thailand

Many of the JCY's partners and customers are situated in Thailand which have a strong infrastructure system to support our activities. Our facilities in Thailand are principally involved in machining and cleanroom operations.

In FY2017, we increased the operational floor area in our Saraburi facility for a larger overall production capacity to better support our customers in Thailand.

Flooding is always one of the significant risks for our Thai operations. In 2011, many of the key industry zones in Thailand suffered from a major flood which fortunately did not affect JCY's facilities in Saraburi province. On top of the flood control and mitigation measures implemented by the Thai authorities, our Thai subsidiary also adopted several measures to safeguard our operations from future floodings.

People Republic of China ("China")

JCY has one facility located in Suzhou, China which principally offers machining solutions. Labour cost is one of the biggest challenges for our operation in China and it will be discussed in the Risk Analysis section below.

MANAGEMENT DISCUSSION & ANALYSIS
CONT'D

RISKS ANALYSIS

The Board of Directors and the Management understand the importance of risk management and an Enterprise Risk Management Committee at the Board level was established to monitor the potential risks. The risk management approach adopted by the Company is further detailed in the Statement of Internal Control and Risk Management.

Market Risk

JCY's business activities are principally involved in the HDD industry. HDD shipment units are expected to shrink gradually in the foreseeable future as forecasted by industry researchers. While the Management is continuously improving its operational effectiveness and efficiencies to mitigate this risk it is also actively looking to diversify into related and new business activities.

Labour and Labour Cost

Labour shortage is one of the key challenges faced by JCY's operation, especially in Malaysia. The recent trend of higher minimum wages plus other related costs observed in Malaysia, Thailand and China is a growing concern affecting our business activities.

JCY recognises these human resource risks and it has formulated several mitigation strategies, including but not limited to engaging in advanced automation projects to reduce our reliance on manual labour.

Exchange Risk

JCY operates in three countries and its revenue is highly correlated to the strength of USD. Volatile exchange rates among these three countries' currencies and the USD will likely have a substantial impact on the financial performance of JCY. This exchange risk is further detailed in Note 32(d) of the Audited Financial Statements.

JCY practices natural hedging to partially mitigate the exchange risk and takes up financial hedging tools to further reduce the exposure of the exchange risk whenever it sees potential benefits.

FORWARD LOOKING STATEMENT

Principal Business Segment

With the ever increasing demands of digital storage as a result of advancing information technology and big data, it is expected by industry researchers that the HDD usage in Exabyte will grow 21.2% annually for the next 5 years from 2017 to 2021. However, this increase in Exabyte requirement does not translate directly to additional shipment units due to significant improvements in data storage capacities. Thus shipment units are expected to shrink 4.5% annually.

New Business Opportunities

The Group has adopted two strategies for the long term sustainability of our business:-

- Horizontal Expansion in the digital storage industry by increasing our market share within the supply chain and expanding our range of products to more customers within the digital storage industry. This horizontal expansion includes entering into the supply chain for the Solid State Drive ("SSD") industry.
- Diversification into other related and new industries.

JCY continues to be competitive in the HDD space, and we are also exploring the possibilities of utilizing our core competencies and capabilities in other related and new fields.

Dividend and Distribution

The Board decides or recommends any dividend payments by carefully examining the profitability, liquidity and cash-flow position of the Group.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

DR. ROZALI BIN MOHAMED ALI

Aged 70, Malaysian | Chairman

Independent Non-Executive Director | Chairman of the Remuneration Committee | Member of the Audit Committee | Member of the Nomination Committee

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

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

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

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

GOH CHYE KANG

Aged 61, Singaporean | Executive Director

Key Senior Management | Member of Enterprise Risk Management Committee

Goh Chye Kang was appointed as Executive Director of JCY on 13 November 2009. Mr. Goh has more than 34 years of working experience in the components manufacturing industry of which 26 years was in the HDD industry. Prior to joining the Company, Mr. Goh was Vice President - Operation, in the Precision Engineering Division of Beyonics Technology Limited, a company listed on the Singapore Exchange Securities Trading Limited from 1998 to 2005. He was attached to Maxtor Peripherals for 8 years and was the Senior Director of Materials when he left in 1997.

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

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
CONT'D

DATO' WONG KING KHENG

Aged 65, Malaysian | Executive Director

Key Senior Management | Chairman of Enterprise Risk Management Committee | Member of the Remuneration Committee

Dato' Wong King Kheng was appointed as Executive Director of JCY on 30 November 2005. He was then appointed member of the Remuneration Committee on 13 November 2009. Dato' Wong was the Director of Soh & Wong Management Consultant Pte Ltd, a management consultancy firm in Singapore, and was the Partner of Soh Wong and Partners, a public accounting firm in Singapore, from 1989 to 2000. He is presently the managing partner of KK Wong & Associates. Prior to that, he was an audit manager in an international accounting firm and this gave him extensive exposure in the fields of auditing, tax planning, management consulting and public listing consulting.

He also sits on board of directors of various public companies listed on the Singapore Exchange Securities Trading Limited as independent director and also as the Chairman of the Audit, Remuneration and Nomination Committee. He is also a director of a number of private companies in Singapore.

Dato' Wong has qualified as a member of the Institute of Chartered Accountants in England and Wales and is presently a member of the Institute of Singapore Chartered Accountant, Malaysian Institute of Accountants and Australian Certified Practicing Accountants.

DATO' TAN SHIH LENG

Aged 53, Malaysian | Executive Director

Key Senior Management | Member of Enterprise Risk Management Committee

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

Prior to joining the Company, Dato' Tan had held several positions in other manufacturing companies from 1991 to 1996. In his previous working experiences, Dato' Tan was responsible for the daily operation activities including casting, CNC machining, assembly, first article, quality control, process planning and production control for various components such as baseplate, cover and actuator.

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

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
CONT'D

LIM CHING TEE PETER

Aged 58, Singaporean | Executive Director

Key Senior Management | Member of Enterprise Risk Management Committee

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

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

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

CHANG WEI MING

Aged 66, Malaysian | Independent Non-Executive Director

Chairman of the Audit Committee | Member of the Remuneration Committee | Member of the Nomination Committee

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

Mr. Chang held several Executive and Directorship positions within the MBf Group in Malaysia. His last appointment was General Manager of MBf Holdings Berhad responsible for Group Corporate and Treasury activities and Group Company Secretary.

He then joined the National University Hospital (S'pore) Pte Ltd and served as Chief Administration Officer, Company Secretary and Director of NUH Referral Laboratories Pte Ltd. His next appointment was as Finance Director of Liang Huat Aluminium Limited until 1998, when he left to provide consulting services to both listed and private companies.

Mr. Chang graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) and was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1979. Mr. Chang currently sits on the Board of Directors of FSBM Holdings Berhad as an Independent Non-Executive Director.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT
CONT'D

CHAN BOON HUI

Aged 50, Singaporean | Senior Independent Non-Executive Director

Chairman of the Nomination Committee | Member of the Audit Committee | Member of the Remuneration Committee

Chan Boon Hui was appointed as Independent Non-Executive Director of JCY on 13 November 2009. He is also the Chairman of Nomination Committee and a member of Audit Committee and Remuneration Committee. On 23 November 2015, Mr. Chan was designated as the Senior Independent Non-Executive Director of the Company.

Mr. Chan is presently the Managing Director of Chancery Capital. He has more than 20 years of regional and international investment banking experience with the Rothschild, BNP Paribas and OCBC groups in Singapore and New York.

Boon Hui graduated with a Master Degree in Law from Cambridge University, and is a Chartered Financial Analyst charter holder.

- All Directors and Key Senior Management are of male gender.
- Save as disclosed, none of the Directors and Key Senior Management have:-
    1. Any other directorship in public companies and listed issuers in Malaysia;
    2. Any family relationship with any Director and/or major shareholder;
    3. Any conflict of interest with the Company;
    4. Any convictions for offences within the past five (5) years other than traffic offences; and
    5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE SOCIAL RESPONSIBILITY REPORT

CORE VALUE

“to promote a joyful, harmonious, safe and sustainable community, environment, workplace and marketplace through the encouragement of volunteerism of contribution from all levels within the Organisation”

SUSTAINABILITY POLICY

The Group believes that an effective Corporate Social Responsibility (“CSR”) Framework would deliver greater value to its businesses and, in turn, to its shareholders, by enhancing reputation and business trust, relationship with regulators, staff motivation and attraction to talent, customer preference and loyalty, the goodwill of local communities and long term shareholder value.

The Group adopts and adheres strictly to the Code of Conduct established by Electronic Industry Citizenship Coalition (EICC). The standards set out in the Code of Conduct reference international norms and standards including the Universal Declaration of Human Rights, ILO International Labor Standards, OECD Guidelines for Multinational Enterprises, ISO and SA standards, and many more. The Code of Conduct promotes best practices in areas including labour, health and safety, environment and business ethics, which form a substantive reference for the Group’s efforts towards our sustainability initiatives.

We strive to promote the CSR values through the encouragement of volunteerism of contribution and participation in CSR activities from thousands of staff across the regions within our Group. We aim to build the value of sustainability practices into the working culture along with our staff.

Several CSR committees at various branches and subsidiaries within the Group are established to assist the Group in planning and organising events and activities that enable the Group to share its results with the society – to be driven by the motto – “from the society, for the society”.

The Management of the Group is committed to support and promote CSR values through a systematic resources allocation mechanism for funding and promoting CSR activities.

COMMUNITY

We emphasise on communities who need support to sustain their living. Attention is given particularly to help those beneficiaries of charitable nature (e.g. orphans, the elderly, handicapped, poor, sick, disaster victims or those deprived of education).

Our CSR committees at various branches and subsidiaries have also made regular visits and contributions to charitable houses that shelter the unfortunate and had taken part in blood donation drives. We also promote volunteerism through encouraging our employees to participate in volunteer programmes on individual capacity.

As part of our commitment, we are constantly working closely with the local tertiary academic institutes to provide students with a practical real world working experience through conducting researches and training, with the participation of our senior employees. This project aims to support the students’ long-term employability with our Company. As science, technology and engineering education are imperative for the Group’s business, we believe that this collaboration with reputable tertiary academic institutes will be mutually useful with the Group benefiting from the ideas and inputs as well as the results of the researches conducted by the students.

CORPORATE SOCIAL RESPONSIBILITY REPORT
CONT'D

ENVIRONMENT

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

The Group has an environmental management system to measure its environmental performance through periodic monitoring of the emission and discharge of pollutants. In addition, waste and chemical management systems are put in place to ensure that the environment system is being protected. We treat most of the pollutants on-site with our wastewater treatment plant and air purification and filter facilities, and we send other controlled waste substances (such as waste oil, spent solvent and metal hydroxide sludge) to government licensed waste disposal units or specialist contractors.

The Group is also subject to regular reviews by the Department of Environment on its wastewater discharge and air emissions. In line with this, our manufacturing factories are certified with the international environmental management systems standard, ISO 14001.

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

The Group will continue to explore the areas where it can contribute to the environment, which is to be driven by the CSR Committees.

WORKPLACE

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

The Group recognises the commitments established in the EICC's Code of Conduct to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. The recognised standards in the Code of Conduct include Freely Chosen Employment, Young Workers, Working Hours, Wages and Benefits, Humane Treatment, Non-Discrimination and Freedom of Association.

In retaining and nurturing the best talents, we continually provide our employees with education and training. Our training programmes relate to leadership skills, as well as technical and behavioral competencies. Currently, one of our focus is on the Employee Training and Development Programme which is achieved through internal and external trainings aimed at equipping our employees with skills and knowledge that will facilitate them in carrying out their duties at work.

We strongly believe that human capital is the most important value to an organisation. We place great importance on the welfare of our employees. On top of the mandatory requirement of the social security scheme or workman compensation contribution, the Group also provides insurance coverage to the Management Staff and subsidises coverage for the rest of the workers.

CORPORATE SOCIAL RESPONSIBILITY REPORT
CONT'D

We place equal importance on the safe and healthy working condition for our employees. The Group adopts several policies to safeguard employees in all of its business operations, examples of which are Fire Safety Policy, Smoking Policy and First Aid Policy. A Health and Safety Team has been established and is tasked to support these measures. The team members receive training from various bodies such as the National Institute of Occupational Health & Safety and the Malaysian Red Crescent. At the workplaces, we continue to ensure that equipment and building systems are functioning properly and are well maintained.

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

Workplace safety is also part of our top priority. The Group provides regular safety trainings including emergency evacuation drills, firefighting training and first aid training to the workers in case of emergency events.

MARKETPLACE

Our CSR covers practices or policies that safeguard the interests of our business associates in the marketplace. These partners include our suppliers and customers in the supply-chain, shareholders and investors in the capital market and the Government.

CORPORATE SOCIAL RESPONSIBILITY REPORT
CONT'D

We acknowledge that our business associates in the marketplace entrust us to deliver results and bring prosperity to the marketplace as a whole. We also reckon that we, as one of the members in the marketplace ecosystem, are responsible to uphold the interests of the stakeholders in the marketplace.

The following showcase some of the practices that we exercise in safeguarding the interests of our business associates in the marketplace:-

1. An established Financial Management Discipline intended to drive excellence in financial management with the objective of preserving and enhancing the quality of business as a going concern.

2. An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide Management.

3. Upholding transparency and integrity in its supply chain management. In an effort to strengthen the overall responsiveness and wellness of the supply chain, the Group has also collaborated with its major customers to share and exchange knowledge with the objective of enhancing the management system, process design, internal control and technical know-how.

4. Complying with International Organisation for Standardisation (ISO) standards and EICC's Code of Conduct, where a strict code of business conduct based on industry best practices and ethics were formulated, which the Group abides by in all types of business transactions and operation practices.

5. Enhancing skills and development of employees to achieve professionalism in good business conduct. Public communications, like financial reports, contain disclosures that are fair, accurate, timely and understandable.

6. Applying the principles in compliance with the recommendations as set out in the Malaysian Code on Corporate Governance and strict adherence to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

7. In selecting its directors, the Group seeks individuals who are of high integrity, value-adding orientated and have a genuine interest in their respective roles in the Group. They are tasked with the responsibility of exercising their professional judgment to act in what they reasonably believe to be in the best interest of the Group.

A Business Continuity Plan has been established to prepare the Group in the event of natural and human disasters such as fire, floods, utility disconnections, medical epidemic, supply chain disconnection, information technology disaster, financial difficulties and human resource shortage. The plan targets specifically on the reaction in the soonest possible time for reducing the impacts of the disasters and restoration of operations to the widest extent possible in a minimum time frame.

We also demonstrate our commitment to safeguard the interests of our business associates in the marketplace by establishing a strong corporate governance system. Details of our corporate governance practices are elaborated in the Statement on Corporate Governance from page 17 to page 27.

STATEMENT ON CORPORATE GOVERNANCE

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

The following statements outline the application of the corporate governance principles and best practices that are set out in the Malaysian Code on Corporate Governance ("the Code") issued by the Securities Commission Malaysia and provisions in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") throughout the Group.

PRINCIPLE 1: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

ROLES AND RESPONSIBILITIES

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

a) Board Charter

The Board has adopted a Board Charter which sets out its primary responsibilities as follows:-

- Reviewing and adopting a strategic plan for the Company on an annual basis before the commencement of a new financial year;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed through reports and presentations by the Management to the Board every quarter;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Company's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Succession planning, including appointing, training, compensating and, where appropriate, replacing key management and updating the succession plan as and when necessary; and
- Developing and implementing an investor relations programme and shareholder communications policy for the Company.

The Board Charter defines the duties and responsibilities for each of the key roles in the Company, including Chairman, CEO, Executive Directors, Senior Independent Non-Executive Director ("SINED"), Independent Directors, Board Committees and Company Secretary.

The Chairman undertakes a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman is primarily responsible for leading the Board to effectively discharge its fiduciary duties and responsibilities and ensuring the adequacy and integrity of the governance process.

The Board Charter also clearly defines the matters that are reserved for the Board and those delegated to the management of the Group. In general, all decisions that would materially impact on the strategy, direction, values and financial standing of the Group, or decisions that may potentially create material conflict of interests with related parties, decisions that may be prone to fraud risk, and decisions in high value transactions are reserved exclusively for the Board. None of the members of the Board has unfettered powers of decision.

The Board, during its deliberations, has clearly delivered its expectations on the corporate objectives, which include performance targets and long-term goals of the business, to be collectively met by the Executive Directors, whilst the Executive Directors and senior management personnel report to the Board on quarterly basis, the operational reviews of their respective business divisions and functions. The processes and procedures for convening Board meetings are governed by the provisions in the Board Charter and the Company's Memorandum and Articles of Association.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 1: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD *cont'd*

ROLES AND RESPONSIBILITIES *cont'd*

b) Supply of Information and Advice

The Board Charter has ensured that all members of the Board have equal and unrestricted right to access information of the Group. Prior to each Board meeting, members of the Board are provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance and proposal papers in sufficient time to enable them to have an informed and effective discussion at the meetings. During the meeting, the Management provides further detailed information and clarification on issues raised by members of the Board.

The Directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to management on matters relating to the Group's operations. The Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense if circumstances necessitate it.

The Board is assisted by experienced and competent Company Secretary. The Board receives regular constructive advice and notices from the Company Secretary on compliance with applicable laws, regulations and corporate governance matters. The Company Secretary is responsible to ensure that Board policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

c) Code of Conduct

A Code of Conduct that sets out the ethical expectations of the Board on its members has been adopted by the Board. The Group also takes a keen interest on promoting sustainability for the wellbeing of the community and the environment. A Corporate Social Responsibility Report is included in pages 13 to 16 of this Annual Report as well as on the Company's website at https://www.jcyinternational.com ("Website").

d) Whistle-blowing Policy

The Board has adopted a whistle-blowing Policy which encourages any employee, shareholders, stakeholders or the general public to report any irregularity or matters of suspect through any of the following channels:-

Name	Position	Contacts
Dr. Rozali Bin Mohamed Ali	*Chairman*	Email: chairman@jcyinternational.com
Mr. Chan Boon Hui	*SINED*	Email: senior-ined@jcyinternational.com
Ms. Jasmine Tan	*Head of Internal Audit*	Email: jasminetan@jcyinternational.com Address: No 3, Jalan Firma 3, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor.

The Board Charter and Code of Conduct, amongst other corporate policies, which are subject to review by the Board periodically, can be accessed via the Company's Website.

PRINCIPLE 2: STRENGTHENING THE BOARD'S COMPOSITION

BOARD COMPOSITION

The Board currently has seven (7) members of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The composition of the Board is in compliance with the MMLR of Bursa Securities which requires one-third of the Directors to be Independent Non-Executive Directors. The profile of each Director is set out in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2: STRENGTHENING THE BOARD'S COMPOSITION *cont'd*

BOARD COMMITTEES

To assist the Board to effectively discharge its role and functions, the Board delegates certain of its role and functions to four (4) Board Committees which operate within clearly defined terms of reference.

The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the Board. The Board Committees are:-

(a) Audit Committee;
(b) Nomination Committee;
(c) Remuneration Committee; and
(d) Enterprise Risk Management Committee.

a) Audit Committee

The Terms of Reference of the Audit Committee is publicly available at the Company's Website.

The Audit Committee's composition, its function and summary of work are set out in the Audit Committee Report on pages 28 to 30 of this Annual Report.

b) Nomination Committee

The Terms of Reference of the Nomination Committee is publicly available at the Company's Website.

Established on 13 November 2009, the Nomination Committee comprises three (3) Independent Non-Executive Directors and their attendance at the Nomination Committee meeting during the financial year ended 30 September 2017 are as follows:-

Name	Position	Directorship	Meeting attended
Mr. Chan Boon Hui	*Chairman*	*SINED*	1/1
Mr. Chang Wei Ming	*Member*	*Independent Non-Executive Director*	1/1
Dr. Rozali Bin Mohamed Ali	*Member*	*Independent Non-Executive Director*	1/1

The Chairman of the Nomination Committee, Mr. Chan Boon Hui had been designated as the SINED of the Board on 23 November 2015. The Board believes he is able to lead and ensure effective functioning of the Nomination Committee and contribute towards ensuring that the Board composition meets the needs of the Company.

During the financial year ended 30 September 2017, the Nomination Committee carried out, and reported to the Board the outcome of, the following key activities:-

The primary duties and functions of the Nomination Committee are summarised as follows:-

- conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Directors;
- conducted independence assessment for Independent Directors;
- recommendation of the directors who are due for re-election by rotation at the next Annual General Meeting ("AGM"); and
- recommendation of the retention of the Independent Non-Executive Directors who have served for a cumulative term of nine (9) years at the AGM.

Criteria for new appointment and re-election/re-appointment

The Nomination Committee of the Board is tasked to oversee the selection process and assessment of directors for the Board with the objective to secure the best composition to meet the diverse objectives of the Company.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2: STRENGTHENING THE BOARD'S COMPOSITION *cont'd*

BOARD COMMITTEES *cont'd*

b) Nomination Committee *cont'd*

Criteria for new appointment and re-election/re-appointment *cont'd*

Appointments of Chairman and members of the Board or Board Committees are based on recommendations put forth by the Nomination Committee. The Nomination Committee shall, prior to the appointment by the Board, evaluate the balance and composition including mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board. In making recommendation of suitable candidates, the Committee shall consider the following:-

(i) skills, knowledge and expertise, experience;
(ii) time commitment and contribution;
(iii) honesty, integrity, professional conduct and business ethics/practices;
(iv) specialized knowledge in line with the Company's strategy; and
(v) number of directorships in other companies and other external obligations which may affect his/her commitment.

For the position of independent non-executive directors, the Nomination Committee shall evaluate the candidate, at a minimum, with reference to the definition of "Independent Director" as stipulated by the MMLR of Bursa Securities.

The Board acknowledges the recommendation of the Code on gender diversity and would actively pursue to identify suitable female candidates for appointment to the Board.

All newly appointed directors will go through a board induction, followed by the necessary training programmes, including the Mandatory Accreditation Programme mandated by the MMLR of Bursa Securities.

In accordance with Article 95 of the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at each AGM provided always that all the Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

At the forthcoming Twelfth AGM, Dato' Tan Shih Leng and Mr. Goh Chye Kang are due for retirement and being eligible, have offered themselves for re-election.

Annual Assessment

Annual self and peer assessments for all the Board members, effectiveness of the Board as a whole and the Committees of the Board are conducted and reviewed by the Nomination Committee to ensure the continuous suitability of the directors, the effectiveness of the Board and its Committees. The individual Directors are assessed on their contribution to interaction, quality of input, and understanding of both their and Board Chairman's role. The effectiveness of the Board is assessed in the areas of Board Structure, Board Operations, Board Roles and Responsibilities and Board Chairman's Roles and Responsibilities. The effectiveness of the Board Committees is assessed in terms of composition, discharge of Committee Chairman's roles and responsibilities and quality of the Committees' communications to the Board. The outcomes of the annual assessments are deliberated during the Nomination Committee meetings and conclusions and recommendations are delivered to the Board.

The Nomination Committee has upon its annual assessment conducted in November 2017, concluded that each of the Directors has the character, experience, integrity, competence and time commitment to effectively discharge his role as a director. The Nomination Committee was also satisfied with the performance and balance composition of the Board and Board Committee, in terms of mix of skills, experience, knowledge and professional qualifications.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2: STRENGTHENING THE BOARD'S COMPOSITION *cont'd*

BOARD COMMITTEES *cont'd*

c) Remuneration Committee

The Terms of Reference of the Remuneration Committee is publicly available at the Company's Website.

Established on 13 November 2009, the Remuneration Committee comprises three (3) Independent Non-Executive Directors and one (1) Executive Director and their attendance at the Remuneration Committee meetings during the financial year ended 30 September 2017 are as follows:-

Name	Position	Directorship	Meeting attended
Dr. Rozali Bin Mohamed Ali	*Chairman*	*Independent Non-Executive Director*	2/2
Mr. Chan Boon Hui	*Member*	*SINED*	1/2
Mr. Chang Wei Ming	*Member*	*Independent Non-Executive Director*	2/2
Dato' Wong King Kheng	*Member*	*Executive Director*	2/2

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

Directors' Remuneration

The Group's Remuneration Policy is guided by the need to "attract and retain talent" and at the same time, aligns remuneration and reward to achieving the long term objectives of the Group. The compensation of Non-Executive Directors, including the Non-Executive Chairman, should be a matter for the Board as a whole. Directors' fees payable to Non-Executive Directors are subject to shareholders' approval at the AGM.

No director is involved in deciding his own remuneration. A summary of the Directors' aggregated remuneration for the financial year ended 30 September 2017 is as follows:-

GROUP	Salary and EPF RM'000	Other emoluments RM'000	Fee RM'000	Total RM'000
Executive Directors	5,295	-	558	5,853
Non-Executive Directors	-	300	360	660
Total	**5,295**	**300**	**918**	**6,513**

COMPANY	Salary and EPF RM'000	Other emoluments RM'000	Fee RM'000	Total RM'000
Executive Directors	50	-	480	530
Non-Executive Directors	-	300	360	660
Total	**50**	**300**	**840**	**1,190**

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 2: STRENGTHENING THE BOARD'S COMPOSITION *cont'd*

BOARD COMMITTEES *cont'd*

c) **Remuneration Committee** *cont'd*

Directors' Remuneration *cont'd*

The numbers of Directors whose remuneration during the financial year ended 30 September 2017 falls within the following bands are as follows:-

	Group		Company	
	Executive	**Non-Executive**	**Executive**	**Non-Executive**
RM100,001 – RM150,000	-	2	3	2
RM150,001 – RM200,000	-	-	1	-
RM400,001 – RM450,000	-	1	-	1
RM1,100,001 – RM1,150,000	2	-	-	-
RM1,500,001 – RM1,550,000	1	-	-	-
RM2,050,001 – RM2,100,000	1	-	-	-

d) **Enterprise Risk Management Committee**

Established on 21 February 2013, the Enterprise Risk Management Committee comprises four (4) Executive Directors and one (1) executive staff and their attendance at the Enterprise Risk Management Committee meeting during the financial year ended 30 September 2017 are as follows:-

Name	Position	Directorship/Appointment	Meeting attended
Dato' Wong King Kheng	*Chairman*	*Executive Director*	1/1
Mr. Goh Chye Kang	*Member*	*Executive Director*	1/1
Dato' Tan Shih Leng	*Member*	*Executive Director*	1/1
Mr. Lim Cheng Tee Peter	*Member*	*Executive Director*	1/1
Mr. Lim Su Kiat	*Member*	*Group Financial Controller*	1/1

The Enterprise Risk Management Committee is primarily responsible to assist the Board in establishing, maintaining, implementing and reviewing a strategic approach to risk assessment and management for the Group.

PRINCIPLE 3: REINFORCING INDEPENDENCE

BOARD INDEPENDENCE

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

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 3: REINFORCING INDEPENDENCE *cont'd*

BOARD INDEPENDENCE *cont'd*

The Board is led by an Independent Non-Executive Chairman whose role and responsibilities is clearly divided from those reserved for the Executive Directors as stated in the Board Charter. The Independent Non-Executive Chairman and Directors are professionals of high calibre and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct.

The Board has identified Mr. Chan Boon Hui to be the SINED to whom concerns may be conveyed to by shareholders and the general public.

In order to uphold the independence of Independent Directors, the Group has adopted the following recommendations of the Code as the Board's policies:-

(a) subject to the Board's justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative term of nine (9) years; and

(b) undertake annual assessment of independence of its Independent Directors based on the regulatory definition of Independent Directors and a set of criteria established by the Nomination Committee focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment for board deliberation and apply these criteria upon admission, annually and when any new interest or relationship develops.

Based on the annual assessment carried out, the Board are satisfied that Dr. Rozali Bin Mohamed Ali, Mr. Chan Boon Hui and Mr. Chang Wei Ming, who would have served the Board for a cumulative term of nine (9) years on 13 November 2018, remain objective and independent in expressing their views and in participating in deliberations and decision makings of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

The Board concurred that the continuous contributions of Dr. Rozali Bin Mohamed Ali, Mr. Chan Boon Hui and Mr. Chang Wei Ming are beneficial to the Board and the Company as a whole. In view thereof, the Board recommends and supports their retention as Independent Directors of the Company which will be tabled for shareholders' approval at the forthcoming Twelfth AGM of the Company. Details of the assessments are disclosed in the Notice of the Twelfth AGM enclosed in this Annual Report.

PRINCIPLE 4: FOSTERING COMMITMENT

The Board, from the recommendations made by the Nomination Committee, has established and communicated to the Board members that they would devote sufficient time and effort to effectively discharge their duties and responsibilities based on their designated roles in the Board.

All of the Directors would notify the Chairman of the Board before accepting any new Board appointment(s) in other companies and would provide the best estimation of time commitment in their new appointment.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 4: FOSTERING COMMITMENT *cont'd*

BOARD MEETINGS

A total of five (5) Board meetings were held during the financial year ended 30 September 2017. The attendance of each Director at the Board meetings held during the financial year is summarised as follows:-

Directors	No. of Meetings Attended	Percentage
Dr. Rozali Bin Mohamed Ali	5/5	100%
Mr. Goh Chye Kang	5/5	100%
Dato' Wong King Kheng	5/5	100%
Dato' Tan Shih Leng	5/5	100%
Mr. Lim Ching Tee Peter	5/5	100%
Mr. Chang Wei Ming	5/5	100%
Mr. Chan Boon Hui	4/5	80%

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings.

The minimum 50% attendance requirement as stipulated in the MMLR has been complied with.

DIRECTORS' CONTINUOUS DEVELOPMENT

In order to ensure the directors' continuous professional development, the Board, through its Nomination Committee, has identified and enrolled relevant training needs amongst the Directors as and when required. Any Director may also request to attend additional training sessions to keep abreast of changes in the regulatory framework on their own accord.

The Directors are also updated from time to time at Board meetings by the Company Secretary on any changes to the legal and corporate governance practices which may affect the Group and the Directors.

The training sessions attended by the Directors during the financial year ended 30 September 2017 are as follows:-

Name of Director	Continuous education programmes attended
Dr. Rozali Bin Mohamed Ali	• Directors Risk Management Programme – I am Ready to Manage Risk! • Updates on Companies Act 2016
Dato' Wong King Kheng	• Ethics Updates • Revenue Recognition – Audit Perspective • Sustainability Report • Transfer Pricing • Updates on Insolvency Matters • Fair Value of Properties • Consolidation Standards Updates • Surviving a Tax Audit • Leading Through Disruption • Updates on Companies Act 2016
Mr. Goh Chye Kang	• Updates on Companies Act 2016
Dato' Tan Shih Leng	• Updates on Companies Act 2016
Mr. Lim Ching Tee Peter	• Updates on Companies Act 2016
Mr. Chan Boon Hui	• Megatrends in China - Bubble or Revolution • Emerging Market Debt - a Safe Space? • Insights on Governance • Updates on Companies Act 2016
Mr. Chang Wei Ming	• Updates on Companies Act 2016

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING

a) Financial Reporting

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a fair and balanced view and assessment of the Company's financial position, performance and prospect and comply with applicable financial reporting standards. The Board aims to present a balanced, clear and comprehensive assessment of the Company's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities.

The Audit Committee reviews the Company's quarterly and annual financial reports before recommending them to the Board for approval. Every quarter, the Management presents details of revenue, expenditure, market price of products and updates on competitors and other relevant information to the Audit Committee and the Board.

With assistance from the Audit Committee, the Board reviews the Audited Financial Statements and ensures that all quarterly and annual financial reports are prepared in accordance with the applicable approved financial reporting standards in Malaysia and the provisions of the Companies Act 2016.

b) Statement of Directors' Responsibility for Preparing the Financial Statements

The directors are responsible for ensuring that all the annual financial statements and interim financial statements of the Group and of the Company are drawn up in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"), the MMLR of Bursa Securities and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

In preparing the financial statements, the Directors consider that:

(a) suitable accounting policies have been adopted and applied consistently;
(b) reasonable and prudent judgments and estimates have been made; and
(c) all applicable approved accounting standards issued by MASB have been adopted.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016, the MMLR of Bursa Securities and all applicable approved financial reporting standards issued by MASB.

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

c) External Auditors

The Group's independent External Auditors play an important role in assuring the reliability of the Group's financial statements to the users of those financial statements.

Relationship with External Auditors

The role of the Audit Committee in dealing with the External Auditors is described in the Audit Committee Report of this Annual Report. The Group has always maintained a transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with applicable approved financial reporting standards in Malaysia.

Independence of External Auditors

The Audit Committee has reviewed the independence of the External Auditors via, amongst others, an analysis of the non-audit services provided by the External Auditors and its affiliated parties, and the fees dependency on the services provided to the Group. The Audit Committee had also obtained a written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Messrs. Ernst and Young have been the Company's Auditors since 2006.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING *cont'd*

c) **External Auditors** *cont'd*

Independence of External Auditors *cont'd*

The Audit Committee, having reviewed the independence of the External Auditors, is satisfied that the External Auditors are suitable and independent to hold office for the ensuing year, hence the Audit Committee has recommended the reappointment of Messrs. Ernst and Young as External Auditors for the financial year ending 30 September 2018. The Board at its meeting held on 18 January 2018 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst and Young will be proposed for shareholders' approval at the forthcoming Twelfth AGM.

Provision of Non-Audit Services

The Audit Committee has also established guidelines on the provision of non-audit services by the External Auditors to the Group to further enhance their independence. In general, the Audit Committee is of the view that the External Auditors should not be involved in the provision of non-audit services to the Group which are related to the enhancement of revenue generation and profitability, either directly or indirectly, that have a material influence on the reporting of profit or losses before taxation.

PRINCIPLE 6: RECOGNISING AND MANAGING RISKS

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that the risk management system and internal audit function is an integral part of an effective system of corporate governance and hence, the Board has established an Enterprise Risk Management Committee to formulate, maintain and regularly review a sound and effective risk management approach. There is also an in-house Internal Audit Department headed by a suitably qualified Head of Internal Audit, which reports directly to the Audit Committee. The Internal Auditors periodically review the adequacy, effectiveness and integrity of the Group's internal control system, management information system, risk management and governance processes. The Internal Auditors also review and highlight to the Audit Committee, any weaknesses in control procedures and make recommendations for improvement.

A summary of Internal Auditors' activities is set out in the Statement of Risk Management and Internal Control on pages 31 to 34 of this Annual Report.

PRINCIPLE 7: ENSURING TIMELY AND HIGH QUALITY DISCLOSURE

The Board observes all the requirements for the timely disclosure to the Company's shareholders and the public and would endeavour to make such disclosures whenever there is a need to ensure that the Company's shareholders and the public are kept well informed of the material developments of the Company.

Apart from the mandatory and regulatory requirements of making disclosures, the Board has adopted a Corporate Disclosure Policy to regulate the quality of the information and the manner of disclosure of information to the Company's shareholders and the public.

The Board goes through an intensive deliberation to ensure the accuracy and completeness of the information contained in public disclosures, such as the Quarterly Interim Financial Statements and Annual Audited Financial Statement, and take reasonable steps to ensure that all users of the information, whether financial or non-financial, may rely on such information to make an informed investment decision.

On top of public disclosure via the available platform provided and mandated by Bursa Malaysia Securities Berhad, the Company also maintains its own Website to serve as an electronic communication platform between the Company and the shareholders, stakeholders and the general public. The Company may update some of the non-investment related information exclusively via its own Website, in a dedicated section called "Investor Relations" and the information published on the Website may include, but not limited to, the Board Charter, policies, directors' profile, terms of reference of Board Committees, industry and product information, corporate activities, sustainability activities, published financial statements and annual reports.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

PRINCIPLE 8: STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Board values dialogue with investors and recognises the importance of being transparent and accountable to its shareholders. Effective communication with shareholders provides a better appreciation of the Company's objectives, while also making the Board aware of the expectations and concern of the shareholders.

a) General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any question raised during the meeting.

Notice of the AGM, annual reports and circular are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

Pursuant to the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

b) Investor Relations

Apart from communication through general meetings, the Executive Directors have also been responsive to interview invitations by journalists and analysts or dialogue sessions with institutional investors with the aim of updating the shareholders through their published reports. However, during such sessions, the Executive Directors will always ensure that no selective disclosure is made on material information which is not available to the public in accordance with the Corporate Disclosure Policy.

The Board has also established other avenues for more direct interactions between the shareholders and the Company via the appointment of an Investor Relation Officer and, within the Board, a SINED. Shareholders who would like to contact the Company may reach the persons above via email at calvin_lim@jcyinternational.com or senior-ined@jcyinternational.com respectively.

Timely announcements are also made to the public with regard to the Company's quarterly results, corporate proposals and other required announcements to ensure effective dissemination of information relating to the Company and that accurate information are provided to the public at large.

COMPLIANCE WITH THE CODE

The Board has reviewed, deliberated and approved this Statement on Corporate Governance. The Board is satisfied that this Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code, MMLR and all applicable laws and regulations throughout the financial year, save for the relevant exceptions as highlighted.

AUDIT COMMITTEE REPORT

The Board of Directors of JCY International Berhad is pleased to present the Audit Committee Report for the financial year ended 30 September 2017.

COMPOSITION AND MEETINGS

1. The Audit Committee ("Committee") shall consist of at least three (3) members appointed by the Board of Directors from amongst the Directors of whom all members shall be Non-Executive Directors, where a majority shall be independent. The Board adopts the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")'s definition of "Independent Director".

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

   a. Shall be a member of the Malaysian Institute of Accountants ("MIA"); or
   b. If he is not a member of the MIA, he must have at least three (3) years' working experience and:
      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - he must be a member of one (1) of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   c. Fulfils such requirements as prescribed or approved by Bursa Securities.

2. No alternate Director shall be appointed as a member of the Committee.

3. The members of the Committee shall select a Chairman from among their number who shall be an Independent Non-Executive Director.

4. In the event of any vacancy in the Committee resulting in the non-compliance with item 1 above, the Board shall fill the vacancy within three (3) months.

5. The Nomination Committee of the Company shall review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

During the financial year ended 30 September 2017, the Committee conducted a total of five (5) meetings.

The composition of the Committee and the attendance of the respective members at the meetings during the financial year ended 30 September 2017 are as follows:-

Name	Designation	Directorship	Attendance
Mr. Chang Wei Ming	*Chairman*	*Independent Non-Executive Director ("INED")*	5/5
Dr. Rozali Bin Mohamed Ali	*Member*	*INED*	5/5
Mr. Chan Boon Hui	*Member*	*Senior INED*	4/5

The terms of reference of the Committee is available for reference on the Company's website at www.jcyinternational.com

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF WORK OF THE COMMITTEE

The summary of the main activities carried out by the Committee during the financial year under review is as described below:-

Financial Reporting

(a) reviewed and discussed the interim and year-end financial statements, prior to recommendations to the Board. The key areas of focus are the following:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements; and
- significant judgements made by the Management.

(b) reviewed and recommended the Statement on Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control to the Board for consideration and approval for inclusion in the Annual Report; and

(c) reviewed and recommended to the Board for approval on any material related party transactions and recurrent related party transactions arising during the financial year.

(d) The dates the Committee met during the financial year to deliberate on financial reporting matters are as detailed below:

Date of meetings	Financial Reporting Statements Reviewed
24 November 2016	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Fourth quarter ended 30 September 2016
18 January 2017	Audited Financial Statements for the financial year ended 30 September 2016 and the Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2016
21 February 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the First quarter ended 31 December 2016
18 May 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Second quarter ended 31 March 2017
17 August 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Third quarter ended 30 June 2017

External Audit

(a) reviewed, discussed and approved the External Auditors' scope of works, key areas of audit emphasis, audit approach and timetable;

(b) reviewed, discussed and assessed all significant matters highlighted by the Internal and External Auditors on financial reporting and operating issues;

(c) reviewed all significant judgements made by the management;

(d) reviewed, discussed and assessed the External Auditor's management letter and the adequacy and effectiveness of management's response; and

(e) reviewed the performance, independence and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors.

During the financial year, the Committee had two (2) private meetings with the External Auditors on 24 November 2016 and 17 August 2017 without the presence of the Executive Directors and management of the Group.

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF WORK OF THE COMMITTEE *cont'd*

Internal Audit Function

The Company has an Internal Audit Department which reports directly to the Committee and assists the Committee in discharging its functions and duties. The internal audit function is independent from operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care.

The costs incurred for the internal audit function in respect of the financial year ended 30 September 2017 amounted to approximately RM207,000/-.

During the financial year, the Internal Audit Department conducted audits on the maintenance and spare parts cost control, shipment documentation, finished part handing and control review, fixed assets management, automation projects completion, business unit performance, intercompany transactions and goods & services tax compliance as well as follow-up review. The areas covered in the internal audit include:-

(a) reviewed the internal control system of the Group on its compliance and effectiveness, taking into consideration factors that have arisen from evolving business environment.

(b) conducted compliance, operational and financial audits covering Group Policies and Procedures and key internal control areas.

(c) presented audit findings and discussed corrective actions to be taken in each respective business unit's management meeting and in the quarterly Committee meetings.

(d) conducted follow-up audits to ensure corrective actions on audit reports were implemented.

Every quarter, the Committee deliberates the report from the Internal Auditor and provides suggestions on the internal audit focus areas as well as enhancements to the internal audit processes.

SUMMARY OF ACTIVITIES

During the financial year, the Committee has reviewed:-

(a) The external audit plan with the External Auditors.

(b) The quarterly unaudited results and the audited annual financial statements before submission to the Board for their consideration and approval for the purpose of announcement to Bursa Securities.

(c) The management letter of External Auditors and management response.

(d) The internal audit plan and results of the internal audit process; to ensure appropriate actions are taken on the recommendations made by the internal auditors.

(e) The reports prepared by the internal auditor on the state of internal control of the Group in respect of the financial year.

(f) The related party transaction(s) and those that may arise within the Group or Company.

(g) The effectiveness of the External Auditors and re-appointments of the External Auditors for the ensuing year.

(h) The allocation of the options being granted through the Executives' Share Option Scheme ("ESOS") as being in compliance with the criteria stipulated in the by-laws of the ESOS of the Company.

BOARD'S CONCLUSION

The Board is satisfied that the Committee and its members have carried out their functions, duties and responsibilities in accordance with the Terms of Reference of the Committee and there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of JCY International Berhad is pleased to provide its Statement on Risk Management and Internal Control of the Group for the financial year ended 30 September 2017. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is also guided by the latest "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities and the Malaysian Code on Corporate Governance.

RESPONSIBILITY OF THE BOARD

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

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

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

RISK MANAGEMENT

An Enterprise Risk Management Committee ("ERMC") was established to assist the Board to identify and assess the risks faced by the Group and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks. The ERMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Board and the Audit Committee.

Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

Risk Management Framework

The Board had identified the essence of a quality Risk Management System and had also incorporated these approaches into the adopted Risk Management Framework.

A continuous practice of systematically evaluating and selecting cost effective approaches for minimising the effect of the threat of risk realisation

Risk Management shall achieve a long-term goal of risk minimisation. It is an on-going practice and is in line with the objectives of the Company, whereby the cost of implementation of the system and measures taken for the control or mitigation of the risks shall not be higher than the anticipated benefits derived from such control and mitigation in the perspective of cost-benefit analysis.

To manage rather than to eliminate risk factors in total

The Board recognises the nature of the residual risk despite how good the Risk Management Framework is designed and how vigilant the implementation of the Risk Management has been. The ultimate target of the Risk Management is to manage the risk within a controllable and acceptable manner, not the elimination of the risk as a whole.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

RISK MANAGEMENT *cont'd*

Risk Management Framework *cont'd*

To be embedded into the culture, processes and structures of the Company

The Risk Management Framework is designed to be built into the culture, processes and structures of the Group. The Board has set up an Enterprise Risk Management Committee comprising all the executive directors and certain executive staff with the aim of transplanting the essence and culture of Risk Management throughout all levels of the Group.

Responsive to changes in the business environment and clearly communicated to all levels

The Board is of the view that risk factors would evolve over time. The Enterprise Risk Management Committee adopts a broad based approach, communicating with all levels within the Group in identifying changes in risk factors at the earliest possible time. In this way, controls and preventive actions could be adjusted to adapt to the new challenges arising from the change.

Continuous improvement

The terms of reference of the Enterprise Risk Management Committee are subject to periodically review. The Committee actively refines and continuously seek for improvements in the existing Risk Management System.

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL

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

Organisation Structure with Defined Roles and Responsibilities

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

Authority Limits

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

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

Formalised Strategic Planning Processes

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

Management Processes and Mechanisms

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

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

Management Processes and Mechanisms *cont'd*

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

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

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

Continuous Employee Education

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

Quality Control

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

Financial Performance

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

INDEPENDENCE OF AUDIT COMMITTEE

The Audit Committee comprises wholly of Non-Executive Directors who each has the relevant experience and qualification to perform their duties effectively. The Audit Committee has full access to both the internal as well as External Auditors.

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

INTERNAL AUDIT DEPARTMENT

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

INTERNAL AUDIT DEPARTMENT *cont'd*

During the year, the IAD has carried out audits on key operating units within the Group in accordance with the risk-based annual audit plan approved by the Audit Committee. Internal Audit function uses a risk-based approach to determine the priorities of internal audit activities, consistent with the strategies of the Group. Existing controls in managing the identified risk are evaluated for its adequacy and effectiveness. Improvement measures are recommended to strengthen controls.

Internal audit reports are presented to the Audit Committee on a quarterly basis or earlier as appropriate, highlighting findings, areas for improvement, recommendations and agreed action plans to improve the system of internal controls. Follow-up reviews on previous audit recommendations are performed to assess the status of implementation and the results of such reviews are reported to the Audit Committee on a regular basis as well any residual risks assessment after follow-up closures.

Based on the internal audit reviews conducted, none of the audit issues noted have resulted in any material control deficiencies.

Details of the activities of the internal audit function are provided in the Audit Committee Report of this Annual Report.

BOARD'S CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received an assurance from the Executive Directors (collectively acting for Chief Executive Officer) and the Executive Director – Finance (equivalent to Chief Financial Officer) that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

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

This statement is made in accordance with the resolution of the Board dated 18 January 2018 and has been duly reviewed by the External Auditors pursuant to paragraph 15.23 of the MMLR of Bursa Securities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company did not raise any fund through any corporate proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the amounts of audit and non-audit fees incurred by the Company and the Group to the External Auditors and an affiliate of the External Auditor are as follows:

	Company (RM)	Group (RM)
Audit Fees	107,000	351,000
Non-Audit Fees	53,000	66,000

3. MATERIAL CONTRACTS

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

4. EXECUTIVES' SHARE OPTION SCHEME

The only share option scheme that was in existence during the financial year had expired on 31 July 2017. The details of the share options expired and exercised during the financial year ended 30 September 2017 are as follows:

	Number of Share Options			
ESOS	Outstanding	Expired	Exercised	Outstanding
	As at 01 Oct 2016	For the financial year ended 30 Sep 2017		As at 30 Sep 2017
Total	5,181,000	4,441,000	740,000	-
Directors and Chief Executive	3,450,000	2,850,000	600,000	-

As required under the By-Laws of the ESOS, not more than 50% of the options available under the ESOS are allocated, in aggregate, to Executive Directors, Non-Executive Directors and Senior Management of the Group.

During the financial year, there were no share options granted to the non-executive directors. The number of share options exercised by the non-executive directors pursuant to the ESOS is as follows:

Name of director	Amount of options granted	Amount of options exercised
Dr. Rozali Bin Mohamed Ali	0	600,000
Chang Wei Ming	0	0
Chan Boon Hui	0	0

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 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	40,941	110,525

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 2016 were as follows:

	RM'000
In respect of financial year ended 30 September 2016:	
Single tier interim dividend of 1.15 sen per ordinary share on 2,060,172,300 ordinary shares, declared on 24 November 2016 and paid on 6 January 2017	25,752
In respect of financial year ended 30 September 2017:	
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares, declared on 21 February 2017 and paid on 7 April 2017	25,752
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,912,300 ordinary shares, declared on 18 May 2017 and paid on 11 July 2017	25,761
Single tier interim dividend of 0.75 sen per ordinary share on 2,060,912,300 ordinary shares, declared on 17 August 2017 and paid on 10 October 2017	15,457
	92,722

On 28 November 2017, the Board of Directors had further declared a single tier interim dividend of 0.50 sen per ordinary share on 2,061,912,300 ordinary shares, amounting to RM10,304,562 for the financial year ended 30 September 2017. This dividend was paid on 10 January 2018.

The directors do not recommend the payment of any final dividend for the current financial year.

DIRECTORS' REPORT
CONT'D

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dr. Rozali Bin Mohamed Ali
Dato' 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 29 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

Expenses incurred on indemnity given or insurance effected for Directors and Officers of the Company and its subsidiaries during the financial year amounted to RM 41,000 (2016: RM 43,000). No indemnities have been given or insurance premium was paid, during or since the end of the year, for any person who is or has been the Auditors of the Company.

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			
The Company	**1 October 2016**	**Acquired**	**Sold**	**30 September 2017**
Direct interest				
Dr. Rozali Bin Mohamed Ali	650,000	600,000	-	1,250,000
Dato' Wong King Kheng	4,800,000	-	-	4,800,000
Chang Wei Ming	325,000	-	-	325,000
Goh Chye Kang	600,000	-	-	600,000

DIRECTORS' REPORT
CONT'D

DIRECTORS' INTERESTS *cont'd*

		Number of options over ordinary shares			
The Company	**1 October 2016**	**Granted**	**Exercised**	**Expired**	**30 September 2017**
Direct interest					
Dr. Rozali Bin Mohamed Ali	600,000	-	(600,000)	-	-
Dato' Wong King Kheng	1,200,000	-	-	(1,200,000)	-
Chang Wei Ming	150,000	-	-	(150,000)	-
Goh Chye Kang	1,500,000	-	-	(1,500,000)	-

ISSUE OF SHARES

During the financial year, 740,000 ordinary shares were issued by virtue of the exercise of 300,000 share options (at RM0.786 per share), 200,000 share options (at RM0.799 per share), and 240,000 share options (at RM0.81 per share) granted pursuant to the Company's Executives' Share Option Scheme.

The new ordinary shares issued during the year rank pari passu in all respects with the existing shares of the Company.

EXECUTIVES' 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 (4) Directors and one (1) Senior Executive, namely Dato' Wong King Kheng, Goh Chye Kang, Dato' Tan Shih Leng, Lim Ching Tee Peter and Yong Yong Chai.

The duration of the ESOS is three (3) years from the implementation date of 1 August 2011. On 31 July 2014, the Options Committee extended the duration of the ESOS for another three (3) years until 31 July 2017.

The salient features and other terms of the ESOS are disclosed in Note 27 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 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. The options expired on 31 July 2017.

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. The movement in share options during the financial year for options holders granted options to subscribe for 600,000 or more ordinary shares were as follows:

		Number of share options			
Name	**1 October 2016**	**Granted**	**Exercised**	**Expired**	**30 September 2017**
Yong Yong Chai	400,000	-	-	(400,000)	-

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

DIRECTORS' REPORT
CONT'D

TREASURY SHARES

As at 30 September 2017, the Company held as treasury shares a total of 15,946,700 of its 2,076,859,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM15,584,000 and further relevant details are disclosed in Note 24(b) 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 that adequate provision had been made for doubtful debts; 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.

(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) the amount written off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; 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.

DIRECTORS' REPORT
CONT'D

SUBSEQUENT EVENT

Detail of subsequent event are disclosed in Note 35 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 January 2018.

Goh Chye Kang

Dato' Wong King Kheng

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Goh Chye Kang and Dato' 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 45 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 January 2018.

Goh Chye Kang **Dato' Wong King Kheng**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Dato' 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 45 to 100 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 Dato' Wong King)
Kheng at Johor Bahru in the State of)
Johor Darul Ta'zim on 18 January 2018)

Dato' Wong King Kheng

Before me,

Commissioner for Oaths
SERENA KAUR
No.: J.252

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JCY INTERNATIONAL BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of JCY International Berhad, which comprise the statements of financial position as at 30 September 2017 of the Group and of the Company, and statements of profit or loss and other 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 notes to the financial statements, including significant accounting policies, as set out on pages 45 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

There are no key audit matters for the Company for the financial year. The key audit matter for the Group for the financial year is described below.

Revenue recognition

Given the nature of the manufacturing operations of the Group and the magnitude of revenue recognised in the financial statements for the year, we identified revenue recognition as an area of audit focus. We focused our audit efforts on addressing the possibility of overstatement of revenue. In addressing this risk, we tested the Group's internal controls over the timing and amount of revenue recognised. We also inspected the terms of significant sales transactions to determine the point of transfer of significant risk and rewards and assessed whether revenue was recognised in accordance with the terms stated in the respective sales invoices. In addition, we inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JCY INTERNATIONAL BERHAD
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Revenue recognition cont'd

The Group's disclosures on revenue recognition are included in Note 2.21 and Note 4 to the consolidated financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JCY INTERNATIONAL BERHAD
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Auditors' responsibilities for the audit of the financial statements cont'd

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Wun Mow Sang
01821/12/2018(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 18 January 2018

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Revenue	4	1,599,391	1,740,493	108,420	81,315
Cost of sales		(1,539,830)	(1,688,040)	-	-
Gross profit		59,561	52,453	108,420	81,315
Other items of income					
Other operating income		21,672	8,909	4,241	-
Other items of expense					
General and administrative expenses		(33,565)	(55,711)	(2,136)	(15,934)
Other operating expenses		-	(11,213)	-	-
Finance costs	8	(1,535)	(1,362)	-	-
Profit/(Loss) before tax	5	46,133	(6,924)	110,525	65,381
Taxation	9	(5,192)	(1,298)	-	-
Profit/(Loss) net of tax		40,941	(8,222)	110,525	65,381
Other comprehensive income/(loss)					
Foreign currency translation		4,358	(25,854)	-	-
Total comprehensive income/(loss) for the year		45,299	(34,076)	110,525	65,381
Basic earnings/(loss) per share (sen)	10	2.0	(0.4)		
Diluted earnings/(loss) per share (sen)	10	2.0	(0.4)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	510,125	556,536
Land use rights	13	27,672	28,280
Deferred tax assets	23	2,858	3,899
Restricted bank deposits	18	1,633	1,541
		542,288	590,256
Current assets			
Inventories	15	234,881	255,718
Trade and other receivables	16	313,860	319,422
Other current asset	17	8,975	9,235
Tax recoverable		5,855	94
Cash and bank balances	18	296,306	281,914
		859,877	866,383
Total assets		1,402,165	1,456,639
Equity and liabilities			
Current liabilities			
Trade and other payables	19	217,115	228,008
Borrowings	20	54,602	50,608
Derivatives liabilities	21	-	3,959
		271,717	282,575
Net current assets		588,160	583,808
Non-current liabilities			
Long term employee benefits	22	5,052	4,267
Deferred tax liabilities	23	36,586	34,015
		41,638	38,282
Total liabilities		313,355	320,857
Net assets		1,088,810	1,135,782
Equity attributable to equity holders of the Company			
Share capital	24	536,732	519,030
Reserves		552,078	616,752
Total equity		1,088,810	1,135,782
Total equity and liabilities		1,402,165	1,456,639

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

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	Company 2017 RM'000	Company 2016 RM'000
Assets			
Non-current assets			
Investment in subsidiaries	14	458,011	458,011
Current assets			
Trade and other receivables	16	217,166	209,415
Other current asset	17	29	37
Cash and bank balances	18	272	174
		217,467	209,626
Total assets		675,478	667,637
Equity and liabilities			
Current liabilities			
Trade and other payables	19	19,022	29,435
Net assets		656,456	638,202
Equity attributable to equity holders of the Company			
Share capital	24	536,732	519,030
Reserves		119,724	119,172
Total equity		656,456	638,202
Total equity and liabilities		675,478	667,637

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		Non-distributable					Distributable	
	Note	Share capital (Note 24(a))	Share premium	Treasury shares (Note 24(b))	Employee share options reserve (Note 25(a))	Foreign currency translation reserve (Note 25(b))	Retained earnings (Note 26)	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017								
At 1 October 2016		519,030	17,112	(15,584)	1,133	61,549	552,542	1,135,782
Total comprehensive income for the year		-	-	-	-	4,358	40,941	45,299
Effects of implementation of Companies Act 2016		17,112	(17,112)	-	-	-	-	-
Transactions with owners								
Dividends	11	-	-	-	-	-	(92,722)	(92,722)
Exercise of employee share options		590	-	-	(139)	-	-	451
Transfer to retained earnings upon expiry of share options		-	-	-	(994)	-	994	-
At 30 September 2017		536,732	-	(15,584)	-	65,907	501,755	1,088,810
2016								
At 1 October 2015		515,669	9,686	(15,584)	3,719	87,403	699,812	1,300,705
Total comprehensive loss for the year		-	-	-	-	(25,854)	(8,222)	(34,076)
Transactions with owners								
Dividends	11	-	-	-	-	-	(139,048)	(139,048)
Exercise of employee share options		3,361	7,426	-	(2,586)	-	-	8,201
At 30 September 2016		519,030	17,112	(15,584)	1,133	61,549	552,542	1,135,782

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		← Non-distributable			→	Distributable	
	Note	Share capital (Note 24(a)) RM'000	Share premium RM'000	Treasury shares (Note 24(b)) RM'000	Employee share options reserve (Note 25(a)) RM'000	Retained earnings (Note 26) RM'000	Total RM'000
2017							
At 1 October 2016		519,030	17,112	(15,584)	1,133	116,511	638,202
Total comprehensive income for the year		-	-	-	-	110,525	110,525
Effects of implementation of Companies Act 2016		17,112	(17,112)	-	-	-	-
Transactions with owners							
Dividends	11	-	-	-	-	(92,722)	(92,722)
Exercise of employee share options		590	-	-	(139)	-	451
Transfer to retained earnings upon expiry of share options		-	-	-	(994)	994	-
At 30 September 2017		536,732	-	(15,584)	-	135,308	656,456
2016							
At 1 October 2015		515,669	9,686	(15,584)	3,719	190,178	703,668
Total comprehensive income for the year		-	-	-	-	65,381	65,381
Transactions with owners							
Dividends	11	-	-	-	-	(139,048)	(139,048)
Exercise of employee share options		3,361	7,426	-	(2,586)	-	8,201
At 30 September 2016		519,030	17,112	(15,584)	1,133	116,511	638,202

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit/(Loss) before tax	46,133	(6,924)	110,525	65,381
Adjustments for:				
Depreciation	94,264	96,491	-	-
Dividend income	-	-	(108,420)	(81,315)
Amortisation of land use rights	641	487	-	-
Impairment loss on:				
- property, plant and equipment	-	11,213	-	-
- trade receivables	-	2,815	-	-
Loss/(gain) on disposal of property, plant and equipment	268	(470)	-	-
Gain on disposal of land use rights	-	(1,524)	-	-
Unrealised loss/(gain) on foreign exchange	5,163	21,558	(4,242)	(12,844)
Net fair value gain on derivatives	(3,959)	(4,023)	-	-
Property, plant and equipment written off	1,466	22,426	-	-
Inventories written down to net realisable value	4,376	851	-	-
Defined benefit plans	531	1,579	-	-
Interest income	(2,770)	(4,816)	-	-
Interest expenses	1,055	975	-	-
Operating cash flows before working capital changes	147,168	140,638	(2,137)	(28,778)
Inventories	16,461	121,476	-	-
Receivables	(9,095)	(19,119)	2	32
Other current asset	260	5,884	8	45
Payables	(10,025)	(60,657)	(10,410)	141
Cash flows generated from/(used in) operations	144,769	188,222	(12,537)	(28,560)
Interest paid	(1,055)	(975)	-	-
Tax paid	(6,914)	(802)	-	-
Net cash flows generated from/(used in) operating activities	136,800	186,445	(12,537)	(28,560)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 CONT'D

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Interest received	2,770	4,816	-	-
Purchase of property, plant and and equipment	(42,525)	(66,848)	-	-
Proceeds from disposal of property, plant and equipment	2,366	10,898	-	-
Acquisition of a subsidiary	-	-	-	(1,000)
Acquisition of land use rights	-	(8,449)	-	-
Proceeds from disposal of land use rights	-	1,649	-	-
Dividend income received	-	-	108,420	81,315
(Loan to)/repayment from subsidiaries	-	-	(3,514)	77,925
Net cash flows (used in)/generated from investing activities	(37,389)	(57,934)	104,906	158,240
Financing activities				
Dividends paid	(92,722)	(138,880)	(92,722)	(138,880)
Proceeds from exercise of employee share options	451	8,201	451	8,201
Addition of unit trust fund	(1,447)	(40,782)	-	-
Addition of restricted bank deposits	-	(122)	-	-
Drawdown/(repayment) of short-term borrowings	4,291	(82,495)	-	-
Net cash flows used in financing activities	(89,427)	(254,078)	(92,271)	(130,679)
Net increase/(decrease) in cash and cash equivalents	9,984	(125,567)	98	(999)
Effect of exchange rate changes on cash and cash equivalents	2,961	(16,789)	-	-
Cash and cash equivalents at beginning of financial year	241,132	383,488	174	1,173
Cash and cash equivalents at end of financial year (Note 18)	254,077	241,132	272	174

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

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 activity of the Company is 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. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

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

2.2 Changes in accounting policies

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

On 1 October 2016, the Group and the Company adopted the following new and amended MFRS and IC Interpretations:

Description

Annual Improvements to MFRSs 2012-2014 Cycle
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101: Disclosure Initiative
MFRS 14 Regulatory Deferral Accounts

The adoption of the above new and amended standards and interpretations did not have any effect on the financial performance or position of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 107 (Amendments to MFRS 107: Disclosures Initiatives)	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
Annual Improvements to MFRSs 2014-2017 Cycle	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of the opinion that the standards, amendments and interpretations above will have no material impact on the financial statements in the year of initial adoption other than as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and interpretations issued but not yet effective *cont'd*

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group has assessed the potential effect of MFRS 16 on its financial statements and determined that these amendments are not expected to have any impact on the Group.

2.4 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee

(ii) Rights arising from other contractual arrangements

(iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business combinations and goodwill

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Business combinations and goodwill *cont'd*

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.9 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	6.7% - 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.

2.10 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Impairment of non-financial assets *cont'd*

The Group bases its VIU calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

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.

2.11 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.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial instruments *cont'd*

(a) Financial assets *cont'd*

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

- **Financial assets at fair value through profit or loss**

  Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Group did not have any financial assets at fair value through profit or loss as at 30 September 2017 and 2016.

- **Loans and receivables**

  This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

  This category generally applies to trade and other receivables. For more information on receivables, refer to Note 16.

- **Held-to-maturity investments**

  Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 30 September 2017 and 2016.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial instruments *cont'd*

(a) Financial assets *cont'd*

Subsequent measurement *cont'd*

- **AFS financial assets**

  AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

  After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

  The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

  For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

  The Group did not have any AFS financial assets during the financial years ended 30 September 2017 and 2016.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial instruments *cont'd*

(a) Financial assets *cont'd*

Derecognition *cont'd*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial instruments *cont'd*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group does not have any financial liability at fair value through profit or loss.

- **Loans and borrowings**

  This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

  This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

- **Financial guarantee contracts**

  Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial instruments *cont'd*

(b) Financial liabilities *cont'd*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under MFRS 139 are recognised in the statement of profit or loss as cost of sales.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.13 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.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 Leases

As lessee

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms, ranging from 41 to 60 years.

2.17 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.17 Taxes *cont'd*

(c) Goods and Services Tax ("GST")

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

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

2.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Employee benefits

(a) Defined contribution plans

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

(b) Employee share option plans

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.19 Employee benefits *cont'd*

(c) Defined benefit plan

The Group provides a defined benefit pension plan to its employees in Thailand. This benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'general and administrative expenses' in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- Net interest expense or income

2.20 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.20 Foreign currency *cont'd*

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia (RM) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.21 Revenue

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

(i) Sales of goods

Revenue is recognised net of sales rebates and upon the transfer of risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

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

(iii) Dividend income

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

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Treasury shares

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.24 Contingencies

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

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

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 periods.

3.1 Key sources of estimation uncertainty

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

(a) Deferred tax

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 23.

Deferred tax liability are recognised for accelerated capital allowance of property, plant and equipment. Significant judgement is required to determine the amount of deferred tax liability to be recognised in respect of temporary differences between the carrying amount of an asset in the statement of financial position and its tax base.

(b) Income tax

Judgement is involved in determining the Company's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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4. REVENUE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of hard disk drive components	1,568,544	1,731,962	-	-
Sales of other components	30,847	8,531	-	-
Dividend income	-	-	108,420	81,315
	1,599,391	1,740,493	108,420	81,315

5. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before tax is stated after charging:				
Depreciation (Note 12)	94,264	96,491	-	-
Amortisation of land use rights (Note 13)	641	487	-	-
Auditors' remuneration:				
- Statutory audit				
- current year	350	438	106	70
- underprovision in prior year	1	6	1	6
- Other services	66	67	53	15
Employee benefits expense (Note 6)	252,488	291,023	530	1,526
Impairment loss on:				
- property, plant and equipment (Note 12)	-	11,213	-	-
- trade receivables (Note 16)	-	2,815	-	-
Inventories written down to net realisable value	4,376	851	-	-
Non-executive directors' remuneration (Note 7)				
- Fees	360	300	360	300
- Other emoluments	300	300	300	300
Rental of land and building	1,724	3,368	-	-
Rental of equipment	1,525	1,434	-	-
Rental of hostel	7,788	9,934	-	-
Rental of office	38	20	-	20
Loss on disposal of property, plant and equipment	268	-	-	-
Property, plant and equipment written off	1,466	22,426	-	-
Unrealised loss on foreign exchange	5,163	21,558	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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5. PROFIT/(LOSS) BEFORE TAX *cont'd*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
And crediting:				
Interest income from deposits	2,770	4,816	-	-
Investment income from unit trust fund	1,447	782	-	-
Gain on disposal of property, plant and equipment	-	470	-	-
Gain on disposal of land use rights	-	1,524	-	-
Net fair value gain on derivative financial instrument (Note 21)	3,959	4,023	-	-
Gain on foreign exchange				
- Realised	17,015	15,551	-	-
- Unrealised	-	-	4,242	12,844

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	242,845	278,643	530	1,436
Defined contribution plans	4,745	6,911	-	87
Social security contributions	2,327	2,800	-	3
Defined benefit plans (Note 22)	531	1,579	-	-
Other staff related expenses	2,040	1,090	-	-
	252,488	291,023	530	1,526

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,853,000 (2016: RM5,507,000) and RM530,000 (2016: RM450,000) respectively, as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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7. DIRECTORS' REMUNERATION

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive directors (Note 6):				
Salaries and bonus	5,176	4,916	50	50
Fees	558	561	480	400
Defined contribution plan	119	30	-	-
	5,853	5,507	530	450
Non-executive directors (Note 5):				
Fees	360	300	360	300
Other emoluments	300	300	300	300
	660	600	660	600
Total directors' remuneration	6,513	6,107	1,190	1,050

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	
	2017	2016
Executive directors:		
RM1,000,001 - RM1,050,000	-	1
RM1,050,001 - RM1,100,000	-	1
RM1,100,001 - RM1,150,000	2	-
RM1,400,001 - RM1,450,000	-	1
RM1,500,001 - RM1,550,000	1	-
RM1,950,000 - RM2,000,000	-	1
RM2,050,001 - RM2,100,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	2	-
RM350,001 - RM400,000	-	1
RM400,001 - RM450,000	1	-

8. FINANCE COSTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses on:				
- Bankers' acceptances	1,052	952	-	-
- Bill payable	3	23	-	-
Bank charges	480	387	-	-
	1,535	1,362	-	-

9. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 30 September 2017 and 2016 are:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,533	908	-	-
(Over)/Underprovision in prior year	(114)	11	-	-
	1,419	919	-	-
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	1,837	108	-	-
Under provision in prior year	1,936	271	-	-
	3,773	379	-	-
	5,192	1,298	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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9. TAXATION *cont'd*

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 30 September 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) before taxation	46,133	(6,924)	110,525	65,381
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	11,072	(1,662)	26,526	15,691
Income not subject to tax	(34,076)	(15,441)	(27,038)	(16,433)
Expenses not deductible for tax purposes	27,551	7,406	512	742
Effect of temporary differences reversing during the tax exemption period	-	7,731	-	-
Deferred tax assets not recognised for unutilised tax losses	-	2,982	-	-
Utilisation of current year's reinvestment allowances	(1,177)	-		
(Over)/underprovision of income tax in prior year	(114)	11	-	-
Under provision of deferred tax in prior year	1,936	271	-	-
Income tax expense recognised in profit or loss	5,192	1,298	-	-

Certain subsidiaries of the Group has been granted full income tax exemption by the relevant authorities on the income arising from manufacture of hard disk drive components for a period ranging from seven (7) years to ten (10) years commencing 1 April 2006, 27 June 2008 and 10 December 2010. One of the tax exemption expired in 2015 and another tax exemption expired during the current financial year on 31 March 2017. The last tax exemption will expire on 9 December 2018.

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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 2017 and 2016 has reflected the effects of the above items.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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10. EARNINGS/(LOSS) PER SHARE

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

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	
	2017	**2016**
Profit/(Loss) attributable to ordinary equity holders of the Company (RM'000)	40,941	(8,222)
Weighted average number of ordinary shares for basic earnings per share computation ('000 units)	2,060,544	2,049,776
Effects of dilution:-		
Share options ('000 units)	-	6,533
Weighted average number of ordinary shares for diluted earnings per share computation ('000 units)	2,060,544	2,056,309
Basic earnings/(loss) per share (sen)	2.0	(0.4)
Diluted earnings/(loss) per share (sen)	2.0	(0.4)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 CONT'D

11. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Single tier interim dividend of 3 sen per ordinary share on 2,059,720,300 ordinary shares	-	-	-	61,792
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares	-	25,752	-	25,752
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares	-	25,752	-	25,752
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares	-	25,752	-	25,752
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares	-	25,752	25,752	-
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares	25,752	-	25,752	-
Single tier interim dividend of 1.25 sen per ordinary share on 2,060,912,300 ordinary shares	25,761	-	25,761	-
Single tier interim dividend of 0.75 sen per ordinary share on 2,060,912,300 ordinary shares	15,457	-	15,457	-
	66,970	103,008	92,722	139,048

12. PROPERTY, PLANT AND EQUIPMENT

2017 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 2016	8,507	220,482	13,836	11,577	1,168,678	143,188	9,524	20,844	2,484	1,599,120
Additions	-	34	14,184	296	23,631	3,301	-	1,079	-	42,525
Disposals	-	(32)	-	(37)	(4,680)	(1,842)	-	-	-	(6,591)
Written off	-	-	-	(1,987)	(13,979)	(742)	-	(4,210)	-	(20,918)
Reclassifications	-	5,450	(18,653)	6	12,314	-	-	883	-	-
Exchange differences	434	4,433	500	179	17,320	-	-	114	48	23,028
At 30 September 2017	8,941	230,367	9,867	10,034	1,203,284	143,905	9,524	18,710	2,532	1,637,164
Accumulated depreciation and impairment loss										
At 1 October 2016	-	53,141	-	9,976	844,592	106,137	9,306	17,337	2,095	1,042,584
Depreciation charge for the year (Note 5)	-	8,480	-	704	73,663	10,083	82	1,113	139	94,264
Disposals	-	(29)	-	(36)	(3,653)	(239)	-	-	-	(3,957)
Written off	-	-	-	(1,937)	(12,665)	(696)	-	(4,154)	-	(19,452)
Exchange differences	-	1,598	-	125	11,809	-	-	29	39	13,600
At 30 September 2017	-	63,190	-	8,832	913,746	115,285	9,388	14,325	2,273	1,127,039
Net carrying amount										
At 30 September 2017	8,941	167,177	9,867	1,202	289,538	28,620	136	4,385	259	510,125

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

2016 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 2015	8,617	210,561	11,387	11,772	1,193,141	129,273	9,524	41,767	2,724	1,618,766
Additions	-	15,406	17,773	367	18,052	13,915	-	1,140	195	66,848
Disposals	-	(842)	-	(40)	(15,492)	-	-	(289)	(145)	(16,808)
Written off	-	-	(1,215)	(353)	(5,349)	-	-	(19,571)	(217)	(26,705)
Reclassifications	-	2,380	(13,908)	101	11,427	-	-	-	-	-
Exchange differences	(110)	(7,023)	(201)	(270)	(33,101)	-	-	(2,203)	(73)	(42,981)
At 30 September 2016	8,507	220,482	13,836	11,577	1,168,678	143,188	9,524	20,844	2,484	1,599,120
Accumulated depreciation and impairment loss										
At 1 October 2015	-	46,836	-	9,391	791,716	90,985	9,077	19,213	2,210	969,428
Depreciation charge for the year (Note 5)	-	7,681	-	880	76,398	9,201	229	1,943	159	96,491
Impairment loss recognised in profit or loss (Note 5)	-	-	-	-	5,262	5,951	-	-	-	11,213
Disposals	-	(140)	-	(30)	(5,999)	-	-	(75)	(136)	(6,380)
Written off	-	-	-	(96)	(668)	-	-	(3,425)	(90)	(4,279)
Exchange differences	-	(1,236)	-	(169)	(22,117)	-	-	(319)	(48)	(23,889)
At 30 September 2016	-	53,141	-	9,976	844,592	106,137	9,306	17,337	2,095	1,042,584
Net carrying amount										
At 30 September 2016	8,507	167,341	13,836	1,601	324,086	37,051	218	3,507	389	556,536

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

The impairment loss of RM11,213,000 in previous financial year represents write-down of certain property, plant and equipment to the recoverable amount determined at the level of the cash generating unit ("CGU"). The CGU consists of equipment and machineries used in the production of the Group's cover products. The impairment loss is incurred as a result of the temporary cessation of its subsidiary production of its cover products. This was recognised in the statement of profit or loss as other operating expenses. The recoverable amount of RM1,959,000 as at 30 September 2016 is based on fair value less cost of disposal. The fair value for the equipment and machineries are measured using quoted prices from the market for identical assets adjusted for unobservable inputs (Level 2). The significant unobservable input is the estimated cost of disposing the equipment and machineries.

There is no additional or reversal of impairment as at 30 September 2017 as there is no significant change in fair value for the equipment and machineries.

13. LAND USE RIGHTS

	Group	
	2017	2016
	RM'000	RM'000
As at beginning of financial year	28,280	20,608
Addition for the year	-	8,449
Amortisation for the financial year (Note 5)	(641)	(487)
Disposal	-	(125)
Exchange differences	33	(165)
As at end of financial year	27,672	28,280
Amount to be amortised:		
- Not later than one year	641	641
- Later than one year but not later than five years	2,562	2,562
- Later than five years	24,469	25,077
	27,672	28,280

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost:		
- In Malaysia	452,751	452,751
- Outside Malaysia	2,300	2,300
	455,051	455,051
Less: Accumulated impairment losses	(2,300)	(2,300)
	452,751	452,751
ESOS granted to employees of subsidiaries	5,260	5,260
	458,011	458,011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 CONT'D

14. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	2017 %	2016 %	Principal axtivities
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	Dormant
JCY HDD Industries Sdn Bhd*	Malaysia	100.00	100.00	Trading of HDD components and management services
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding
Held by Minarex Holdings Limited:				
Foshan YK HDD Co. Ltd***	The People's Republic of China	100.00	100.00	Dormant
PCA Hard.Com Sdn Bhd Limited*	British Virgin Island	100.00	100.00	Dormant
JCY HDD Technology Company Limited**	Thailand	99.99	99.99	Manufacturing and distribution of HDD components
Axius Investments Ltd*	Mauritius	100.00	100.00	Investment holding
Held by Axius Investments Ltd:				
YK Technology (Suzhou) Co. Ltd***	The People's Republic of China	100.00	100.00	Manufacturing and trading of HDD components
Held by JCY HDD Technology Sdn Bhd:				
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*

15. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
At cost:		
Raw materials	57,942	38,361
Work-in-progress	85,354	71,216
Finished goods	41,812	66,593
Consumables	21,399	19,306
	206,507	195,476
At net realisable value:		
Work-in-progress	6,990	42,184
Finished goods	21,384	18,058
	28,374	60,242
	234,881	255,718

16. TRADE AND OTHER RECEIVABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current				
Trade receivables				
Third parties	302,240	308,735	-	-
Less: Allowance for impairment (Note 5)	(2,815)	(2,815)	-	-
	299,425	305,920	-	-
Other receivables				
Sundry receivables	12,556	11,235	-	2
Staff advance	200	31	-	-
Deposits	1,679	2,236	-	-
Due from subsidiaries	-	-	217,166	209,413
	14,435	13,502	217,166	209,415
Total trade and other receivables	313,860	319,422	217,166	209,415
Add: Cash and bank balances (Note 18)	296,306	281,914	272	174
Total loans and receivables	610,166	601,336	217,438	209,589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
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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	
	2017	**2016**
	RM'000	**RM'000**
Neither past due nor impaired	219,451	289,648
1 to 30 days past due but not impaired	70,334	15,255
31 to 60 days past due but not impaired	9,419	48
61 to 90 days past due but not impaired	165	86
More than 91 days past due but not impaired	56	883
	79,974	16,272
Impaired	2,815	2,815
	302,240	308,735

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 have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM79,974,000 (2016: RM16,272,000) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long-term relationship with the Group.

16. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables *cont'd*

Receivables that are impaired

As at 30 September 2017, trade receivables with an initial carrying value of RM2,815,000 (2016: RM2,815,000) were individually impaired and fully provided for. See below for the movement in the provision for impairment of trade receivables:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 October	2,815	-
Charge for the year (Note 5)	-	2,815
At 30 September	2,815	2,815

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

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

17. OTHER CURRENT ASSET

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	8,975	9,235	29	37

18. CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current:				
Cash on hand and cash at bank	112,909	108,292	272	174
Repurchase agreements	74,378	129,614	-	-
Fixed deposits with commercial banks	66,790	3,226	-	-
Unit trust fund	42,229	40,782	-	-
Cash and bank balances	296,306	281,914	272	174
Less: Unit trust fund	(42,229)	(40,782)	-	-
Cash and cash equivalents	254,077	241,132	272	174

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18. CASH AND BANK BALANCES *cont'd*

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Restricted bank deposits	1,633	1,541	-	-
Total cash and bank balances	255,710	242,673	272	174

In addition to the Group's restricted bank deposits, bank balances of approximately RM1,363,000 (2016: RM1,363,000) are pledged for bank guarantee facilities granted to certain subsidiaries.

The interest rates and maturities of repurchase agreements, fixed deposits, unit trust fund and restricted bank deposits of the Group as at the end of the financial year were as follows:

	Range of interest rates		Range of maturities	
	2017	2016	2017	2016
	%	%	Days	Days
Repurchase agreements	0.80 - 2.95	0.23 - 2.90	1 - 7	1 - 30
Fixed deposits with commercial banks	2.90	2.25	5 - 31	28
Unit trust fund	3.55	3.80	32	34
Restricted bank deposits	1.00 - 1.50	1.00 - 1.50	>365	>365

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payable				
Third parties	152,229	152,563	-	-
Other payables				
Sundry payables	15,804	16,557	14	-
Tax payables	427	-	-	-
Accruals	33,197	33,136	925	1,055
Amount due to subsidiary	-	-	2,625	2,628
Dividend payable	15,458	25,752	15,458	25,752
	64,886	75,445	19,022	29,435
Total trade and other payables	217,115	228,008	19,022	29,435
Add: Borrowings (Note 20)	54,602	50,608	-	-
Total financial liabilities carried at amortised cost	271,717	278,616	19,022	29,435

19. TRADE AND OTHER PAYABLES *cont'd*

(a) Trade payable and other payables

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

(b) Amount due to subsidiary

The amount due to subsidiary is unsecured, non-interest bearing and repayable on demand.

20. BORROWINGS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Current		
Unsecured:		
Bills payable	-	179
Foreign currency trade loans	54,602	50,429
	54,602	50,608

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

	Group	
	2017	**2016**
Bills payable	-	1.17
Foreign currency trade loans	1.40 - 1.68	0.98 - 1.07

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. DERIVATIVES LIABILITIES

	Group			
	Notional amount		Liabilities	
	2017	**2016**	**2017**	**2016**
	USD'000	**USD'000**	**RM'000**	**RM'000**
Non-hedging derivatives				
Forward currency contracts	-	24,000	-	3,959

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

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21. DERIVATIVES LIABILITIES *cont'd*

During the financial year, the Group recognised a realised gain of RM 3,959,000 arising from the derecognition of derivative liability recorded as at previous financial year (2016: gain of RM4,023,000 arising from fair value changes of derivative liabilities). The fair value changes are attributable to changes in foreign exchange rates. The method applied in determining the fair values of derivatives are disclosed in Note 31.

22. LONG TERM EMPLOYEE BENEFITS

The Group has an unfunded defined benefit plan in Thailand. The plan is governed by the employment laws of Thailand which requires that upon normal retirement, employees are entitled to severance payment at rates ranging from 1 to 10 times of their final month of basic salary, depending on the length of service.

	Group	
	2017	**2016**
	RM'000	**RM'000**
Non-current liability		
Present value of unfunded obligations	5,052	4,267
Movement in the present value of defined benefit obligation		
At 1 October	4,267	2,695
Recognised in the profit or loss (Note 6)	531	1,579
Exchange differences	254	(7)
At 30 September	5,052	4,267
Expenses recognised in profit or loss		
Current service costs	4,537	1,170
Interest expense	203	147
Effect changes in financial assumptions	(4,209)	262
	531	1,579

The expenses are recognised in the general and administrative expenses.

Principal actuarial assumptions used in determining the defined benefit obligation for the Group's plan are shown below:

	2017	**2016**
Discount rate at 30 September	2.80%	2.56%
Future salary increases	3.00%	3.00%

22. LONG TERM EMPLOYEE BENEFITS *cont'd*

A quantitative sensitivity analysis for significant assumptions as at 30 September is shown below:

	Increase/(decrease) in profit net of tax	
	2017	**2016**
	RM'000	**RM'000**
Discount rate:		
0.5% increase	(285)	(241)
0.5% decrease	311	264
Future salary increases:		
0.5% increase	309	261
0.5% decrease	(285)	(241)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected contributions to the defined benefit in future years:

	2017	**2016**
	RM'000	**RM'000**
Within the next 12 months	91	163
Between 2 and 5 years	1,454	1,081
Between 5 and 10 years	3,638	3,036
Beyond 10 years	13,296	14,530
Total expected payments	18,479	18,810

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.32 years (2016: 17.70 years).

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23. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017	2016
	RM'000	RM'000
At beginning of financial year	(30,116)	(29,296)
Recognised in profit or loss (Note 9)	(3,773)	(379)
Translation difference	161	(441)
At end of financial year	(33,728)	(30,116)
Presented after appropriate offsetting as follows:		
Deferred tax assets	2,858	3,899
Deferred tax liabilities	(36,586)	(34,015)
	(33,728)	(30,116)

The components of deferred tax mainly relate to timing differences on capital allowances for property, plant and equipment and unutilised tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. The movement of deferred tax during the financial year are as follows:

	2017	2016
	RM'000	RM'000
Deferred tax assets		
At beginning of financial year	3,899	10,673
Recognised in profit or loss	(1,202)	(6,333)
Translation difference	161	(441)
At end of financial year	2,858	3,899
Deferred tax liabilities		
At beginning of financial year	(34,015)	(39,969)
Recognised in profit or loss	(2,571)	5,954
At end of financial year	(36,586)	(34,015)

At the reporting date, the Group and the Company have tax losses of approximately RM40,433,000 (2016: RM148,320,000) and RM 2,870,000 (2016: RM2,870,000) respectively that are available for offset against future taxable profits of the companies, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

24. SHARE CAPITAL

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid)	Treasury shares
	'000	'000	RM'000	RM'000
Issued and paid up				
2017				
At beginning of financial year	2,076,119	(15,947)	519,030	(15,584)
Effect of implementation of Companies Act 2016	-	-	17,112	-
Exercise of employee share options	740	-	590	-
At end of financial year	2,076,859	(15,947)	536,732	(15,584)
2016				
At beginning of financial year	2,062,674	(15,947)	515,669	(15,584)
Exercise of employee share options	13,445	-	3,361	-
At end of financial year	2,076,119	(15,947)	519,030	(15,584)

(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's residual assets.

Implementation of Companies Act 2016

With effect from 31 January 2017, all entities shall comply with the Companies Act 2016 ("CA 2016") in the preparation of financial statements for the financial year ending on or after 31 January 2017.

Section 74 of CA 2016 states that all shares issued before or after 31 January 2017 shall have no par or nominal value. CA 2016 provides certain transitional provisions relating to the abolition of nominal value.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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25. OTHER RESERVES

(a) Employee share options reserve

Employee share options reserve arises from equity-settled share options granted to employees (Note 27). 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.

26. RETAINED EARNINGS

The entire retained earnings of the Company as at 30 September 2017 and 30 September 2016 may be distributed as dividends under the single tier system.

27. EXECUTIVES' SHARE OPTIONS SCHEME

In the previous financial year, the Company introduced an Executives' Share Options Scheme ("ESOS") to eligible employees of the Group.

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 extended 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 expired on 31 July 2017.

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	
	2017	**2016**
	'000	**'000**
Outstanding at beginning of financial year	5,181	18,866
- Forfeited	-	(240)
- Expired	(4,441)	-
- Exercised	(740)	(13,445)
Outstanding at end of financial year	-	5,181
Exercisable at end of financial year	-	5,181

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27. EXECUTIVES' SHARE OPTIONS SCHEME *cont'd*

Movement of share options during the financial year *cont'd*

- The weighted average share price at the date of exercise of the options exercised during the financial year was RM Nil (2016: RM0.76).
- No share options granted under JCYI's ESOS was recognised in profit or loss during the year.

28. COMMITMENTS

(a) Capital commitments

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Approved and contracted for:		
Property, plant and equipment	20,069	10,293

(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 2017 amounted to RM15,243,000 (2016: RM20,536,000).

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Future minimum rental payments:		
Not later than 1 year	1,299	702
Later than 1 year and not later than 5 years	1,705	444
	3,004	1,146

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29. 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:

	2017 RM'000	2016 RM'000
Group		
PCA Mahlin Technology Sdn. Bhd. - a company in which a director is the brother of a subsidiary's director		
- Rental of building	-	900
- Purchase of property, plant and equipment and land use rights	-	23,000
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	-	572
Company		
Dividend income from a subsidiary	108,420	81,315

(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.

30. 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 back charges. 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. Proceedings of this case are on-going and fixed on 29 January 2018.

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.

31. FAIR VALUE

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 one year.

Derivatives

Fair values of forward currency contract are calculated by reference to forward rates quoted at the reporting date for contracts with similar maturity dates.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

As at 30 September 2017, the Group held the following liabilities of which fair value are disclosed:

	Total RM'000	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
At 30 September 2017				
Forward currency contracts				
- non-hedged (note 21)	-	-	-	-
At 30 September 2016				
Forward currency contracts				
- non-hedged (note 21)	3,959	-	3,959	-

During the financial year, there were no transfers between the hierarchy of fair value measurement.

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31. FAIR VALUE *cont'd*

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 off these investments in the foreseeable future.

32. 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.

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

(a) Credit risk

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

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

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

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statement of financial position.
- A nominal amount of RM54,602,000 (2016: RM50,608,000) 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).

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

(a) Credit risk *cont'd*

Credit risk concentration profile

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

	Group			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	145,943	48	98,893	32
Singapore	14	-	5,406	2
Thailand	156,011	52	201,412	66
Other countries	272	-	209	-
	302,240	100	305,920	100

At the reporting date, approximately 95% (2016: 85%) of the Group's trade receivables were due from 2 (2016: 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(a).

(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 RM5,052,000 (2016: RM4,267,000), all of the Group's and the Company's liabilities at the reporting date fall due within one year.

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

(c) Interest rate risk

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

The Group's primary interest rate risk relates to deposit placements and interest-bearing debt. The Group manages its interest rate exposure for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms. The Group manages its interest rate exposure for interest-bearing debt by constantly reviewing its debt portfolio to capitalise on cheaper funding when interest rates are low and relying on internally generated funds when interest rates are high.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit/(loss) net of tax would have been RM475,000 (2016: RM312,000) lower/higher, arising mainly as a result of higher/lower interest income on repurchase agreements and fixed deposits with commercial banks. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), 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 72% (2016: 77%) of the Group's sales are denominated in foreign currencies whilst 50% (2016: 44%) of costs are denominated in foreign currencies. 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 RM38,913,000 (2016: RM196,612,000) and RM50,400 (2016: RM49,400) 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.

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

(d) Foreign currency risk *cont'd*

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

Net financial assets/(liabilities) held in non-functional currency	Functional currency of group companies			
	Thai Baht RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
2017				
United States Dollars	(180,963)	323,119	23,155	165,311
Singapore Dollars	-	(14,117)	-	(14,117)
Thai Baht	-	(322)	-	(322)
Euro	-	(498)	-	(498)
Others	-	(8)	-	(8)
	(180,963)	308,174	23,155	150,366
2016				
United States Dollars	(241,175)	409,526	18,792	187,143
Singapore Dollars	-	(14,836)	-	(14,836)
Thai Baht	-	(632)	-	(632)
Euro	-	(69)	-	(69)
	(241,175)	393,989	18,792	171,606

Sensitivity analysis for foreign currency risk

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

		Group Profit/(loss) net of tax	
		2017 RM'000	2016 RM'000
USD/RM	- strengthened 10% (2016: 10%)	32,312	(40,953)
	- weakened 10% (2016: 10%)	(32,312)	40,953
USD/Baht	- strengthened 10% (2016: 10%)	(18,096)	24,118
	- weakened 10% (2016: 10%)	18,096	(24,118)
USD/RMB	- strengthened 10% (2016: 10%)	(2,316)	(1,879)
	- weakened 10% (2016: 10%)	2,316	1,879
SGD/RM	- strengthened 10% (2016: 10%)	(1,412)	1,484
	- weakened 10% (2016: 10%)	1,412	(1,484)
EUR/RM	- strengthened 10% (2016: 10%)	(50)	7
	- weakened 10% (2016: 10%)	50	(7)
Baht/RM	- strengthened 10% (2016: 10%)	(32)	63
	- weakened 10% (2016: 10%)	32	(63)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

33. 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 2017 and 30 September 2016.

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, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners.

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	20	54,602	50,608	-	-
Trade and other payables	19	217,115	228,008	19,022	29,435
Less: Cash and bank balances	18	(296,306)	(281,914)	(272)	(174)
Net debt		(24,589)	(3,298)	18,750	29,261
Equity attributable to the owners of the parent, represents total capital		1,088,810	1,135,782	656,456	638,202
Capital and net debt		1,064,221	1,132,484	675,206	667,463
Gearing ratio		N/A	N/A	3%	4%

34. 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.

34. SEGMENT INFORMATION *cont'd*

Geographical segments

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

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2017					
Revenue					
Sales to external customers	1,153,466	446,235	(310)	-	1,599,391
Inter-segment sales	267,006	-	70,596	(337,602)	-
Total revenue	1,420,472	446,235	70,286	(337,602)	1,599,391
Results					
Segment results	23,407	21,258	4,416	(1,413)	47,668
Finance costs	(1,485)	(24)	(26)	-	(1,535)
Profit/(Loss) before tax	21,922	21,234	4,390	(1,413)	46,133
Income tax	(3,929)	(1,263)	-	-	(5,192)
Profit/(Loss) net of tax	17,993	19,971	4,390	(1,413)	40,941
Assets and liabilities					
Segment assets	1,406,701	212,370	264,896	(481,802)	1,402,165
Segment liabilities	314,882	204,389	229,192	(435,108)	313,355
Other segment information					
Depreciation	58,992	24,697	15,503	(4,928)	94,264
Amortisation	608	-	33	-	641

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONT'D

34. SEGMENT INFORMATION *cont'd*

Geographical segments *cont'd*

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2016					
Revenue					
Sales to external customers	1,345,946	394,522	25	-	1,740,493
Inter-segment sales	247,107	-	69,827	(316,934)	-
Total revenue	1,593,053	394,522	69,852	(316,934)	1,740,493
Results					
Segment results	69,573	18,488	(36,165)	(57,458)	(5,562)
Finance costs	(968)	-	(973)	579	(1,362)
Profit/(Loss) before tax	68,605	18,488	(37,138)	(56,879)	(6,924)
Income tax	5,039	(3,351)	(2,986)	-	(1,298)
Profit/(Loss) net of tax	73,644	15,137	(40,124)	(56,879)	(8,222)
Assets and liabilities					
Segment assets	1,484,581	249,780	256,028	(533,750)	1,456,639
Segment liabilities	318,492	261,232	225,333	(484,200)	320,857
Other segment information					
Depreciation	63,406	21,623	19,537	(8,075)	96,491
Amortisation	453	-	34	-	487

35. SUBSEQUENT EVENT

Proposed establishment of an Executives' Shares Option Scheme ("proposed ESOS")

On 18 January 2018, the Company proposed to establish an executives' shares option scheme ("Proposed ESOS") of up to five percent (5%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the scheme to executives of ranks of the Company and its subsidiaries ("the Group") to be determined by the ESOS committee and the Directors (including non-executive Directors) of the Group and such new shares shall rank pari passu in all respects with the then existing issued and paid-up share capital of the Company.

The Proposed ESOS is subject to the approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional new shares to be issued pursuant to the Proposed ESOS, shareholders of the Company at a general meeting to be convened, and any other relevant authorities (where applicable). The Proposed ESOS is not conditional upon any other corporateexercise undertaken or to be undertaken by the Company.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 18 January 2018.

LIST OF PROPERTIES

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2017 (RM)
1	No. 1, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 2.002 acres. Total built up area of approximately 50,000 square feet	16.5 years	3,938,000
2	No. 17, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 2.5 acres. Total built up area of approximately 69,000 square feet	17 years	4,355,000
3	No. 15, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 22 August 2000 and expiring 21 August 2060	Factory building cum office	Approximately 2.501 acres. Total built up area of approximately 153,000 square feet	16 years	10,906,000
4	No. 3, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	Approximately 1.986 acres. Total built up area of approximately 55,000 square feet	17 years	4,781,000
5	No. 24/No. 24A/No. 24B Jalan Firma 2, Kawasan Perindustrian Tebrau IV Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 30 November 2002 and expiring 29 November 2062	Factory building cum office	Approximately 4 acres. Total built up area of approximately 129,000 square feet	13.5 years	13,783,000
6	PLO 296, Jalan Firma 2 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 6 January 2003 and expiring 5 January 2063	Factory building cum office	Approximately 5 acres. Total built up area of approximately 237,000 square feet	8 years	29,706,000
7	Plo 279, Jalan Firma 3 Kawasan Perindustrian Tebrau IV 81100, Johor Bahru, Johor	60 years lease commencing on 6 January 2003 and expiring 5 January 2063	Factory building cum office	Approximately 2.637 acres. Total built up area of approximately 83,000 square feet	16 years	10,589,000

LIST OF PROPERTIES
CONT'D

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2017 (RM)
8	Lot PT 2743 Jalan Bemban Kawasan Perindustrian Jasin, 77000 Jasin Melaka	Freehold	Factory building cum office	Approximately 2.81082 acres. Total built up area of approximately 64,000 square feet	15 years	3,900,000
9	HS(D) 46612, PT 394 Mukim 13, Daerah Seberang Perai Tengah Pulau Pinang	60 years lease commencing on 12 March 2001 and expiring 11 March 2061	Factory building cum office	Approximately 9.33317 acres. Total built up area of approximately 120,000 square feet	8 years	14,486,000
10	HS(D) 26391, PT 261 Mukim 13, Seberang Perai Tengah Pulau Pinang	60 years lease commencing on 7 July 1998 and expiring 6 July 2058	Factory building cum office	Approximately 4.0003 acres. Total built up area of approximately 132,342 square feet	12.5 years	23,127,000
11	Certificate No. Wu Guo Yong (2007) Di 20805 for a parcel of land located at Hedong Industrial Park, Wuzhong Economic Development Zone, Jiangsu Province, PRC	50 years from 11 May 2007 to 10 May 2057	Factory building cum office	Approximately 13.17887 acres. Total built up area of approximately 245,221 square feet	6 years	43,665,000
12	Plot No. 43 in the S I L Industrial Zone, land title deed no. 36364, located at Bualoy Sub-District Nongkhae District Saraburi Province Thailand	Freehold	Factory building cum office	Approximately 11.806 acres. Total built up area of approximately 203,181 square feet	11 years	40,551,000

STATISTICS OF SHAREHOLDINGS
AS AT 29 DECEMBER 2017

Total number of Issued Shares	:	2,076,859,000 (including 15,946,700 treasury shares)
Class of shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%#	No. of Shares#	%#
1 – 99	11	0.11	181	0.00
100 – 1,000	874	8.49	703,026	0.03
1,001 – 10,000	4,876	47.34	30,848,000	1.50
10,001 – 100,000	3,888	37.75	136,236,181	6.61
100,001 – 103,045,614 (*)	649	6.30	377,641,860	18.32
103,045,615 and above (**)	1	0.01	1,515,483,052	73.53
TOTAL	**10,299**	**100.00**	**2,060,912,300**	**100.00**

Remarks: * *Less than 5% of Issued Shares*
** *5% and above of Issued Shares*
# *After netting off 15,946,700 treasury shares held as at 29 December 2017.*

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of JCY International Berhad ("JCY") and their respective shareholdings based on the Register of Substantial Shareholders of JCY as at 29 December 2017 are as follows:-

	No. of Shares			
Substantial Shareholders	Direct	%#	Indirect	%#
YKY Investments Ltd	1,515,833,052	73.55	-	-
Yong Yoon Kiong*	-	-	1,515,833,052	73.55
Liew Wan*	-	-	1,515,833,052	73.55
Cheryl Yong Sunn Sunn*	-	-	1,515,833,052	73.55
Jeremy Yong Wei Quan*	-	-	1,515,833,052	73.55

Remarks: * *Deemed interested by virtue of his/her interest in YKY Investments Ltd.*
After netting off 15,946,700 treasury shares held as at 29 December 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 29 DECEMBER 2017
CONT'D

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of JCY as at 29 December 2017 are as follows:-

	Direct Interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Dr. Rozali Bin Mohamed Ali	1,250,000	0.06	-	-
Dato' Wong King Kheng	4,800,000	0.23	-	-
Goh Chye Kang	600,000	0.03	-	-
Dato' Tan Shih Leng	-	-	-	-
Lim Ching Tee Peter	-	-	-	-
Chang Wei Ming	325,000	0.02	-	-
Chan Boon Hui	-	-	-	-

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares	%
1.	CITIGROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UBS AG HONG KONG (FOREIGN)*	1,515,483,052	73.53
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK BERHAD (EDP 2)*	52,492,337	2.55
3.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. *EXEMPT AN FOR NOMURA PB NOMINEES LTD*	46,613,130	2.26
4.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND*	8,654,300	0.42
5.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *EMPLOYEES PROVIDENT FUND BOARD*	8,393,600	0.41
6.	HLB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR MAH SIEW SEONG*	7,397,100	0.36
7.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	6,560,000	0.32
8.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC*	6,295,800	0.31
9.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	5,876,400	0.29
10.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR KHO CHAI YAM (PB)*	5,800,000	0.28
11.	CIMSEC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)*	4,376,500	0.21
12.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR SKANDINAVISKA ENSKILDA BANKEN AB (UCITS V SWEDISH)*	3,647,300	0.18

STATISTICS OF SHAREHOLDINGS
AS AT 29 DECEMBER 2017
CONT'D

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS *cont'd*
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares	%
13.	CITIGROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)*	3,500,000	0.17
14.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES*	3,206,600	0.16
15.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	3,058,000	0.15
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK FOR DATO' WONG KING KHENG (MY1446)*	3,000,000	0.15
17.	KENANGA NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)*	2,922,000	0.14
18.	HSBC NOMINEES (ASING) SDN. BHD. *TNTC FOR ONTARIO PUBLIC SERVICES EMPLOYEES UNION PENSION PLAN TRUST FUND*	2,732,700	0.13
19.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. *SSBT FUND NGUQ FOR TEXAS MUNICIPAL RETIREMENT SYSTEM*	2,697,300	0.13
20.	FEDERLITE HOLDINGS SDN. BHD.	2,467,900	0.12
21.	CHONG THIAM WOON	2,400,600	0.12
22.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHANG FOK CHIN*	2,330,000	0.11
23.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)*	2,305,000	0.11
24.	TAI CHIN OON	1,809,600	0.09
25.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR DATO' WONG KING KHENG (PB)*	1,800,000	0.09
26.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. *THE BANK OF NEW YORK MELLON FOR EVANGELICAL LUTHERAN CHURCH IN AMERICA BOARD OF PENSIONS*	1,722,200	0.08
27.	CITIGROUP NOMINEES (ASING) SDN. BHD. *JP MORGAN SEC LLC FOR ACADIAN GLOBAL LEVERAGED MARKET NEUTRAL FUND, LP*	1,687,200	0.08
28.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KHO CHAI YAM*	1,650,000	0.08
29.	YOONG YON WAH	1,570,200	0.08
30.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *HO PHEA KEAT (007)*	1,540,000	0.07
	TOTAL	**1,713,988,819**	**83.17**

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting ("**12th AGM**") of the Company will be held at Emerald 3 – Level 3, Grand Paragon Hotel, 18 Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor, Malaysia on Tuesday, 27 February 2018 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2017 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who are retiring by rotation in accordance with Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Dato' Tan Shih Leng; and **(Resolution 1)**
   (b) Mr. Goh Chye Kang. **(Resolution 2)**

3. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

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

4. **APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Resolution 4)**

   "**THAT** Dr. Rozali Bin Mohamed Ali, who would on 13 November 2018, has served the Board as an Independent Non-Executive Chairman of the Company for a cumulative term of nine (9) years, be and is hereby retained as an Independent Non-Executive Chairman of the Company in accordance with the Malaysian Code of Corporate Governance."

5. **APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Resolution 5)**

   "**THAT** Mr. Chan Boon Hui, who would on 13 November 2018, has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, be and is hereby retained as the Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance."

6. **APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Resolution 6)**

   "**THAT** Mr. Chang Wei Ming, who would on 13 November 2018, has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance."

7. **PAYMENT OF DIRECTORS' FEES** **(Resolution 7)**

   "**THAT** the Directors' fees amounting to RM840,000.00 for the financial year ended 30 September 2017, be and is hereby approved for payment."

8. **PAYMENT OF BENEFITS PAYABLE TO THE DIRECTOR PURSUANT TO SECTION 230 OF THE COMPANIES ACT 2016** **(Resolution 8)**

   "**THAT** the benefits of up to RM600,000.00 payable to the Director of the Company pursuant to Section 230 of the Companies Act 2016 for the period commencing from 1 February 2017 until the next Annual General Meeting of the Company, be and is hereby approved for payment."

NOTICE OF TWELFTH ANNUAL GENERAL MEETING
CONT'D

9. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016** **(Resolution 9)**

"**THAT**, subject always to the Companies Act 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES** **(Resolution 10)**

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant regulatory authority, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

(i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase(s);

(ii) the aggregate amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company;

(iii) the authority conferred by this Resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time the authority shall lapse, unless the authority is renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to the provisions of the Act; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

NOTICE OF TWELFTH ANNUAL GENERAL MEETING
CONT'D

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

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary

Kuala Lumpur
Dated: 30 January 2018

Explanatory Notes to Special Business:-

1. ***Item 1 of the Agenda***

   This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. ***Items 4 to 6 of the Agenda – Approval to Continue in Office as Independent Non-Executive Director***

   (i) Dr. Rozali Bin Mohamed Ali

   The Board had assessed the independence of Dr. Rozali Bin Mohamed Ali and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees.

   (ii) Mr. Chan Boon Hui

   The Board had assessed the independence of Mr. Chan Boon Hui and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his expertise in corporate and legal matters, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees.

   (iii) Mr. Chang Wei Ming

   The Board had assessed the independence of Mr. Chang Wei Ming and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his expertise in financial matters, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees.

3. ***Item 7 of the Agenda – Payment of Directors' fees***

   The proposed resolution, if passed, will authorise the payment of Directors' fees pursuant to Article 105 of the Company's Articles of Association.

4. ***Item 8 of the Agenda – Payment of Benefits Payable to the Director pursuant to Section 230 of the Companies Act 2016***

   In compliance with Section 230(1) of the Companies Act 2016, the Company is seeking the shareholders' approval for the payment of benefits payable to the Director of the Company.

   The benefits comprise of other emoluments payable to the Director of the Company for the period commencing from 1 February 2017 up to the next Annual General Meeting of the Company.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING
CONT'D

5. ***Item 9 of the Agenda – Authority to Issue and Allot Shares pursuant to the Companies Act 2016***

   *The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Twelfth Annual General Meeting of the Company (hereinafter referred to as the "**General Mandate**").*

   *The Company had been granted a general mandate by its shareholders at the Eleventh Annual General Meeting of the Company held on 21 February 2017 (hereinafter referred to as the "**Previous Mandate**").*

   As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

   The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

6. ***Item 10 of the Agenda – Proposed Renewal of Authority for the Company to Purchase its Own Shares***

   The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company.

   Please refer to the Share Buy-Back Statement dated 30 January 2018 for further information.

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 February 2018 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.*

2. *A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but not be a member of the Company.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.*

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

FORM OF PROXY

CDS Account No.

Number of ordinary shares held

*I/We (full name),____

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

of (full address)____

being a *member/members of JCY International Berhad (“**the Company**”) hereby appoint:-

First Proxy “A”

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

and/or failing *him/her,
Second Proxy “B”

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			
			100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Emerald 3 – Level 3, Grand Paragon Hotel, 18 Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor, Malaysia on Tuesday, 27 February 2018 at 10:00 a.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Dato’ Tan Shih Leng who is retiring in accordance with Article 95 of the Company’s Articles of Association and being eligible, has offered himself for re-election.		
2	To re-elect Mr. Goh Chye Kang who is retiring in accordance with Article 95 of the Company’s Articles of Association and being eligible, has offered himself for re-election.		
3	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Special Business			
4	Approval to continue in office as Independent Non-Executive Director – Dr. Rozali Bin Mohamed Ali.		
5	Approval to continue in office as Independent Non-Executive Director – Mr. Chan Boon Hui.		
6	Approval to continue in office as Independent Non-Executive Director – Mr. Chang Wei Ming.		
7	To approve the payment of Directors’ fees.		
8	To approve the payment of benefits payable to the Director.		
9	Authority to Issue Shares pursuant to the Companies Act 2016.		
10	Proposed Renewal of Authority for Share Buy-Back.		

As witness my/our hand(s) this day __________ of ______________________________ 2018.

____
*Signature/Common Seal of Member

** Strike out whichever not applicable.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
JCY International Berhad (713422-X)

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

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Notes:-

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www.jcyinternational.com

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81100 Johor Bahru
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