

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

Statement by Directors and Audited Financial Statements
30 September 2014

**JCY International Berhad
(Incorporated in Malaysia)****Contents**

	Page
Directors' report	1 - 6
Statement by directors	7
Statutory declaration	7
Independent auditors' report	8 - 10
Statements of comprehensive income	11
Consolidated statement of financial position	12
Company statement of financial position	13
Consolidated statement of changes in equity	14 - 15
Company statement of changes in equity	16 - 17
Statements of cash flows	18 - 19
Notes to the financial statements	20 - 74
Supplementary information	75

**JCY International Berhad
(Incorporated in Malaysia)**

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 2014.

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	<u>109,885</u>	<u>87,844</u>

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 2013 were as follows:

	RM'000
In respect of financial year ended 30 September 2014:	
Single tier interim dividend of 1 sen per ordinary share on 2,030,335,300 ordinary shares, declared on 19 February 2014 and paid on 2 April 2014	20,303
Single tier interim dividend of 1.25 sen per ordinary share on 2,031,175,300 ordinary shares, declared on 19 May 2014 and paid on 3 July 2014	25,390
Single tier interim dividend of 1 sen per ordinary share on 2,031,980,300 ordinary shares, declared on 21 August 2014 and paid on 8 October 2014	<u>20,320</u>
	<u><u>66,013</u></u>

**JCY International Berhad
(Incorporated in Malaysia)**

Dividends (cont'd)

On 26 November 2014, the Board of Directors had further declared a single tier interim dividend of 1 sen per ordinary share on 2,031,980,300 ordinary shares, amounting to RM20,319,803, for the financial year ended 30 September 2014. This dividend was paid on 08 January 2015.

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

Directors

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

Dr. Rozali Bin Mohamed Ali
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 27 to the financial statements.

**JCY International Berhad
(Incorporated in Malaysia)**

Directors' interests

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

The Company	Number of ordinary shares of RM0.25 each			
	1 October 2013	Acquired	Sold	30 September 2014
Direct interest				
Dr. Rozali Bin Mohamed Ali	650,000	-	-	650,000
Dato' Wong King Kheng	3,500,000	1,000,000	-	4,500,000
Chang Wei Ming	25,000	-	-	25,000
Goh Chye Kang	600,000	-	-	600,000
Dato' Tan Shih Leng	500,000	5,000,000	-	5,500,000

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

The Company	Number of options over ordinary shares			
	1 October 2013	Granted	Exercised	30 September 2014
Direct interest				
Dr. Rozali Bin Mohamed Ali	600,000	-	-	600,000
Dato' Wong King Kheng	1,500,000	-	-	1,500,000
Chang Wei Ming	450,000	-	-	450,000
Chan Boon Hui	450,000	-	-	450,000
Goh Chye Kang	1,500,000	-	-	1,500,000
Dato' Tan Shih Leng	1,500,000	-	-	1,500,000
Lim Ching Tee, Peter	1,500,000	-	-	1,500,000

Executive Share Options Scheme

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

The Options Committee administering the ESOS comprises four directors and one senior executive, namely 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 3 years from the implementation date of 1 August 2011. The Options Committee has extended the duration of the ESOS for another 3 years.

**JCY International Berhad
(Incorporated in Malaysia)**

Executive Share Options Scheme (cont'd)

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

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

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

Name	Number of share options		
	1 October 2013	Exercised	30 September 2014
Yong Yong Chai	1,200,000	-	1,200,000
Yong Jong Siah	1,200,000	-	1,200,000
Lim Su Kiat	600,000	-	600,000
Lioo Yong Tiam	400,000	(200,000)	200,000
Ong Jor Kham	600,000	-	600,000

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

Treasury shares

As at 30 September 2014, the Company held as treasury shares a total of 15,946,700 of its 2,044,860,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM15,584,000 and further relevant details are disclosed in Note 22 to the financial statements.

**JCY International Berhad
(Incorporated in Malaysia)**

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group or of the Company; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**JCY International Berhad
(Incorporated in Malaysia)**

Other statutory information (cont'd)

- (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.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 January 2015

Goh Chye Kang

Dato' Wong King Kheng

**JCY International Berhad
(Incorporated in Malaysia)**

**Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965**

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 11 to 74 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2014 and of their financial performance and cash flows for the year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 January 2015

Goh Chye Kang

Dato' Wong King Kheng

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

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 11 to 75 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 28 January 2015)

Dato' Wong King Kheng

Before me,
Commissioner of Oath
Haroharan Singh A/L Chanchel Singh
No: J 210

713422 X

**Independent auditors' report to the members of
JCY International Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of JCY International Berhad, which comprise the statements of financial position as at 30 September 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 74.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

713422 X

**Independent auditors' report to the members of
JCY International Berhad (cont'd)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

713422 X

**Independent auditors' report to the members of
JCY International Berhad (cont'd)
(Incorporated in Malaysia)**

Other matters

The supplementary information set out in Note 35 on page 75 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF 0039
Chartered Accountants

Lee Ming Li
2983/03/16(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 28 January 2015

JCY International Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 30 September 2014

		Group		Company	
	Note	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Revenue	4	1,867,170	1,598,653	90,350	76,798
Cost of sales		(1,698,202)	(1,634,289)	-	-
Gross profit/(loss)		168,968	(35,636)	90,350	76,798
Other items of income					
Other operating income		2,284	3,526	1,083	10,345
Other items of expense					
General and administrative expenses		(47,492)	(22,165)	(3,588)	(3,967)
Finance costs	8	(949)	(961)	(1)	(1)
Profit/(Loss) before tax	5	122,811	(55,236)	87,844	83,175
Income tax expense	9	(12,926)	(6,375)	-	-
Profit/(Loss) net of tax		109,885	(61,611)	87,844	83,175
Other comprehensive income					
Foreign currency translation		708	22,941	-	-
Total comprehensive income for the year		110,593	(38,670)	87,844	83,175
Basic earnings/(loss) per share (sen)	10	5.4	(3.0)		
Diluted earnings/(loss) per share (sen)	10	5.3	(3.0)		

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

JCY International Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 30 September 2014

		Group	
	Note	2014	2013
		RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	618,347	680,190
Land use rights	13	20,670	18,260
Deferred tax assets	21	4,920	7,334
Restricted bank deposits	18	824	847
		<u>644,761</u>	<u>706,631</u>
Current assets			
Inventories	15	301,490	289,592
Trade and other receivables	16	308,913	223,858
Other current asset	17	12,473	14,597
Tax recoverable		326	346
Cash and bank balances	18	260,786	177,188
		<u>883,988</u>	<u>705,581</u>
Total assets		<u><u>1,528,749</u></u>	<u><u>1,412,212</u></u>
Equity and liabilities			
Current liabilities			
Trade and other payables	19	283,989	255,428
Borrowings	20	82,469	54,853
		<u>366,458</u>	<u>310,281</u>
Net current assets		<u>517,530</u>	<u>395,300</u>
Non-current liabilities			
Long term employee benefits		1,692	773
Deferred tax liabilities	21	38,469	28,041
		<u>40,161</u>	<u>28,814</u>
Total liabilities		<u>406,619</u>	<u>339,095</u>
Net assets		<u>1,122,130</u>	<u>1,073,117</u>
Equity attributable to equity holders of the Company			
Share capital	22	511,982	511,359
Reserves		610,148	561,758
Total equity		<u>1,122,130</u>	<u>1,073,117</u>
Total equity and liabilities		<u><u>1,528,749</u></u>	<u><u>1,412,212</u></u>

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

JCY International Berhad
(Incorporated in Malaysia)

Company statement of financial position as at 30 September 2014

	Note	30.09.2014 RM'000	Company 30.09.2013 RM'000 (Restated)	1.10.2012 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	-	-	6,632
Investment in subsidiaries	14	456,319	454,131	451,751
Other receivables	16	220,188	218,756	204,326
		<u>676,507</u>	<u>672,887</u>	<u>662,709</u>
Current assets				
Trade and other receivables	16	43,850	897	2,004
Other current asset	17	101	135	184
Cash and bank balances	18	522	186	135
		<u>44,473</u>	<u>1,218</u>	<u>2,323</u>
Total assets		<u>720,980</u>	<u>674,105</u>	<u>665,032</u>
Equity and liabilities				
Current liabilities				
Trade and other payables	19	<u>21,217</u>	<u>937</u>	<u>61,380</u>
Net current assets/(liabilities)		<u>23,256</u>	<u>281</u>	<u>(59,057)</u>
Non-current liabilities				
Other payables	19	<u>51,200</u>	<u>50,877</u>	<u>47,746</u>
Total liabilities		<u>72,417</u>	<u>51,814</u>	<u>109,126</u>
Net assets		<u>648,563</u>	<u>622,291</u>	<u>555,906</u>
Equity attributable to equity holders of the Company				
Share capital	22	511,982	511,359	511,215
Reserves		<u>136,581</u>	<u>110,932</u>	<u>44,691</u>
Total equity		<u>648,563</u>	<u>622,291</u>	<u>555,906</u>
Total equity and liabilities		<u>720,980</u>	<u>674,105</u>	<u>665,032</u>

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

JCY International Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 30 September 2014

	Note	<----- Non-distributable ----->				Distributable		Total RM'000
		Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Foreign currency translation reserve (Note 23(b)) RM'000	Retained earnings (Note 24) RM'000	
2014								
At 1 October 2013		511,359	308	(15,584)	3,047	30,644	543,343	1,073,117
Total comprehensive income for the year		-	-	-	-	708	109,885	110,593
Transactions with owners								
Dividends	11	-	-	-	-	-	(66,013)	(66,013)
Grant of equity-settled share options to employees		-	-	-	2,902	-	-	2,902
Exercise of employee share options		623	1,344	-	(436)	-	-	1,531
At 30 September 2014		511,982	1,652	(15,584)	5,513	31,352	587,215	1,122,130

JCY International Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity (cont'd)
For the financial year ended 30 September 2014

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

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

JCY International Berhad
(Incorporated in Malaysia)

Company statement of changes in equity
For the financial year ended 30 September 2014

	Note	<----- Non-distributable ----->			Distributable		Total RM'000
		Share capital (Note 22(a)) RM'000	Share premium RM'000	Treasury shares (Note 22(b)) RM'000	Employee share options reserve (Note 23(a)) RM'000	Retained earnings (Note 24) RM'000	
2014							
At 1 October 2013		511,359	308	(15,584)	3,047	123,161	622,291
Total comprehensive income for the year		-	-	-	-	87,844	87,844
Transactions with owners							
Dividends	11	-	-	-	-	(66,013)	(66,013)
Grant of equity-settled share options to employees		-	-	-	2,910	-	2,910
Exercise of employee share options		623	1,344	-	(436)	-	1,531
At 30 September 2014		511,982	1,652	(15,584)	5,521	144,992	648,563

JCY International Berhad
(Incorporated in Malaysia)

Company statement of changes in equity (cont'd)
For the financial year ended 30 September 2014

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

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

JCY International Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 30 September 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities				
Profit/(Loss) before tax	122,811	(55,236)	87,844	83,175
Adjustments for:				
Depreciation	97,442	107,141	-	-
Dividend income	-	-	(90,350)	(76,798)
Amortisation of land use rights	381	370	-	-
Gain on disposal of property, plant and equipment	(543)	(11)	-	-
Unrealised loss/(gain) on foreign exchange	8,407	(14,633)	(1,083)	(10,345)
Property, plant and equipment written off	121	927	-	-
Inventories written down to net realisable value	776	2,336	-	-
Grant of equity-settled share options to employees	2,902	3,148	734	768
Interest income	(2,284)	(974)	-	-
Interest expenses	598	670	-	-
Operating cash flows before working capital changes	230,611	43,738	(2,855)	(3,200)
Inventories	(12,674)	32,720	-	-
Receivables	(80,590)	206,474	-	-
Other current asset	2,124	(1,299)	34	48
Payables	2,037	(38,347)	(40)	424
Cash flows generated from/(used in) operations	141,508	243,286	(2,861)	(2,728)
Interest paid	(598)	(670)	-	-
Tax refunded	84	248	-	-
Tax paid	(148)	-	-	-
Net cash flows generated from/ (used in) operating activities	140,846	242,864	(2,861)	(2,728)

JCY International Berhad
(Incorporated in Malaysia)

Statements of cash flows (cont'd)
For the financial year ended 30 September 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Interest received	2,284	974	-	-
Purchase of property, plant and and equipment	(38,394)	(43,782)	-	-
Proceeds from disposal of property, plant and equipment	1,213	61	-	6,632
Acquisition of land use rights	(2,785)	-	-	-
Dividend income received	-	-	47,397	76,798
Amount due to/from subsidiaries	-	-	(38)	154
Net cash flows (used in)/ generated from investing activities	<u>(37,682)</u>	<u>(42,747)</u>	<u>47,359</u>	<u>83,584</u>
Financing activities				
Dividends paid	(45,693)	(81,156)	(45,693)	(81,156)
Proceeds from exercise of employee share options	1,531	351	1,531	351
Withdrawal of restricted bank deposits	23	-	-	-
Drawdown / (Repayment) of short-term borrowings	24,124	(67,440)	-	-
Net cash flows used in financing activities	<u>(20,015)</u>	<u>(148,245)</u>	<u>(44,162)</u>	<u>(80,805)</u>
Net increase in cash and cash equivalents	83,149	51,872	336	51
Effect of exchange rate changes on cash and cash equivalents	449	(4,462)	-	-
Cash and cash equivalents at beginning of year	<u>177,188</u>	<u>129,778</u>	<u>186</u>	<u>135</u>
Cash and cash equivalents at end of year (Note 18)	<u><u>260,786</u></u>	<u><u>177,188</u></u>	<u><u>522</u></u>	<u><u>186</u></u>

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

**JCY International Berhad
(Incorporated in Malaysia)**

**Notes to the financial statements
For the financial year ended 30 September 2014**

1. Corporate information

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

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

The principal activities of the Company consist of investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.2 New and amended standards and interpretations

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

On 1 October 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as revised by IASB in May 2011)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to MFRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Annual Improvements 2009-2011 cycle	1 January 2013

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

JCY International Berhad
(Incorporated in Malaysia)

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

2.3 Standards and interpretations issued but not yet effective

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The directors are of the opinion that the standards and interpretations above will have no material impact on the financial statements in the year of initial adoption.

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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.4 Current versus non-current classification (cont'd)

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.

2.5 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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.5 Basis of consolidation (cont'd)

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.

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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.6 Business combinations and goodwill (cont'd)

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 either 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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

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.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

Buildings	2% - 5%
Fixtures, fittings and office equipment	20%
Motor vehicles	20%
Plant, machinery and equipment	10% - 20%
Electrical installation	10% - 20%
Renovation	10% - 20%

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.8 Property, plant and equipment (cont'd)

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.

2.9 Impairment of non-financial assets

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.10 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.

2.11 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.

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

- 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. The Group has not designated any financial assets at fair value through profit or loss. 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 30 September 2014 and 2013.

- 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 2014 and 2013.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 Financial instruments (cont'd)

(a) Financial assets (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 2014 and 2013.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

- 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 EIR method. 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.

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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.12 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.

2.13 Borrowing costs

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

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

2.14 Leases

As lessee

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

2.15 Land use rights

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

2.16 Income taxes

(a) Current tax

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

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.16 Income taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.16 Income taxes (cont'd)

(c) Sales tax

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

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

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

2.17 Provisions

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

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

2.18 Employee benefits

(a) Defined contribution plans

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.18 Employee benefits (cont'd)

(b) Employee share option plans

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

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

(c) Defined benefit plan

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

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

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.19 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.19 Foreign currency (cont'd)

(c) Foreign operations

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

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

2.20 Revenue

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

(i) Sales of goods

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

(ii) 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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Treasury shares

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

2.23 Contingencies

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

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

3. Significant accounting estimates and judgements

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

JCY International Berhad
(Incorporated in Malaysia)

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

3.1 Key sources of estimation uncertainty (cont'd)

(a) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of hard disk drive components is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to range from 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Deferred tax assets

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

4. Revenue

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sales of hard disk drive components	1,867,170	1,598,653	-	-
Dividend income	-	-	90,350	76,798
	<u>1,867,170</u>	<u>1,598,653</u>	<u>90,350</u>	<u>76,798</u>

JCY International Berhad
(Incorporated in Malaysia)

5. Profit/(Loss) before tax

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before tax is stated after charging:				
Depreciation (Note 12)	97,442	107,141	-	-
Amortisation of land use rights (Note 13)	381	370	-	-
Auditors' remuneration:				
- Statutory audit				
- current year	379	348	65	55
- underprovision in prior year	7	7	7	7
- Other services	51	51	15	15
Employee benefits expense (Note 6)	219,279	193,286	1,529	3,189
Inventories written down to net realisable value	776	2,336	-	-
Non-executive directors' remuneration (Note 7)				
- Fees	300	300	300	300
- Other emoluments	300	300	300	300
Rental of land and building	3,379	2,917	-	-
Rental of equipment	1,491	1,713	-	-
Rental of hostel	13,946	11,211	-	-
Rental of office	184	184	184	184
Property, plant and equipment written off	121	927	-	-
Loss on foreign exchange				
- Unrealised	8,407	-	-	-
And crediting:				
Interest income from deposits	2,284	974	-	-
Gain on disposal of property, plant and equipment	543	11	-	-
Gain on foreign exchange				
- Realised	3,517	3,304	-	-
- Unrealised	-	14,633	1,083	10,345

JCY International Berhad
(Incorporated in Malaysia)

6. Employee benefits expense

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	204,116	181,015	711	2,339
Defined contribution plans	8,519	5,813	71	70
Social security contributions	903	1,773	2	3
Share options granted under ESOS	2,902	3,148	734	768
Other staff related expenses	2,839	1,537	11	9
	<u>219,279</u>	<u>193,286</u>	<u>1,529</u>	<u>3,189</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,822,000 (2013: RM4,500,000) and RM450,000 (2013: RM450,000) respectively as further disclosed in Note 7.

7. Directors' remuneration

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive directors (Note 6) :				
Salaries and bonus	4,085	3,787	50	50
Fees	575	575	400	400
Defined contribution plan	162	138	-	-
	<u>4,822</u>	<u>4,500</u>	<u>450</u>	<u>450</u>
Non-executive directors (Note 5) :				
Fees	300	300	300	300
Other emoluments	300	300	300	300
	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>
Total directors' remuneration	<u>5,422</u>	<u>5,100</u>	<u>1,050</u>	<u>1,050</u>

JCY International Berhad
(Incorporated in Malaysia)

7. Directors' remuneration (cont'd)

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

	Number of directors	
	2014	2013
Executive directors:		
RM750,001 - RM800,000	-	1
RM800,001 - RM850,000	-	1
RM850,001 - RM900,000	1	-
RM900,001 - RM950,000	1	-
RM1,000,001 - RM1,050,000	-	1
RM1,100,001 - RM1,150,000	1	-
RM1,450,001 - RM1,500,000	-	1
RM1,600,001 - RM1,650,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	2	2
RM350,001 - RM400,000	1	1
	<u>1</u>	<u>1</u>

8. Finance costs

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Bankers' acceptances	526	537	-	-
- Bill payable	72	133	-	-
Bank charges	351	291	1	1
	<u>949</u>	<u>961</u>	<u>1</u>	<u>1</u>

JCY International Berhad
(Incorporated in Malaysia)

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	20	-	-	-
Underprovision in prior year	64	61	-	-
	<u>84</u>	<u>61</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	12,842	6,314	-	-
	<u>12,926</u>	<u>6,375</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>12,926</u>	<u>6,375</u>	<u>-</u>	<u>-</u>

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before taxation	<u>122,811</u>	<u>(55,236)</u>	<u>87,844</u>	<u>83,175</u>
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	30,703	(13,809)	21,961	20,794
Income not subject to tax	(38,000)	-	(22,858)	(21,786)
Expenses not deductible for tax purposes	977	771	133	79
Effect of temporary differences reversing during the tax exemption period	13,818	3,934	-	-
Deferred tax assets not recognised	5,364	15,418	764	913
Underprovision of income tax in prior year	64	61	-	-
Income tax expense recognised in profit or loss	<u>12,926</u>	<u>6,375</u>	<u>-</u>	<u>-</u>

A subsidiary of the Group has been granted full income tax exemption by the relevant authority on the income arising from manufacture of hard disk drive components for a period of ten (10) years commencing 1 April 2006. The computation of deferred tax as at 30 September 2014 and 2013 has reflected the effects of such exemptions.

JCY International Berhad
(Incorporated in Malaysia)

9. Income tax expense (cont'd)

Domestic current income tax is calculated at the statutory tax rate of 25% (2013 : 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The change in corporate tax rate in year of assessment 2016 does not have material impact to the Group and Company.

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 2014 and 2013 has reflected the effects of such exemptions.

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

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	
	2014	2013
Profit/(Loss) attributable to ordinary equity holders of the Company (RM'000)	<u>109,885</u>	<u>(61,611)</u>
Weighted average number of ordinary shares for basic earnings/(loss) per share computation ('000 units)	2,030,381	2,029,021
Effects of dilution:-		
Share options	<u>36,979</u>	<u>9,646</u>
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation ('000 units)	<u>2,067,360</u>	<u>2,038,667</u>
Basic earnings/(loss) per share (sen)	5.4	(3.0)
Diluted earnings/(loss) per share (sen)	<u>5.3</u>	<u>(3.0)</u>

JCY International Berhad
(Incorporated in Malaysia)

11. Dividends

	Dividend in respect of year		Dividend recognised in year	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Single tier interim dividend of 1 sen per ordinary share on 2,028,913,300 ordinary shares	-	20,289	-	20,289
Single tier interim dividend of 1 sen per ordinary share on 2,030,335,300 ordinary shares	20,303	-	20,303	-
Single tier interim dividend of 1.25 sen per ordinary share on 2,031,175,300 ordinary shares	25,390	-	25,390	-
Single tier interim dividend of 1 sen per ordinary share on 2,031,980,300 ordinary shares	20,320	-	20,320	-
	<u>66,013</u>	<u>20,289</u>	<u>66,013</u>	<u>20,289</u>

JCY International Berhad
(Incorporated in Malaysia)

12. Property, plant and equipment

2014 Group Cost	Freehold	Buildings	Construction in progress	Fixtures, fittings and	Plant and machinery	Equipment	Electrical	Renovation	Motor	Total
	land			office equipment			installation		vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2013	7,582	171,824	7,492	10,362	1,032,962	122,846	9,114	34,363	2,621	1,399,166
Additions	-	8,632	16,978	724	11,381	394	64	60	161	38,394
Disposal	-	-	-	(511)	(1,985)	-	-	-	(65)	(2,561)
Written off	-	-	-	(8)	(253)	-	-	-	-	(261)
Reclassifications	-	2,380	(11,753)	83	7,029	1,615	346	300	-	-
Exchange differences	(178)	(944)	(72)	(38)	(2,965)	-	-	54	21	(4,122)
At 30 September 2014	7,404	181,892	12,645	10,612	1,046,169	124,855	9,524	34,777	2,738	1,430,616
Accumulated depreciation										
At 1 October 2013	-	27,835	-	7,690	585,386	73,290	7,700	15,059	2,016	718,976
Charge for the year (Note 5)	-	6,799	-	915	77,662	10,224	884	761	197	97,442
Disposal	-	-	-	(460)	(1,308)	-	-	-	(123)	(1,891)
Written off	-	-	-	(6)	(134)	-	-	-	-	(140)
Exchange differences	-	(225)	-	(21)	(1,866)	-	-	2	(8)	(2,118)
At 30 September 2014	-	34,409	-	8,118	659,740	83,514	8,584	15,822	2,082	812,269
Net carrying amount										
At 30 September 2014	7,404	147,483	12,645	2,494	386,429	41,341	940	18,955	656	618,347

JCY International Berhad
(Incorporated in Malaysia)

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

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

JCY International Berhad
(Incorporated in Malaysia)

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

Company	Plant and machinery RM'000	Equipment RM'000	Renovation RM'000	Total RM'000
2014				
Cost				
At 1 October 2012	21,103	1,136	364	22,603
Disposal	(21,103)	(1,136)	(364)	(22,603)
At 30 September 2013/ 30 September 2014	-	-	-	-
Accumulated depreciation				
At 1 October 2012	14,682	985	304	15,971
Disposal	(14,682)	(985)	(304)	(15,971)
At 30 September 2013/ 30 September 2014	-	-	-	-
Net carrying amount				
At 30 September 2013/ 30 September 2014	-	-	-	-

13. Land use rights

	Group	
	2014 RM'000	2013 RM'000
As at beginning of year	18,260	18,515
Addition for the year	2,785	-
Amortisation for the year (Note 5)	(381)	(370)
Exchange differences	6	115
As at end of year	<u>20,670</u>	<u>18,260</u>
Amount to be amortised:		
- Not later than one year	431	371
- Later than one year but not later than five years	1,726	1,485
- Later than five years	18,513	16,404
	<u>20,670</u>	<u>18,260</u>

JCY International Berhad
(Incorporated in Malaysia)

14. Investment in subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost:		
- In Malaysia	451,751	451,751
- Outside Malaysia	2,300	2,300
	454,051	454,051
Less: Accumulated impairment losses	(2,300)	(2,300)
	451,751	451,751
ESOS granted to employees of subsidiaries	4,568	2,380
	456,319	454,131

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	2014 %	2013 %	Principal activities
Held by the Company:				
JCY HDD Technology Sdn Bhd*	Malaysia	100.00	100.00	Manufacturing and trading of HDD components
JCY HDD Technology Pte Ltd**	Singapore	100.00	100.00	Trading of HDD components
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding
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 Minarex Holdings Limited:				
Foshan YK HDD Co. Ltd***	The People's Republic of China	100.00	100.00	Manufacture and distribution of HDD components.
PCA Hard.Com Sdn Bhd Limited*	British Virgin Island	100.00	100.00	International marketing support and procurement services
Axius Investments Ltd*	Mauritius	100.00	100.00	Investment holding
JCY HDD Technology Company Limited **	Thailand	99.99	99.99	Manufacturing and distribution of HDD

JCY International Berhad
(Incorporated in Malaysia)

14. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	2014 %	2013 %	Principal activities
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	
	2014	2013
	RM'000	RM'000
At cost:		
Raw materials	55,766	58,312
Work-in-progress	108,469	100,885
Finished goods	123,065	88,859
Consumables	14,190	16,169
	<u>301,490</u>	<u>264,225</u>
At net realisable value:		
Work-in-progress	-	6,071
Finished goods	-	19,296
	<u>-</u>	<u>25,367</u>
	<u><u>301,490</u></u>	<u><u>289,592</u></u>

JCY International Berhad
(Incorporated in Malaysia)

16. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables				
Due from subsidiaries	-	-	220,188	218,756
Current				
Trade receivables				
Third parties	304,581	219,960	-	-
Other receivables				
Sundry receivables	2,290	1,935	-	-
Deposits	2,042	1,963	34	34
Due from a subsidiary	-	-	43,816	863
	<u>4,332</u>	<u>3,898</u>	<u>43,850</u>	<u>897</u>
Total trade and other receivables	308,913	223,858	264,038	219,653
Add: Cash and bank balances (Note 18)	261,610	178,035	522	186
Total loans and receivables	<u><u>570,523</u></u>	<u><u>401,893</u></u>	<u><u>264,560</u></u>	<u><u>219,839</u></u>

(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	
	2014	2013
	RM'000	RM'000
Neither past due nor impaired	257,917	210,434
1 to 30 days past due but not impaired	43,734	6,178
31 to 60 days past due but not impaired	1,765	3,038
61 to 90 days past due but not impaired	251	302
More than 91 past due but not impaired	914	8
	<u>46,664</u>	<u>9,526</u>
	<u><u>304,581</u></u>	<u><u>219,960</u></u>

JCY International Berhad
(Incorporated in Malaysia)

16. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM46,664,000 (2013: RM9,526,000) that are past due at the reporting date but not impaired.

(b) Amounts due from subsidiaries

The non-current amounts represent advances to subsidiaries which are unsecured, non-interest bearing and are not expected to be repaid within the next 12 months after the reporting period.

The current amount mainly relate to dividend receivable from a subsidiary.

17. Other current asset

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepayments	12,473	14,597	101	135

JCY International Berhad
(Incorporated in Malaysia)

18. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current:				
Repurchase agreements	143,013	75,493	-	-
Fixed deposits with commercial banks	18,119	17,370	-	-
Cash and bank balances	99,654	84,325	522	186
Cash and cash equivalents	<u>260,786</u>	<u>177,188</u>	<u>522</u>	<u>186</u>
Non-current:				
Restricted bank deposits	824	847	-	-
Total cash and bank balances	<u>261,610</u>	<u>178,035</u>	<u>522</u>	<u>186</u>

In addition to the Group's restricted bank deposits, bank balances of approximately RM1,363,000 (2013: RM1,363,000) are pledged for bank guarantee facilities granted to certain subsidiaries.

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

	Range of interest rates		Range of maturities	
	2014 %	2013 %	2014 Days	2013 Days
Repurchase agreements	0.15 - 3.45	0.15 - 2.90	1 - 31	1 - 7
Fixed deposits with commercial banks	3.05 - 3.25	2.30 - 3.30	28 - 365	29 - 365
Restricted bank deposits	<u>1.90</u>	<u>2.35</u>	<u>> 365</u>	<u>> 365</u>

JCY International Berhad
(Incorporated in Malaysia)

19. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables				
Amount due to subsidiary	-	-	51,200	50,877
Current				
Trade payables				
Third parties	233,347	204,330	-	-
Other payables				
Sundry payables	10,226	11,650	-	-
Accruals	20,096	39,448	897	937
Dividend payable	20,320	-	20,320	-
	<u>50,642</u>	<u>51,098</u>	<u>21,217</u>	<u>937</u>
Total trade and other payables	283,989	255,428	72,417	51,814
Add: Borrowings (Note 20)	82,469	54,853	-	-
Total financial liabilities carried at amortised cost	<u>366,458</u>	<u>310,281</u>	<u>72,417</u>	<u>51,814</u>

(a) Trade payables

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

(b) Amount due to subsidiary

This represents an advance from a subsidiary which is unsecured and non-interest bearing. The subsidiary has agreed to defer the settlement for at least 12 months after the reporting period.

JCY International Berhad
(Incorporated in Malaysia)

20. Borrowings

	Group	
	2014	2013
	RM'000	RM'000
Current		
Unsecured:		
Bills payable	3,789	5,648
Foreign currency trade loans	78,680	49,205
	<u>82,469</u>	<u>54,853</u>

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

	Group	
	2014	2013
	% per annum	% per annum
Bills payable	1.20	1.20
Foreign currency trade loans	<u>0.90 - 1.09</u>	<u>0.86 - 1.14</u>

The Group's borrowings are secured by the following:

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

21. Deferred tax assets/(liabilities)

	Group	
	2014	2013
	RM'000	RM'000
At beginning of year	(20,707)	(14,393)
Recognised in profit or loss (Note 9)	(12,842)	(6,314)
At end of year	<u>(33,549)</u>	<u>(20,707)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	4,920	7,334
Deferred tax liabilities	(38,469)	(28,041)
	<u>(33,549)</u>	<u>(20,707)</u>

JCY International Berhad
(Incorporated in Malaysia)

21. Deferred tax assets/(liabilities) (cont'd)

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

	2014	2013
	RM'000	RM'000
Deferred tax assets		
At beginning of year	7,334	12,533
Recognised in profit or loss	<u>(2,414)</u>	<u>(5,199)</u>
At end of year	<u><u>4,920</u></u>	<u><u>7,334</u></u>
Deferred tax liabilities		
At beginning of year	(28,041)	(26,926)
Recognised in profit or loss	<u>(10,428)</u>	<u>(1,115)</u>
At end of year	<u><u>(38,469)</u></u>	<u><u>(28,041)</u></u>

At the reporting date, the Group and the Company have tax losses of approximately RM115,965,000 (2013: RM94,511,000) that is available for offset against future taxable profits. No deferred tax assets have been recognised in respect of the above tax losses as the Group is not able to estimate the extent of future taxable profit that will allow the deferred tax assets to be utilised.

22. Share capital

	Number of ordinary		Amount	
	shares of RM0.25 each			
	2014	2013	2014	2013
	'000	'000	RM'000	RM'000
Authorised share capital	<u><u>8,000,000</u></u>	<u><u>8,000,000</u></u>	<u><u>2,000,000</u></u>	<u><u>2,000,000</u></u>

JCY International Berhad
(Incorporated in Malaysia)

22. Share capital (cont'd)

	Number of ordinary shares of RM0.25 each		-----Amount-----	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
Issued and paid up				
2014				
At beginning of year	2,045,435	(15,947)	511,359	(15,584)
Exercise of employee share options	2,492	-	623	-
At end of year	<u>2,047,927</u>	<u>(15,947)</u>	<u>511,982</u>	<u>(15,584)</u>
2013				
At beginning of year	2,044,860	(15,947)	511,215	(15,584)
Exercise of employee share options	575	-	144	-
At end of year	<u>2,045,435</u>	<u>(15,947)</u>	<u>511,359</u>	<u>(15,584)</u>

(a) Share capital

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

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

(b) Treasury shares

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

During previous financial years, the Company acquired 15,846,700 shares in the Company through purchases on the Bursa Malaysia Securities Berhad. The total amount paid to acquire the shares was RM15,542,528 and this was presented as a component within shareholders' equity.

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

**JCY International Berhad
(Incorporated in Malaysia)**

23. Other reserves

(a) Employee share options reserve

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

(b) Foreign currency translation reserve

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

24. Retained earnings

The entire retained earnings of the Company as at 30 September 2014 may be distributed as dividends under the single tier system.

25. Executives' share options scheme

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

Description of the ESOS

The ESOS was approved at the Extraordinary General Meeting of the Company held on 24 March 2011 and implemented on 1 August 2011 with a duration of 3 years. The Options Committee has 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 expire on 31 July 2017.

JCY International Berhad
(Incorporated in Malaysia)

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

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	
	2014 '000	2013 '000
Outstanding at beginning of financial year	38,545	-
- Granted	-	39,120
- Exercised	(2,492)	(575)
Outstanding at end of financial year	<u>36,053</u>	<u>38,545</u>
Exercisable at end of financial year	<u>25,340</u>	<u>12,465</u>

- The weighted average fair value of each option granted during the previous financial year was RM0.19.
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM0.73 (2013 : RM0.75).
- The exercise price for options outstanding at the end of the year was RM0.61. The options expire on 31 July 2017.

Fair value of share options granted

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

JCY International Berhad
(Incorporated in Malaysia)

26. Commitments

(a) Capital commitments

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

	Group	
	2014	2013
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	8,098	6,157

(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 2014 amounted to RM12,092,000 (2013: RM11,240,000).

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payments:				
Not later than 1 year	2,048	3,169	-	-
Later than 1 year and not later than 5 years	1,294	4,762	-	-
	3,342	7,931	-	-

JCY International Berhad
(Incorporated in Malaysia)

27. Related party transactions

(a) Sales and purchases of goods and services

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

	2014	2013
	RM'000	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	<u>600</u>	<u>600</u>
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	<u>922</u>	<u>219</u>
Company		
Disposal of plant and equipment to a subsidiary	-	6,332
Dividend income from a subsidiary	<u>90,350</u>	<u>76,798</u>

(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.

**JCY International Berhad
(Incorporated in Malaysia)**

28. Contingent liabilities

Group - Unsecured

On 14 December 2009, Tenaga Nasional Berhad ("TNB") served a claim of additional electricity charges amounting to approximately RM8.36 million to JCY HDD Technology Sdn. Bhd. ("JCY HDD"), a subsidiary of the Group. The additional electricity charges were in respect of the electricity charges supposedly undercharged by TNB for the period from September 2007 to November 2009 due to the incorrect meter reading from electricity meters that were allegedly defective or tampered with.

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

On 15 December 2011, the High Court ruled that TNB's claim is only restricted to 3 months backcharges. Therefore, JCY HDD is only required to pay an amount of approximately RM1.05 million to TNB. However, TNB had filed an appeal to the Court of Appeal against the decision of the High Court. Currently, this matter has been fixed for case management on 27 January 2015 pending determination by the Federal Court on a similar issue which arose in a separate case.

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

29. Fair value

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

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

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

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

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

**JCY International Berhad
(Incorporated in Malaysia)**

29. Fair value (cont'd)

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

Investment in subsidiaries

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

30. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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

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

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

JCY International Berhad
(Incorporated in Malaysia)

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

(a) Credit risk (cont'd)

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM54,853,000 (2013: RM54,853,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

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

Credit risk concentration profile

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

	Group			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	91,242	30%	53,483	24%
Singapore	3,048	1%	3,752	2%
Thailand	196,202	64%	152,777	69%
Other countries	15,057	5%	9,948	5%
	<u>305,549</u>	<u>100%</u>	<u>219,960</u>	<u>100%</u>

At the reporting date, approximately 75% (2013: 77%) of the Group's trade receivables were due from 2 (2013 : 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.

**JCY International Berhad
(Incorporated in Malaysia)**

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

(b) Liquidity risk

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

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

Analysis of financial instruments by remaining contractual maturities

Other than the Group's long term employee benefits amounting to RM1,692,000 (2013: RM773,000), all of the Group's and the Company's liabilities at the reporting date fall due within one year.

(c) Interest rate risk

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

The Group's primary interest rate risk relates to interest-bearing debt. The Group has no substantial long term interest-bearing assets as at 30 September 2014 and 2013. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposits.

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM309,000 (2013: RM206,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

JCY International Berhad
(Incorporated in Malaysia)

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

(d) Foreign currency risk

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

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

Approximately 78% (2013: 78%) of the Group's sales are denominated in foreign currencies whilst 49% (2013: 55%) of costs are denominated 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 RM130,274,000 (2013: RM161,983,000) and RM39,000 (2013: RM39,000) for the Group and the Company respectively.

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

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

Net financial assets/ (liabilities) held in non-functional currency	Functional currency of group companies			
	Thai Baht RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
2014				
United States Dollars	(222,131)	481,316	43,816	303,001
Singapore Dollars	(2,983)	(13,327)	-	(16,310)
Euro	-	(758)	-	(758)
Thai Baht	-	(38)	-	(38)
	<u>(225,114)</u>	<u>467,193</u>	<u>43,816</u>	<u>285,895</u>

JCY International Berhad
(Incorporated in Malaysia)

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

(d) Foreign currency risk (cont'd)

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

Sensitivity analysis for foreign currency risk

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

	Group Profit net of tax	
	2014 RM'000	2013 RM'000
USD/RM - strengthened 10% (2013: 3%)	50,533	7,016
- weakened 10% (2013: 3%)	(50,533)	(7,016)
USD/Baht - strengthened 3% (2013: 3%)	(6,664)	(7,010)
- weakened 3% (2013: 3%)	6,664	7,010
USD/RMB - strengthened 10% (2013: 10%)	4,381	2,933
- weakened 10% (2013: 10%)	(4,381)	(2,933)
SGD/RM - strengthened 7% (2013: 7%)	(932)	(1,040)
- weakened 7% (2013: 7%)	932	1,040
Baht/RM - strengthened 10% (2013: 10%)	(4)	(120)
- weakened 10% (2013: 10%)	4	120
	<u>4</u>	<u>120</u>

JCY International Berhad
(Incorporated in Malaysia)

31. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2014 and 30 September 2013.

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.

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings	20	82,469	54,853	-	-
Trade and other payables	19	283,989	255,428	72,417	51,814
Less: Cash and bank balances	18	(261,610)	(178,035)	(522)	(186)
Net debt		<u>104,848</u>	<u>132,246</u>	<u>71,895</u>	<u>51,628</u>
Equity attributable to the owners of the parent, represents total capital		<u>1,122,130</u>	<u>1,073,117</u>	<u>648,563</u>	<u>622,291</u>
Capital and net debt		<u>1,226,978</u>	<u>1,205,363</u>	<u>720,458</u>	<u>673,919</u>
Gearing ratio		<u>9%</u>	<u>11%</u>	<u>10%</u>	<u>8%</u>

JCY International Berhad
(Incorporated in Malaysia)

32. Segment information

The Group's activities are predominantly in the trading, manufacturing and assembling of HDD components. As such, segmental information is only presented by geographical segments. The geographical segments are based on the location of assets and these are:

- (i) Malaysia
- (ii) Thailand
- (iii) Others : These consist of segments which are outside Malaysia but which individually fall below the 10% threshold of a reportable segment.

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

Geographical segments

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

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2014					
Revenue					
Sales to external customers	1,447,385	387,582	32,203	-	1,867,170
Inter-segment sales	279,736	-	74,017	(353,753)	-
Total revenue	<u>1,727,121</u>	<u>387,582</u>	<u>106,220</u>	<u>(353,753)</u>	<u>1,867,170</u>
Results					
Segment results	124,305	(3,042)	(6,912)	9,409	123,760
Finance costs	(961)	-	(395)	407	(949)
Profit/(Loss) before tax	123,344	(3,042)	(7,307)	9,816	122,811
Income tax	(10,512)	-	-	(2,414)	(12,926)
Profit/(Loss) net of tax	<u>112,832</u>	<u>(3,042)</u>	<u>(7,307)</u>	<u>7,402</u>	<u>109,885</u>
Assets and liabilities					
Segment assets	1,526,403	247,550	288,740	(533,944)	1,528,749
Segment liabilities	<u>418,234</u>	<u>245,505</u>	<u>245,059</u>	<u>(502,179)</u>	<u>406,619</u>
Other segment information					
Depreciation	74,352	11,927	15,595	(4,756)	97,118
Amortisation	<u>351</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>381</u>

JCY International Berhad
(Incorporated in Malaysia)

32. Segment information (cont'd)

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2013					
Revenue					
Sales to external customers	1,254,233	315,368	29,052	-	1,598,653
Inter-segment sales	241,678	-	54,231	(295,909)	-
Total revenue	<u>1,495,911</u>	<u>315,368</u>	<u>83,283</u>	<u>(295,909)</u>	<u>1,598,653</u>
Results					
Segment results	(7,024)	(28,344)	(50,539)	31,619	(54,288)
Finance costs	(939)	-	(22)	-	(961)
Loss before tax	(7,963)	(28,344)	(50,561)	31,619	(55,249)
Income tax expense	(1,104)	(2,726)	13	(2,545)	(6,362)
Loss net of tax	<u>(9,067)</u>	<u>(31,070)</u>	<u>(50,548)</u>	<u>29,074</u>	<u>(61,611)</u>
Assets and liabilities					
Segment assets	1,403,950	237,770	290,874	(520,382)	1,412,212
Segment liabilities	<u>349,989</u>	<u>232,637</u>	<u>239,903</u>	<u>(483,434)</u>	<u>339,095</u>
Other segment information					
Depreciation	63,613	15,633	20,579	7,316	107,141
Amortisation	<u>341</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>370</u>

33. Reclassifications

The following reclassifications have been retrospectively applied:

(a) Reclassification 1

The amounts due from subsidiaries have been retrospectively reclassified from current to non-current assets as they are not expected to be realised within 12 months after the reporting date.

(b) Reclassification 2

An amount due to a subsidiary was previously offset against amounts due from other subsidiaries and included in receivables. This amount has been retrospectively reclassified to other payables (non-current) as there was no legally enforceable right to offset the balances between the various subsidiaries.

JCY International Berhad
(Incorporated in Malaysia)

33. Reclassifications (cont'd)

The effects of the above reclassifications are as follows:

Company statement of financial position as at 30 September 2013

	As previously stated RM'000	Reclassi- fication 1 RM'000	Reclassi- fication 2 RM'000	As restated RM'000
Non-current assets				
Other receivables	-	218,756	-	218,756
Current assets				
Trade and other receivables	168,776	(218,756)	50,877	897
Non-current liabilities				
Other payables	-	-	50,877	50,877

Company statement of financial position as at 1 October 2012

	As previously stated RM'000	Reclassi- fication 1 RM'000	Reclassi- fication 2 RM'000	As restated RM'000
Non-current assets				
Other receivables	-	204,326	-	204,326
Current assets				
Trade and other receivables	158,584	(204,326)	47,746	2,004
Non-current liabilities				
Other payables	-	-	47,746	47,746

34. Authorisation of financial statements for issue

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

JCY International Berhad
(Incorporated in Malaysia)

35. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 30 September 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Retained earnings of the Company and its subsidiaries:				
Realised	548,908	501,799	148,973	128,225
Unrealised	(8,105)	(2,404)	(3,981)	(5,064)
	<u>540,803</u>	<u>499,395</u>	<u>144,992</u>	<u>123,161</u>
Less: Consolidation adjustments	46,412	43,948	-	-
Retained earnings per financial statements	<u>587,215</u>	<u>543,343</u>	<u>144,992</u>	<u>123,161</u>