green the world

JAYCORP Berhad (459789-X)

MANUFACTURING | TRADING | BIOMASS | ENGINEERING & CONSTRUCTION

ANNUAL REPORT 2017

ABOUT US

JAYCORP BERHAD was incorporated as **YEO AIK RESOURCES BERHAD** in 2002 when it was listed in Bursa Malaysia Securities Berhad. Subsequently, in 2006 it changed its name to **JAYCORP BERHAD.**

The logo symbolises Jaycorp Berhad's efforts to reach greater heights as a responsible corporate entity. Jaycorp Berhad is an investment holding company while its subsidiaries' principal activities are wooden furniture manufacturing, pressure treatment and kiln drying of wood, biomass, corrugated carton packaging, general trading, property letting, investment holding, general construction and civil engineering works.

VISION

To conscientiously and continuously seek knowledge and improvement of our people and processes. To constantly pursue our belief to work in harmony with the environment for the good of our future generations.

MISSION

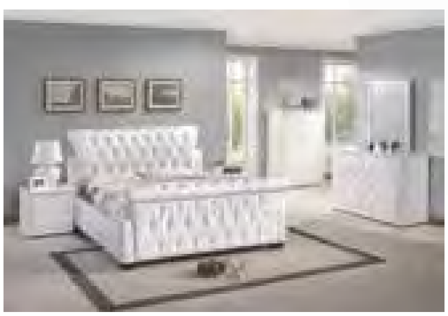
To be a leader in all the businesses that we undertake.

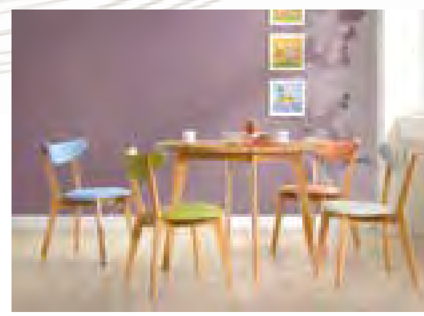
19th ANNUAL GENERAL MEETING

Meeting Room 3, Level 2, Holiday Inn Melaka
Jalan Syed Abdul Aziz, 75000 Melaka.

14 December 2017, Thursday

10.30 a.m.





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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of **JAYCORP BERHAD** will be held at Meeting Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Thursday, 14 December 2017 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2017 together with the Reports of the Directors and Auditors thereon.

Note 7

2. To declare a final single tier dividend of 6.0 sen per ordinary share for the financial year ended 31 July 2017.

Ordinary Resolution 1

3. To approve the payment of Directors' fees for the financial year ended 31 July 2017.

Ordinary Resolution 2

4. To approve the payment of Directors' fees from 1 August 2017 and up to the date of the Twentieth Annual General Meeting and benefits payable to the Directors from 31 January 2017 and up to the date of the Twentieth Annual General Meeting.

Ordinary Resolution 3

5. To re-elect Yeo Eck Liong, a Director who retires by rotation in accordance with the Articles of Association of the Company.

Ordinary Resolution 4

6. To re-elect Tan Sri Abdul Majid Khan, a Director who retires by rotation in accordance with the Articles of Association of the Company.

Ordinary Resolution 5

7. To re-elect Asgari bin Mohd Fuad Stephens, a Director who retires by rotation in accordance with the Articles of Association of the Company.

Ordinary Resolution 6

8. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 7

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

9. **Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance."

Ordinary Resolution 8

10. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT, subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries ("Jaycorp Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 22 November 2017 ("Circular") with the related parties mentioned therein which are necessary for the Jaycorp Group's day-to-day operations.

THAT the Jaycorp Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

a. the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b. the disclosure of the aggregate value of the transactions concluded during a financial year will be disclosed in the Annual Report for the said financial year.

THAT authority conferred by such renewed mandate shall continue to be in force until:-

i. the conclusion of the next Annual General Meeting ("AGM") of Jaycorp at which time it will lapse, unless by a resolution passed at a general meeting, the authority is again renewed;

ii. the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

iii. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earliest.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

Ordinary Resolution 9

11. **Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Renewal of Authority for Share Buy-Back")**

"THAT subject to the Companies Act 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the total retained profits available for dividend, for the purpose of and to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the retained profits account be allocated by the Company for the proposed share buy-back;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire at:-

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Renewal of Authority for Share Buy-Back was passed, at which time it will lapse unless by a resolution passed at a general meeting of the Company, the authority is renewed;

ii. the expiration of the period within which the next AGM after the date it is required by law to be held; or

iii. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Authority for Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities."

Ordinary Resolution 10

12. **Retention of Independent Directors**

"THAT the following Directors be retained as Independent Non-Executive Directors until the conclusion of the next AGM:-

i. Omar bin Musa **Ordinary Resolution 11**
ii. Asgari bin Mohd Fuad Stephens **Ordinary Resolution 12**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Nineteenth Annual General Meeting, a final single tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 July 2017 will be paid to shareholders on 29 December 2017. The entitlement date for the said dividend shall be 21 December 2017.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

a. Shares transferred to the Depositor's securities account before 4.00 p.m. on 21 December 2017 in respect of ordinary transfers.

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
CHAN SU SAN (MAICSA 6000622)
Secretaries
Selangor
Date: 22 November 2017

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the same meeting. Where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at JA 1880, Batu 22 1/2, Parit Perawas, Sungai Rambai, 77400 Melaka, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the meeting will be put to vote by way of poll.

5. A power of attorney or certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 6 December 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the meeting and entitled to appoint proxy or proxies.

7. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

8. **EXPLANATORY NOTES ON SPECIAL BUSINESS**

   i. **Ordinary Resolution 8 pursuant to Section 76 of the Companies Act 2016**

   The Company had obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the then Companies Act, 1965 at the Eighteenth Annual General Meeting held on 15 December 2016. The Company did not issue any shares pursuant to this mandate obtained.

   The Ordinary Resolution is a renewal of the general mandate for the issuance of shares by the Company pursuant to Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding future investments or working capital of the Group on a timely basis. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

   At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

   ii. **Ordinary Resolution 9 on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   Please refer to the Circular to Shareholders dated 22 November 2017 for further information.

   iii. **Ordinary Resolution 10 on Proposed Renewal of Authority for Share Buy-Back**

   The explanatory notes for Ordinary Resolution 10 on Proposed Renewal of Authority for Share Buy-Back are set out in the Statement to Shareholders dated 22 November 2017.

   iv. **Ordinary Resolutions 11 and 12 on Retention of Independent Directors**

   a. **Omar bin Musa**

   Omar bin Musa was appointed an Independent Non-Executive Director on 19 July 2002. He has served the Company for more than nine (9) years as at the date of the notice of the 19th AGM. However, he has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers he to be independent and recommends him to remain as an Independent Non-Executive Director.

   b. **Asgari bin Mohd Fuad Stephens**

   Asgari bin Mohd Fuad Stephens was appointed an Independent Non-Executive Director on 16 September 2004. He has served the Company for more than nine (9) years as at the date of the notice of the 19th AGM. However, he has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers he to be independent and recommends him to remain as an Independent Non-Executive Director.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abdul Majid Khan
| Executive Chairman

Yeo Eck Liong
| Managing Director

Yeo Ayk Ke
| Executive Director

Lim Poh Teot
| Executive Director/
Acting Chief Financial Officer

Muaz bin Jema Anton Khan
| Executive Director

Asgari bin Mohd Fuad Stephens
| Senior Independent Non-Executive Director

Kong Chee Weng, Harold
| Independent Non-Executive Director

Omar bin Musa
| Independent Non-Executive Director

Yeo Aik Tan
| Alternate Director to Yeo Ayk Ke

Audit Committee

Kong Chee Weng, Harold
(Chairman)
Omar bin Musa
Asgari bin Mohd Fuad Stephens

Nomination Committee

Asgari bin Mohd Fuad Stephens
(Chairman)
Omar bin Musa
Kong Chee Weng, Harold

Remuneration Committee

Omar bin Musa *(Chairman)*
Yeo Eck Liong
Kong Chee Weng, Harold

Investment Committee

Asgari bin Mohd Fuad Stephens
(Chairman)
Yeo Ayk Ke
Lim Poh Teot
Kong Chee Weng, Harold
Muaz bin Jema Anton Khan

Enterprise Risk Management Committee

Omar bin Musa *(Chairman)*
Yeo Ayk Ke
Lim Poh Teot
Muaz bin Jema Anton Khan

Registered Office and Principal Place of Business

JA 1880, Batu 22½ Parit Perawas
Sungai Rambai, 77400 Melaka
www.jaycorp.com.my
Email : inquiry@jaycorp.com.my
Tel : 606-265 0111
Fax : 606-265 9999

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad

Auditors

Crowe Horwath AF 1018
Chartered Accountants
Melaka Office
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
www.crowehorwath.com.my
Tel : 606-282 5995
Fax : 606-283 6449

Principal Bankers

AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
PT. Bank Mandiri (Persero) Tbk, Indonesia

Secretaries

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)

Advocates & Solicitors

GM Tan & Company
Unit No.C-10-28
Block C, Centum Oasis Corporate Park
Pusat Perdagangan Dana 1
47301, Petaling Jaya
Selangor Darul Ehsan
Tel : 603-2714 5456
Fax : 603-2714 5457

Registrars

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue Bandar Utama
47800, Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7720 1188
Fax : 603-7720 1111 / 77

CORPORATE STRUCTURE

JAYCORP Berhad (459789-X)

FURNITURE

- 100% **Yeo Aik Wood Sdn Bhd**
  Manufacturing and selling of furniture
  - 100% **Winshine Holdings Sdn Bhd**
    Investment holding, provision of management services and property renting
    - 100% **Winshine Industries Sdn Bhd**
      Manufacturing and selling of furniture
- 60% **Digital Furniture Sdn Bhd**
  Manufacturing and trading of furniture and furniture parts
  - 100% **Digital Dorm Sdn Bhd**
    Provision for dormitory management services
- 83% **Instyle Sofa Sdn Bhd**
  Manufacturing of sofa sets and upholstery work

PROCESSING WOOD

- 51% **PT Tiga Mutiara Nusantara**
  Operating in wood furniture industry, marketing and trading of related products for export purposes
- 100% **Yeo Aik Hevea (M) Sdn Bhd**
  Pressure treatment, processing and kiln-drying of wood and manufacturing of furniture parts

PACKAGING

- 100% **Pine Packaging (M) Sdn Bhd**
  Conversion of corrugated board into carton boxes and act cards

BIOMASS

- 90% **Jaycorp Green Energy Sdn Bhd**
  Renewable energy, biomass and enviromentally friendly waste treatment

TRADING & OTHERS

- 100% **Jaycorp Trading Sdn Bhd**
  General trading, property letting, transportation and printing
- 70% **Jaycorp Limited**
  (Dormant)

INVESTMENT HOLDING

- 100% **Jaycorp Properties Sdn Bhd**
  Investment holding
  - 60% **Bongawan Solo Sdn Bhd**
    Investment holding

ENGINEERING, CONSTRUCTION AND PROPERTY INVESTMENT

- 60% **Jaycorp Engineering and Construction Sdn Bhd**
  General construction and civil engineering works

MANUFACTURING

CHAIRMAN'S STATEMENT

Dear Shareholders,

"On behalf of the Board of Directors I am delighted to present the Annual Report and Financial Statements of the Company for the financial year ended 31 July 2017."

Tan Sri Abdul Majid Khan
Executive Chairman

I am pleased to report that the Jaycorp group ("the Group") has outperformed its previous year despite uncertainties in domestic and international economies. Notwithstanding these prevailing uncertainties, we expect further growth in the next year as we continue to expand and diversify our customer base and improve operational efficiencies. Furthermore, given the recent unfortunate natural disasters in the USA (e.g. Hurricane Harvey in August – September 2017), we expect significant rebuilding and reconstruction activities to take place in the affected areas in the near future and would expect this to result in increased demand within the Group's furniture segment.

The Group currently has plans to diversify and expand its existing principal activities (manufacture and sale of furniture) to include construction and property development and is in the process of seeking shareholders approval for this. In the previous financial year, a joint venture company, Jaycorp Engineering and Construction Sdn Bhd ("JECSB") was formed to partake in general construction and civil engineering works. In January 2017, the Group secured a contract through JECSB (a 60% subsidiary of Jaycorp Berhad) for the construction of a 7-storey shop-cum-office in Likas, Kota Kinabalu. Subsequently, JECSB accepted a Letter of Award for the construction of a 1-storey Azman Hashim Gallery and Auditorium for University Malaysia Sabah. The contract sums are RM16.8 million (excluding GST) and RM12.6 million (excluding GST) respectively. Both projects are expected to be profitable and should contribute positively to the Group's results for the year ended 31 July 2018 and onwards.

Given the number of upcoming large infrastructure and construction projects such as the construction of the Pan-Borneo Highway, together with a focus on building affordable housing (e.g. PPA1M and PR1MA), the outlook for the construction industry is extremely promising. The Group will continue to actively pursue new contracts and maintain its momentum in securing these.

While we expect to see marked growth in the construction industry during the next year, the growth of the property development market may be slower. The Group owns 396 acres of land ("the Bongawan Land") in Papar, Sabah. This land has been designated for integrated tourism development under the Papar District Plan as provided by the Jabatan Perancang Bandar dan Wilayah Negeri Sabah. We believe this land has tremendous potential for the construction and development of resorts, residential development and other tourism related infrastructure. This is something we intend to pursue in the near future once the property development market picks up.

On Behalf of the Board of Directors, I wish to extend our appreciation to members of our management team and employees of the Group. Congratulations on another successful Financial Year. Your effective execution of the Group's strategies through hard work, focus and determination are very much appreciated and continue to contribute to the Group's success.

Our sincere gratitude to our shareholders, customers, joint venture partners, business associates, suppliers, bankers and government authorities for their confidence and support to the Board and Management of Jaycorp Berhad.

Finally, to my fellow Board members, thank you for your contributions, effort, and professional advice in making the Board more effective and efficient.

Tan Sri Abdul Majid Khan
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW
of the Jaycorp group's business and operations

Business and operations

The Jaycorp group ("the Group") operates six main business segments as follows:

1. Furniture
2. Processing of wood
3. Packaging
4. Construction
5. Renewable energy
6. Other

FURNITURE
the manufacture and sale of furniture (mainly rubberwood furniture)

PROCESSING OF WOOD
pressure treatment and kiln-drying of wood

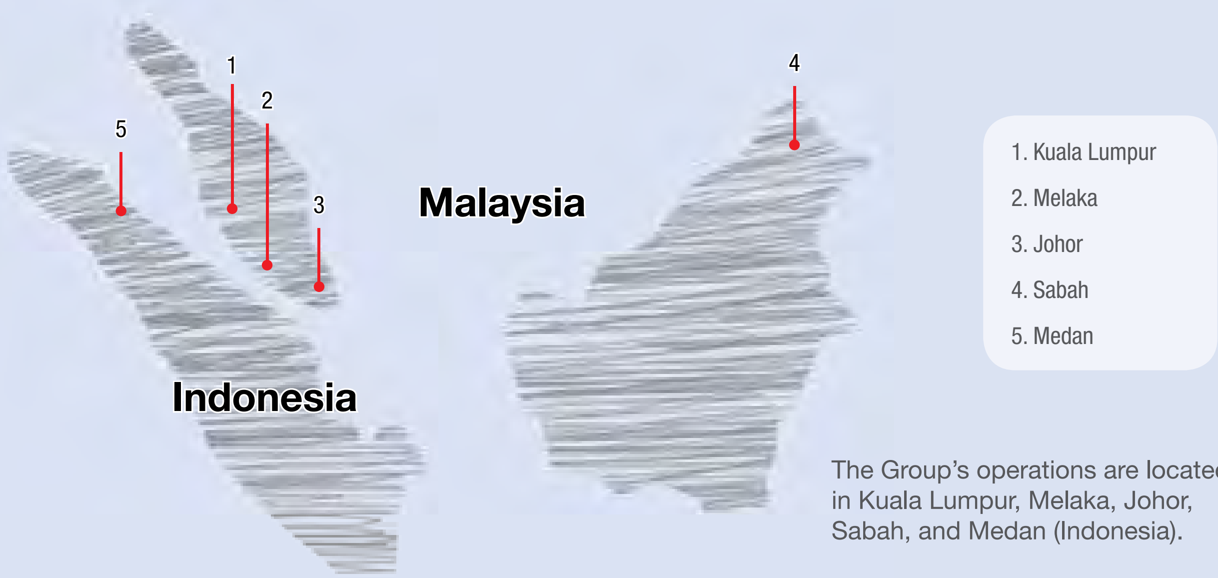
PACKAGING
conversion of corrugated boards into carton boxes and act cards

CONSTRUCTION
general construction and civil engineering works

RENEWABLE ENERGY
renewable energy, biomass and environmentally friendly waste treatment

OTHER
general trading, property letting, transportation and printing

The main contributor to group revenue in FY17 was the furniture segment which accounted for approximately 72.1% of total revenue (75.0% in FY16).



The Group's operations are located in Kuala Lumpur, Melaka, Johor, Sabah, and Medan (Indonesia).

Key markets

The Group's key markets are North America (27.6% of total revenue in FY17) and Asia (64.6% of total revenue in FY17).

Revenue in FY17

North America 27.6%

Asia 64.6%

Objectives and strategy

The Group continues to focus on controlling costs and improving operational efficiency to achieve better profits and business growth. Furthermore, the Group continues to explore new markets for its products and expand its customer base to deliver maximum value to its shareholders.

Highlight of the Group's financial information for the past 5 financial years

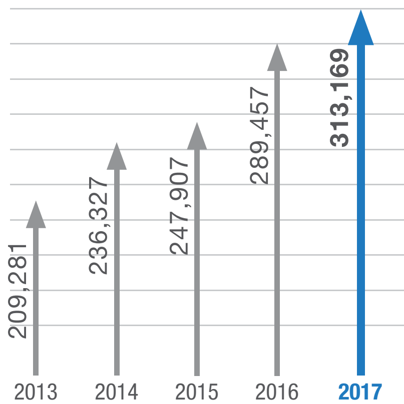
		2013	2014	2015	2016	2017
Financial						
1	Revenue (RM'000)	209,281	236,327	247,907	289,457	313,169
2	PBIT (RM'000)	11,521	14,986	15,812	27,661	33,901
3	Finance costs (RM'000)	1,605	1,392	1,476	1,545	957
4	Profit before taxation (RM'000)	9,916	13,594	14,336	26,116	32,944
5	Shareholders' equity (RM'000)	121,632	125,511	128,835	144,596	151,650
6	Total assets (RM'000)	189,729	199,144	217,550	230,877	229,373
7	Borrowings (RM'000)	25,497	22,900	26,682	22,725	15,181
8	Debt/Equity (%)	20.96	18.25	20.71	15.72	10.01
9	Earnings per share (sen)	3.72	6.31	5.84	15.34	18.05
10	Net assets per share (RM)	0.89	0.92	0.94	1.06	1.11
11	Dividend per share (sen)	3.50	3.50	4.00	10.00	11.00*
Share Performance						
1	Year High (RM)	0.540	0.860	1.070	1.420	1.620
2	Year Low (RM)	0.415	0.465	0.615	0.780	1.020
3	Year Close (RM)	0.505	0.780	1.050	1.040	1.450
4	Market Capitalization (RM)	69,082,536	106,690,038	143,605,455	142,232,584	198,283,295
	No. of ordinary shares	137,250,000	137,250,000	137,250,000	137,250,000	137,250,000
	No. of treasury shares	452,900	467,900	482,900	487,900	502,900

* *A first single tier interim dividend of 5.0 sen per ordinary share in respect of the year ended 31 July 2017 was paid on 31 July 2017. The Board has recommended a final single tier dividend of 6.0 sen per ordinary share for the year ended 31 July 2017, which will be tabled at the Annual General Meeting.*

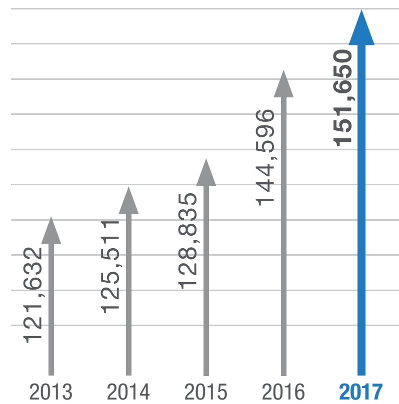
MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Highlight of the Group's financial information for the past 5 financial years (Continued)

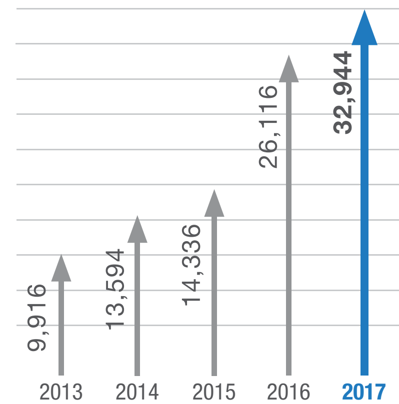
Revenue
RM'000



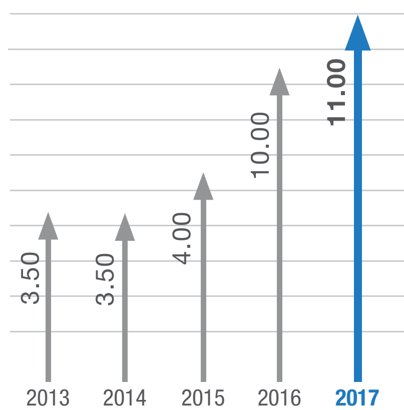
Shareholders' Equity
RM'000



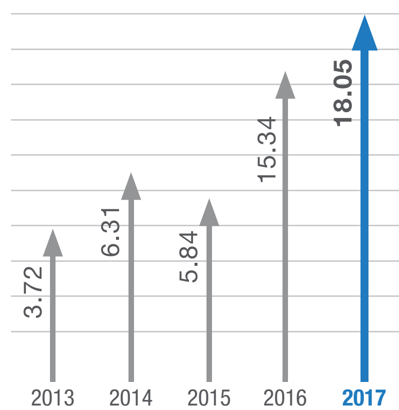
Profit Before Taxation
RM'000



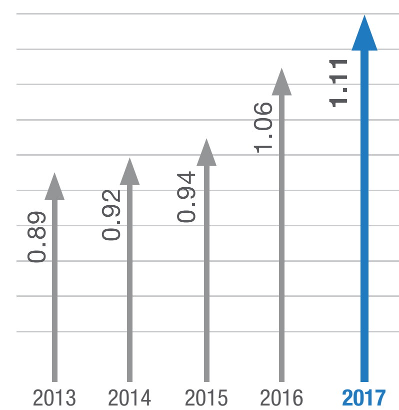
Dividend Per Share
sen



Earnings Per Share
sen



Net Assets Per Share
RM



REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Segmental results

The financial results for the Group (split into its six main segments) are as follows :

	FY17		FY16	
	Turnover RM'000	Segment result RM'000	Turnover RM'000	Segment result RM'000
Furniture	249,141	26,809	237,144	27,216
Packaging	36,505	3,389	29,970	2,160
Wood Processing	43,854	3,261	38,772	(839)
Renewable Energy	9,163	1,194	7,628	(389)
Construction	4,140	(194)	-	(206)
Others	2,942	(13)	2,579	(454)
Consolidated	313,169	35,766	289,457	28,808

Furniture Segment

Turnover in the furniture segment increased from RM237.1 million in FY16 to RM249.1 million in FY17 due to an increase in sales to overseas markets - mainly North America and Asia. This increase was partly aided by the strengthening of the USD against RM by approximately 5% compared to FY16.

Sales to North America and Asia increased from RM80.0 million and RM135.1 million in FY16 to RM86.4 million and RM138.4 million in FY17 respectively.

Even though there was an increase in sales in this segment, the segment result is lower in FY17 compared to FY16 predominantly due to an increase in raw material prices of approximately 15%.

Packaging Segment

In line with the increase in sales to internal customers (i.e. the furniture segment) plus increases in sales to external customers, the turnover in the packaging segment increased from RM30.0 million in FY16 to RM36.5 million in FY17.

The segment result increased from RM2.2 million in FY16 to RM3.4 million in FY17 due to the increased revenues.

Wood Processing Segment

The increase in turnover in the wood processing segment from RM38.8 million in FY16 to RM43.9 million in FY17 is due to the increase in sales to internal customers (i.e. the furniture segment) and an increase in exports to Asia.

There was a marked improvement in the segment result which moved from a loss of RM0.8 million in FY16 to a profit of RM3.3 million in FY17. This was mainly due to:

- increased turnover;
- a decrease in the provision for slow moving stock from RM1.3 million in FY16 to RM0.4 million in FY17; and
- the part-reversal of interest expenses in PT Tiga Mutiara Nusantara ("PTTMN") and a part-reversal of the provision for slow moving stock in Yeo Aik Hevea Sdn Bhd ("YAH").

Renewable Energy Segment

Turnover in the renewable energy segment increased from RM7.6 million in FY16 to RM9.2 million in FY17 due to:

- a 15% increase in selling price; and
- a 7.2% increase in sales quantity.

There was also a significant improvement in the segment result, which moved from a loss of RM0.4 million in FY16 to a profit of RM1.2 million in FY17. This was primarily due to:

- increased turnover;
- improved operating efficiency; and
- improved cost control (a 4% reduction in the average cost of raw materials).

Construction Segment

The first construction contract commenced in FY17. This project ("the Likas Project") is for the construction of a 7-storey shop-cum-office in Likas, Kota Kinabalu.

Turnover for the construction segment in FY17 is RM4.1 million.

The Group also accepted a Letter of Award in September 2017 for its second construction project in Sabah. This project ("the UMS Project") is for the construction of a 1-storey Azman Hashim Gallery and Auditorium for University Malaysia Sabah.

For further details in respect of the Likas Project and the UMS project, please see the "Business Outlook" section.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

SIGNIFICANT BALANCES

Trade Receivables

Trade receivables increased from RM29.5 million in FY16 to RM34.2 million in FY17. This is in line with the increase in group turnover.

Inventories

Inventories decreased from RM44.0 million in FY16 to RM42.0 million in FY17. This is mainly due to;

- industry-wide shortages in rubber wood supply; and
- PTTMN's ability to move stock during FY17.

Cash & Bank

Cash and bank decreased from RM38.2 million in FY16 to RM34.5 million in FY17 primarily due to the higher dividend payment in FY17. The total dividend payment made in FY17 was RM20.5 million (being the interim dividend of 5.0 sen declared for FY17 and the final dividend of 10.0 sen declared for FY16) compared to RM5.5 million in FY16 (being the final dividend of 4.0 sen declared for FY15).

Trade Payables

Trade payables decreased from RM16.7 million in FY16 to RM15.7 million in FY17. This was mainly due to a reduction in trade payables in Instyle Sofa Sdn Bhd ("ISSB") from RM2.2 million in FY16 to RM0.5 million in FY17. In November 2016, Jaycorp Berhad ("Jaycorp") subscribed for an additional 4,000,000 new ordinary shares of RM1 each in ISSB. Part of these funds were used to reduce the trade payables balance in ISSB.

Borrowings

Group borrowings decreased from RM22.7 million in FY16 to RM15.2 million in FY17. This was mainly due to:

- the improvement of the cash position in PTTMN which moved from an overdraft balance of RM3.9 million in FY16 to a positive cash balance of RM2.9 million in FY17; and
- a decrease in borrowings in ISSB from RM5.8 million in FY16 to RM2.9 million in FY17.

The decrease in borrowings in ISSB was partly due to the injection of RM4.0 million of funds from Jaycorp (as referred to in the "trade payables" section). Part of these funds were used to reduce the amount of borrowings in ISSB.

The Group's gearing ratio reduced from 0.16 in FY16 to 0.10 in FY17.

ANTICIPATED OR KNOWN RISKS

The Group is exposed to a number of risks which could impact the Group's business and operating performance. The Group has processes in place to identify, assess and manage these risks. An Enterprise Risk Management Committee ("ERMC") meets regularly and key management ("Management") work together with the ERMC to;

- identify the risks relevant to the Group;
- design, implement and monitor the risk management framework; and
- identify changes to risks or emerging risks, take actions as appropriate and promptly bring these to the attention of the Board.

Risks that are considered material and specific to the group are set out below;

Reliance on the North American market and a single customer

A large proportion of the Group's revenue (27.6% in FY17) is derived from exports to North America. Furthermore, 12.5% of revenue is generated from a single customer.

The Group continuously seeks to expand its customer base to reduce reliance on any one region or customer. The Group also works hard to maintain existing customer relationships.

Labour shortage

The majority of workers in the group are foreign workers, therefore any changes in government policy associated with foreign workers, e.g. restrictions on employment of foreign workers, could affect the Group's operations and production capacity.

Availability and cost of raw materials

Shortage of raw materials and fluctuating costs for these materials are a key risk throughout the Group. For example, in FY17, the cost of rubberwood increased by approximately 15%. The Group continues to monitor pricing and sourcing of raw materials and maintains good relationships with its suppliers.

Environmental factors such as the weather and the amount of rainfall may also affect the supply of rubberwood. Furthermore, introduction of additional government regulations (such as restrictions on logging) may limit supply.

Foreign currency exchange rates

As a large proportion of revenue is derived from export sales, there is a risk that significant fluctuations in the RM to USD exchange rate will affect the results of the Group. In FY17, the USD strengthened by approximately 5% against RM which contributed to increased revenue (mainly in the furniture segment). However, exchange rates are difficult to predict given the number of factors that contribute in determining them and the strengthening of the US dollar against RM may not continue. The Group hedges accordingly to minimise exposure to significant fluctuations in the RM to USD exchange rate.

Competition

The markets for the Group's products are highly competitive. The Group competes in those markets on a number of factors, including price and quality of products.

To remain competitive, the Group remains focused on cost control (including sourcing of raw materials) and operational efficiency. The Group also continues to explore new markets and invest in research and development in order to meet ever-changing consumer tastes.

Environment

The Group is subject to strict environmental laws and regulations. This includes regulation around air pollution, noise pollution, dust levels and waste disposal. Compliance with environmental laws and regulations is a key part of the Group's risk management framework.

The Group is also committed to ensuring that operations are managed in a sustainable way that will cause minimal harm to the community and environment.

Operational risks associated with the construction segment

As the construction segment expands, the Group will be exposed to risks that are unique to the construction and property development industry. These risks include:

- low demand or over-supply of properties;
- price fluctuations on the costs of building materials;
- delay in scheduled completion due to unforeseen circumstances; and
- compliance within the legal and environmental framework in which the construction and property industry operates.

The Group's risk management will be extended to address the construction and property development risks. In addition, key personnel in the construction segment have extensive experience and proven track records in managing such risks.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

BUSINESS OUTLOOK

Principal activities – manufacture and sale of furniture

Due to a shortage of raw materials (in particular wood) in China, China reported its first decline in furniture exports in 2016. The Group's furniture segment is expected to benefit from a continued decline in furniture exports from China.

Furthermore, given the recent unfortunate natural disasters in the USA (e.g. Hurricane Harvey in August - September 2017), an increase in reconstruction activities is expected in the affected areas. The Group's furniture segment is expected to benefit from this once reconstruction activities begin in earnest.

Construction – diversification of principal activities

The Likas Project commenced in FY17 and at 30 September 2017, it was approximately 35% complete. Furthermore, on 18 September 2017, the Group announced that it had, via it's 60%-owned subsidiary, Jaycorp Engineering and Construction Sdn Bhd ("JECSB") accepted a letter of award for the UMS project. The contract sum of the UMS project is RM12.6 million (excluding GST). Both the UMS project and the Likas project are expected to be profitable and should contribute positively to the Group's results for the year ended 31 July 2018 and onwards.

The Group intends to actively bid for more construction projects in the future.

The Group also owns some land ("the Bongawan Land") via its 60% indirect subsidiary, Bongawan Solo Sdn Bhd ("BSSB"). Management believe that the Bongawan Land has potential for the construction and development of resorts, residential development and other tourism related infrastructure which it intends to pursue.

Given the outlook of the Malaysian economy, the construction and property development sector in Sabah as well as the potential development of the Bongawan land, the Group's venture into the construction and property development business will enable the Group to diversify its revenue and earnings streams. This should in turn enhance the Group's profitability and shareholders' value. As such, the Group intends to seek shareholder approval to diversify and expand its existing principal activities to include construction and property development.

Renewable Energy Segment - plant upgrade

A major plant upgrade is due to take place in Jaycorp Green Energy Sdn Bhd ("JGE") towards the end of 2017. Whilst this will result in the shut-down of operations for 2-3 months, the upgrade should significantly improve operational efficiency in the long-term.

Dividend

A first single tier interim dividend of 5.0 sen per ordinary share in respect of the year ended 31 July 2017 was paid on 31 July 2017.

When recommending dividends, the Board takes into consideration the Group's and Company's financial position, operating working capital requirements and its commitment to its shareholders. Having done this, the Board has recommended a final single tier dividend of 6.0 sen per ordinary share for the year ended 31 July 2017 which will be tabled at the Annual General Meeting.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

As creating value is the cornerstone of Jaycorp Berhad's corporate philosophy, through our corporate social responsibility agenda, we extend the value creation beyond our shareholders. Recognising that the stakeholders of the business extend to employees, customers, suppliers and even the communities in which we operate, we have extended our core philosophy of value creation to all stakeholders. Some of the projects we were involved with in this financial year include the following:

- A donation of RM5,000 was made to The Rotary Club of Petaling Jaya to support their projects in combating hunger, improving health and sanitation and providing education and job training to raise the living standards of underprivileged communities.
- The Company sponsored a wheel chair for patients with severe illnesses via its contribution to Pertubuhan Membantu Pesakit Parah Miskin Malaysia.
- In April 2017, RM10,000 was donated to Persatuan Bekas Polis Malaysia to support retired police officers.
- In May 2017, RM3,500 was donated to Ideas Academy, an alternative learning centre providing secondary education to underprivileged, stateless and undocumented youth in Kuala Lumpur.

The majority of our corporate responsibility agenda this year was donation based. Moving forward the company will strive to continue creating value for its wider stakeholders not only through ad-hoc donations, but also through increased employee and Board engagement in our future corporate responsibility endeavours.

TRADING

DIRECTORS' PROFILE

Tan Sri Abdul Majid Khan

Executive Chairman

A Malaysian, aged 74, male, was first appointed to the Board on 6 November 2003 and is presently the Executive Chairman (Non-Independent Executive Director) of the Company.

Tan Sri is an established businessman and a well-known entrepreneur. He has vast experience in banking, corporate sectors, politics and public service. He served as Political Secretary to the late Tun Fuad Stephens from 1964 to 1965. He was the Information Chief of Party Berjaya Sabah from 1979 to 1985. From 1981 to 1985, he was a member of Sabah State Legislative Assembly. He was the Chairman of the Sabah Timber Association from 1978 to 1985. He was also the Founder, Director and Chairman of Sabah Development Bank (1978 to 1985), Founder and Director of Sabah Bank Berhad (1979 to 1985) and Chairman of Sabah Finance Berhad (1977 to 1985). Tan Sri sat on the Board of Directors of Malaysian Airline System Berhad from 1980 to 1985. Currently, Tan Sri Abdul Majid Khan is the Chairman of Jawala Corporation Sdn Bhd.

Tan Sri has attended all 6 Board meetings held in the financial year.

He is not a Director of any other public company. He is the grandfather of Muaz bin Jema Anton Khan (Executive Director) and Nadja binti Jema Khan (Group Financial Controller) and father of Datuk Jema Anton Khan (deemed substantial shareholder and major shareholder of the Company). He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Yeo Eck Liong ("Yeo EL")

Managing Director

A Malaysian, aged 57, male, was first appointed to the Board on 19 July 2002 and is presently the Managing Director (Non-Independent Executive Director) of the Company. He is also a member of the Remuneration Committee.

Yeo EL started his career in 1977 as a printing technician in Muar and has been involved in the printing industry for eight years. His enthusiasm in doing business prompted him to start his own business, Pioneer Packing Industries in 1985, a partnership with his brother, Yeo Aik Tan, set up to supply carton boxes to the furniture industry in Muar and Batu Pahat. Since then he has established strong relationships with these furniture customers and learnt the furniture trade. He founded Yeo Aik Wood Sdn Bhd in 1992, the main operating subsidiary of the Group. He is one of the main driving forces and is instrumental to the expansion and operations of the Group.

Yeo EL has attended 5 out of 6 Board meetings held in the financial year.

He is not a director of any other public company. He is the brother of Yeo Ayk Ke (Executive Director) and Yeo Aik Tan (Alternate Director). He has no conflict of interest with the Company. During the financial year under review a penalty was imposed on him by the Companies Commission of Malaysia ("CCM") for late disclosure in respect of the changes in his indirect substantial shareholdings in the Company. The penalty imposed amounted to RM60,000.00 (after reduction granted by the CCM).

Save as disclosed above, Yeo EL has not been convicted of any other offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any other public sanctions or penalties by the relevant regulatory bodies.

DIRECTORS' PROFILE
(CONT'D)

Yeo Ayk Ke ("Yeo AK")
| Non-Independent Executive Director

A Malaysian, aged 48, male, was first appointed to the Board as Director on 19 July 2002 and is presently a Non-Independent Executive Director of the Company. He is also a member of the Investment Committee and Enterprise Risk Management Committee of the Company.

Yeo AK started his career as Marketing Executive with Pioneer Packing Industries in 1990. He joined Yeo Aik Wood Sdn Bhd as Marketing Manager in 1992. Since then, he has been involved in developing the marketing master plan for the Group's products, especially in penetrating the overseas market. His great interpersonal skills has enabled him to build up strong relationships with the customers. He has travelled extensively to participate in trade fairs and to meet up with customers overseas. This has given him wide exposure to furniture trade designs, customers buying patterns, trends and behaviours in various countries. He oversees the marketing plan and strategies for the Group. His extensive marketing network enables him to lead the marketing function for the Group's furniture products.

Yeo AK has attended 5 out of 6 Board meetings held in the financial year.

He is not a director of any other public company. He is the brother of Yeo Eck Liong (Managing Director and a deemed major shareholder of the Company) and Yeo Aik Tan (Alternate Director). He has no conflict of interest with the Company. During the financial year under review a penalty was imposed on him by the CCM for late disclosure in respect of the changes in his indirect substantial shareholdings in the Company. The penalty imposed amounted to RM60,000.00 (after reduction granted by the CCM).

Save as disclosed above, Yeo AK has not been convicted of any other offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any other public sanctions or penalties by the relevant regulatory bodies.

Lim Poh Teot
| Non-Independent Executive Director, Acting Chief Financial Officer

A Malaysian, aged 53, male, was first appointed to the Board as Director on 19 July 2002 and is presently a Non-Independent Executive Director of the Company. On 1 July 2016, he was appointed as Acting Chief Financial Officer of the Company. He is also a member of the Investment Committee and Enterprise Risk Management Committee of the Company.

He graduated from Kolej Tunku Abdul Rahman with a Diploma in Commerce (Management Accounting) in 1987. In 1988, he attained his Professional Accountancy Certificate from the Chartered Institute of Management Accountants ("CIMA"). He has been a member of the Malaysia Institute of Accountants ("MIA") since 1991 and has been a Fellow of CIMA since 1993. He started his career in 1987 as an Assistant Accountant with Perusahaan Chan Choo Sing Sdn Bhd ("PCCS"). In 1989, he was responsible in setting up Harta Packaging Industries Sdn. Bhd. ("Harta"), the packaging operation of the PCCS group of companies. Subsequently, in 1992, he was promoted as Deputy Managing Director of Harta. In 1995, he was appointed as Group General Manager of PCCS Group Berhad when it was listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Board. In 1997, he was involved in the listing of Harta on the Bursa Securities Second Board. Subsequently, he left the PCCS Group in 1999. He was the Chairman of the Batu Pahat Furniture Association from 2004 to 2010 and Vice President of the Johor Furniture Association ("JFA") for the same period. During that period, he was also the Governing Committee of the Malaysia Furniture Industry Council ("MFIC") and the Joint Council of MFIC and Malaysia Furniture Entrepreneur Association's ("MFEA") Head of Market Development Sub Committee. He was the Vice President, Batu Pahat Chinese Chamber of Commerce and the Committee Member of the Commerce and International Trade and Industry Committee of the Associated Chinese Chamber of Commerce and Industry Malaysia. In January, 2010, he was appointed by the Johor State Government as the Ex Officio representing the Batu Pahat Chinese Chamber of Commerce to the Majlis Perbandaran Batu Pahat for a period of 5 years. He is currently the President of the Batu Pahat Hoon Jiao Tung Association.

He has attended all 6 Board meetings held in the financial year.

He is not a director of any other public company. He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Muaz bin Jema Anton Khan

| Non-Independent Executive Director

A Malaysian, aged 27, male, was first appointed to the Board as Director on 24 June 2016 and is presently a Non-Independent Executive Director of the Company. He is also a member of the Investment Committee and Enterprise Risk Management Committee of the Company.

Muaz graduated from University College London (UCL) with a BS.c. Honours in Human Genetics in 2011. He started his career as an associate in CIMB Private Equity Sdn Bhd in 2012. In 2013, he joined Jaycorp Berhad as Head of Business Development and was subsequently appointed as one of the Company's directors in 2016.

He has attended all 6 Board meetings held in the financial year.

Muaz is the grandson of Tan Sri Abdul Majid Khan (Executive Chairman), brother of Nadja binti Jema Khan (Group Financial Controller) and son of Datuk Jema Anton Khan (deemed substantial shareholder and major shareholder of the Company). He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Asgari bin Mohd Fuad Stephens

| Senior Independent Non-Executive Director

A Malaysian, aged 57, male, was first appointed to the Board as an Independent Non-Executive Director on 16 September 2004 and was redesignated as a Senior Independent Non-Executive Director on 30 March 2011. He is presently the Chairman of the Investment Committee and Nomination Committee, and a member of the Audit Committee of the Company.

Asgari holds a Bachelor of Commerce (Honours) from the University of Melbourne, Australia and a Master of Business Administration degree from Cranfield University, UK. He has extensive experience in both public and private equity investing in Malaysia. He is the co-founder of Kumpulan Sentiasa Cemerlang Sdn Bhd ("KSC"), an investment advisory and fund management group. He started two venture capital firms, iSpring Venture Management Sdn Bhd and Intelligent Capital Sdn Bhd while continuing to work with KSC. He was previously the chairman of the Malaysian Venture Capital Association.

He has attended all 6 Board meetings held in the financial year.

Asgari is a Director of Mulpha Capital Holdings Sdn Bhd and Mulpha Capital Markets Sdn Bhd, which are subsidiaries of Mulpha International Berhad. He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE
(CONT'D)

Omar bin Musa

| Independent Non-Executive Director

A Malaysian, aged 55, male, was first appointed to the Board as an Independent Non-Executive Director on 19 July 2002 and is presently Chairman of the Remuneration Committee, Enterprise Risk Management Committee and a member of the Audit Committee and Nomination Committee of the Company.

He graduated from the State University of New York with a Bachelor of Engineering Technology in 1986 and the Ohio University with a Master in Business Administration in 1988. He started his career as Assistant Registrar, Academic and Student Affairs Division in International Islamic University in 1989. From 1991 until 1997, he was a Lecturer in the Faculty of Economics and Management Sciences, Department of Business Administration in International Islamic University. He then worked for Universiti Tun Abdul Razak initially as Senior Manager, Technical in 1997 and then as the Deputy Head, Technology Division in 2003. Currently he is an Associate Professor in the Faculty of Business Technology and Accounting of UNITAR International University.

He has attended all 6 Board meetings held in the financial year.

Omar is not a director of any other public company. He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Kong Chee Weng, Harold

| Independent Non-Executive Director

A Malaysian, aged 57, male, was first appointed to the Board as an Independent Non-Executive Director on 13 December 2012. He is presently Chairman of the Audit Committee of the Company and a member of the Investment Committee, Nomination Committee and Remuneration Committee of the Company.

He holds a Bachelor of Commerce (Honours) in Accounting and Master of Commerce in Finance, both from the University of Melbourne and a Master of Taxation from Monash University. He has extensive professional and corporate experience in Malaysia and the Asia Pacific region, having held Asia Pacific taxation and strategic finance leadership roles in North American multinationals for many years. He is a member of Chartered Accountants Australia & New Zealand, the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He has attended all 6 Board meetings held in the financial year.

He is not a director of any public company. He does not have any family relationship with any directors and major shareholders of the Company. He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Yeo Aik Tan ("Yeo AT")

Alternate Director to Yeo Ayk Ke

A Malaysian, aged 54, male, was first appointed to the Board as Alternate Director to Yeo Ayk Ke on 16 April 2007.

He started his career as a Western Cook with Genting Highland Hotel in 1980. Two years later, he joined Apollo Hotel as a Western Cuisine Chef for two years. He joined his brother in setting up the family's packaging business, Pioneer Packing Industries in 1985. His involvement in the well-established organisation in the hospitality industry has trained him to be disciplined in delivering products that meet customers' expectations. This skill has enabled him to handle the customer service and marketing roles for the packaging business effectively. His drive to continuously find solutions to improve the operational efficiency and enhance productivity has prompted him to computerise the company's production planning and control function, and apply the cutting edge technology in block making and tracking system.

He is not a director of any other public company. He is the brother of Yeo Eck Liong (Managing Director and a deemed major shareholder of the Company) and Yeo Ayk Ke (Executive Director). He has no conflict of interest with the Company. During the financial year under review a penalty was imposed on him by the CCM for late disclosure in respect of the changes in his direct substantial shareholdings in the Company. The penalty imposed amounted to RM30,000.00 (after reduction granted by the CCM).

Save as disclosed above, Yeo AT has not been convicted of any other offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any other public sanctions or penalties by the relevant regulatory bodies.

PROFILE OF KEY SENIOR MANAGEMENT

Nadja binti Jema Khan

| Group Financial Controller

A Malaysian, aged 29, female, was first appointed as Group Financial Controller of the Company on 4 September 2017.

Nadja graduated from Imperial College London with a BS.c. (Honours) in Biomedical Sciences in 2010. She then started her career in the audit department in Deloitte LLP in the UK in September 2010. Nadja stayed in the audit department for 3 years and spent this time auditing privately-owned and listed businesses across a range of industries. Following her time in audit, Nadja transferred to the tax advisory department in Deloitte LLP where she spent 4 years advising large businesses (privately-owned and listed) and their owners on both corporate and personal tax issues. During this time, Nadja's main areas of focus included Mergers and Acquisitions, IPOs, group reorganisations and international expansion.

Nadja left Deloitte LLP as an Associate Director in 2017 and moved back to Malaysia to join Jaycorp Berhad as Group Financial Controller on 4 September 2017. Nadja is a member of the Institute of Chartered Accountants in England and Wales and Chartered Institute of Taxation (UK).

Nadja is the granddaughter of Tan Sri Abdul Majid Khan (Executive Chairman), sister of Muaz bin Jema Anton Khan (Executive Director) and daughter of Datuk Jema Anton Khan (deemed substantial shareholder and major shareholder of the Company). She has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Nadja is not a director of any public company.

Lau Chai Yap

| Group Finance and Investment Senior Manager

A Malaysian, aged 47, male, was first appointed as Group Finance & Investment Senior Manager of the Company on 15 May 2017. He obtained his degree in Bachelor of Commerce majoring in Accounting and Economics from Murdoch University, Australia. He is a member of The Australian Society of CPA's with status Certified Practising Accountant (CPA), and a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia which qualifies him as a Chartered Accountant and competent Tax Consultant. He is also a member of the Financial Planning Association of Malaysia with Certified Financial Planner (CFP) status.

He has acquired extensive experience in auditing, taxation, company secretarial practices, corporate restructuring including Initial Public Offering in a well-established local public accounting firm. He then joined a US-based consultancy firm as management consultant, where he specialised in profit and productivity improvements as well as strategic management.

Prior to joining Jaycorp Berhad, he was with a group of well-established and diversified public listed company. He has developed new businesses through strategic alliances and implemented smart partnership programs for the group. During this period, he gained considerable exposure to both local and international corporate restructuring and capital raising, merger and acquisitions and take-overs as well as independent valuations including due diligence audits.

He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr Lau is not a director of any public company.

Tan Chun Koon

| Group Accountant

A Malaysian, aged 39, male, is a Chartered Certified Accountant, a member of the Association of Chartered Certified Accountant ("ACCA") and Malaysian Institute of Accountants ("MIA"). He began his career as an auditor with Y.C. Chong & Co in January 2002 before joining Jaycorp Berhad as the Group Accountant in March 2007. In February 2016, he resigned from the Company and worked as Finance Manager of another public listed company. He re-joined the Company as the Group Accountant on 1 April 2017.

He has no conflict of interest with the Company and has never been convicted of any offences (other than traffic offences, if any) within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr Tan is not a director of any public company.

BIOMASS

STATEMENT ON CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in facilitating the business of the Group. The Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code") is practised throughout the Group as the underlying principle in discharging its responsibilities and to ensure transparency and corporate accountability.

The Board is pleased to disclose below how the Company has applied the Principles and the extent to which the Company has complied with the Code during the financial year ended 31 July 2017. Unless otherwise stated, the Company has complied with the Principles and recommendations outlined in the Code.

THE BOARD OF DIRECTORS

Principal Responsibilities of the Board

The Board as a whole leads the Company. The Board considers the interests of all its stakeholders in its conduct. The Board is primarily responsible for the development of the corporate objectives, the strategic direction, the performance and the corporate governance of Jaycorp Berhad and its subsidiaries ("the Group"). The Board is also ultimately responsible for the identification and management of risk profiles, the adequacy and integrity of internal control systems and the succession planning of Senior Management.

The Board adopted a Board Charter which sets out its roles, functions, composition, operation and processes, having regard to the principles of good corporate governance and requirements of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board Charter is available on the Company's website (www.jaycorp.com.my).

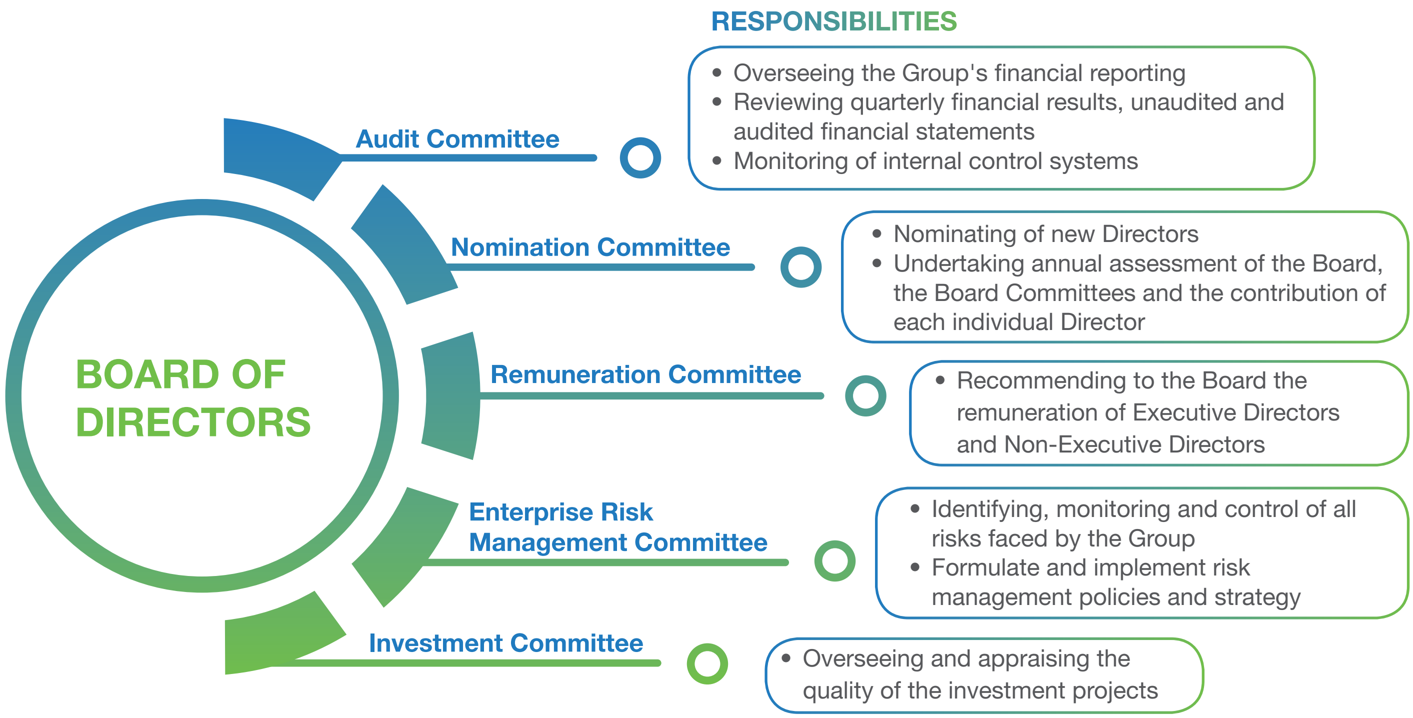
As set out in the Board Charter, the Board is responsible for:-

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's Business to evaluate whether the Business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- developing and implementing an investor relations programme or Shareholder communications policy for the Group;
- reviewing the adequacy and the integrity of the Group's internal control systems and Management Information Systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- ensuring that the Group adheres to high standards of ethics and corporate behavior;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
- ensuring that the Company's financial statements are true and fair and conform with the accounting standards.

The Board has delegated certain responsibilities to Board Committees which operate in accordance with the Terms of Reference approved by the Board and delegated the day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit.

THE BOARD OF DIRECTORS (CONTINUED)

The following diagram shows a brief overview of the Board Committees of the Company:



Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors and employees in maintaining the highest standards of corporate governance practices and ethical standards.

The Group has established a Whistle-Blowing Policy so that any officer or employee of the Group can report genuine concerns relating to any malpractice or improper conduct of the Group's businesses. Disclosure can be made in writing to the Senior Independent Director. Any whistle blowing officer or employee acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up action would be taken.

The Code of Conduct, Code of Ethics and Whistle-Blowing Policy are available on the Company's website at www.jaycorp.com.my.

Sustainability

The Board has adopted the Sustainability Policy which aims to integrate the principles of sustainability into the Group's strategies, policies and procedures, ensure that the Board and Senior Management are involved in implementing sustainability practices and monitoring the sustainability performance. This policy also aims to create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Sustainability Policy is available on the Company's website at www.jaycorp.com.my.

THE BOARD OF DIRECTORS (CONTINUED)

Supply and Access to Information

All Directors are provided with the notice of agenda together with previous minutes and other relevant information on a timely basis. This is to ensure all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting. The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, marketing and minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informative decisions.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities.

There is a formal schedule of matters reserved specifically for the Board's decision. These include approval of key policies, significant acquisitions and disposals of assets, investments, budgeting, social responsibility activities and corporate plans.

As and when it is necessary and where appropriate, the Directors may seek independent professional advice, in furtherance of their duties at the Group's expense.

Company Secretaries

The Company Secretaries were entrusted to record the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting is distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting.

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

The Board is regularly updated by the Company Secretaries on new changes to relevant legislation and Bursa Securities Listing Requirement and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

In delivering the above duties and responsibilities, the Board is supported by suitably qualified and competent Company Secretaries who are members of professional bodies namely the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

STRENGTHEN COMPOSITION

As at the date of this statement, the Board consists of 8 members; comprising 1 Executive Chairman, 1 Managing Director, 3 Executive Directors, 1 Senior Independent Non-Executive Director and 2 Independent Non-Executive Directors.

The Directors have a wide range of business, legal, manufacturing, marketing, finance, audit, information technology and technical experience. The Board acknowledges that a well-balanced board will benefit the Group in promptly appraising matters and to competently arrive at decisions which will enhance the performance of the Group.

A brief profile of each Director is presented on pages 19 to 23 of the Annual Report.

STRENGTHEN COMPOSITION (CONTINUED)

Nomination Committee

The Company has a Nomination Committee ("NC") which comprises entirely of Independent Non-Executive Directors.

The NC members and their attendance at the NC meetings held during the financial year ended 31 July 2017 are as follows:

Members	No. of Meetings Attended
Asgari bin Mohd Fuad Stephens *Chairman, Senior Independent Non–Executive Director*	2/2
Omar bin Musa *Independent Non–Executive Director*	2/2
Kong Chee Weng, Harold *Independent Non-Executive Director*	2/2

Appointment to the Board

The NC is responsible for making recommendations relating to any new appointments to the Board. In making those recommendations, the NC will take into account the individual's skill, expertise, knowledge, professionalism, integrity, experience and level of other commitments. Any new nomination received is put to the full Board for assessment and approval.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The NC will however continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.

The Articles of Association of the Company provide that at least one-third of the Board shall be subject to retirement by rotation at each Annual General Meeting ("AGM").

The Directors to retire in each year shall be the Directors who have been the longest in office since their last election. All Directors shall retire from office once at least in every three years but shall be eligible for re–election. This provides an opportunity for the shareholders to review and approve their tenure in office. The re–election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and shareholdings in the Company of each Director standing for re-election are furnished in the Annual Report.

Names of Directors who are seeking re-election at the coming AGM are set out in the notice of the AGM on pages 2 to 5.

Annual review has been conducted by the NC to assess and evaluate the contributions, mix of skills and experience including core competencies of the members of the Board.

Board Evaluation

Based on the assessment, the NC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NC in the discharge of all its functions were properly documented.

The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

The Directors' Assessment Policy which sets out the procedures and criteria used in the assessment of the Board, Board Committees, Directors and independence of Independent Directors is available on the Company's website at www.jaycorp.com.my.

STRENGTHEN COMPOSITION (CONTINUED)

Nomination Committee (Continued)

Activities of NC

The NC has worked to ensure that the right balance of skills, knowledge, experience and diversity is reflected in the composition of the Board. The NC assisted the Board in assessing the contributions of each individual Director including that of the Acting Chief Financial Officer ("Acting CFO"). During the financial year ended 31 July 2017, the NC held two meetings and assessed the Board Committees and individual Directors. The NC, in discharging its functions and duties, carried out the following activities during the financial year:-

- assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- reviewed and assessed the character, experience, integrity, competence and time commitment of each Director and the Acting CFO;
- reviewed the re-election and re-appointment of retiring Directors; and
- assessed and evaluated the level of independence of Independent Directors.

2 independent directors have been on the Board for more than 9 years. The NC is satisfied that they remain independent and provide continuity in advising the company while being watchful and ensuring that there is good governance.

Remuneration Committee

The Company has a Remuneration Committee ("RC"), which comprises both Executive and Independent Non-Executive Directors, the majority of whom are the latter.

The RC members and their attendance at the RC meetings held during the financial year ended 31 July 2017 are as follows:

Members	No. of Meetings Attended
Omar bin Musa *Chairman, Independent Non-Executive Director*	1/1
Yeo Eck Liong *Managing Director*	1/1
Kong Chee Weng, Harold *Independent Non-Executive Director*	1/1

The RC is responsible for recommending the remuneration packages of Executive Directors to the Board for its approval. Individual Directors shall abstain from decisions in respect of their individual remuneration.

The RC recommends the Directors' fee payable to Non-Executive Directors of the Board and are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval.

The Directors' Remuneration Policy, which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package is available on the Company's website at www.jaycorp.com.my.

STRENGTHEN COMPOSITION (CONTINUED)

Remuneration Committee (Continued)

The details of the directors' remuneration are as follows: -

	Group		Company	
	Non-Independent Executive Directors RM'000	Independent Non-Executive Directors RM'000	Non-Independent Executive Directors RM'000	Independent Non-Executive Directors RM'000
Fees	621	156	288	156
Salaries and Other Emoluments	3,753	24	520	24
Total	4,374	180	808	180

The number of Directors of the Company whose total remuneration falls within the following band for the financial year ended 31 July 2017 is as follows:

Range	Number of Directors	
	Non-Independent* Executive Directors	Independent Non-Executive Directors
RM50,001 – RM100,000	-	3
RM200,001 – RM250,000	1	-
RM350,001 – RM400,000	2	-
RM500,001 – RM550,000	1	-
RM900,001 – RM950,000	2	-
RM1,050,001 – RM1,100,000	1	-

The Board feels that disclosure of total directors' remuneration in the above bandwidth is sufficient for security reasons.

* *Inclusive of Chia Lai Joo who has resigned on 31 August 2017.*

REINFORCE INDEPENDENCE

Annual Assessment of Independence

For the financial year ended 31 July 2017, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to cumulatively 9 years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain an Independent Director who has served a cumulative term of 9 years to continue to serve as Independent Director subject to shareholders' approval.

REINFORCE INDEPENDENCE (CONTINUED)

Tenure of Independent Directors (Continued)

Currently, the Company has 2 long serving Independent Non-Executive Directors, Omar bin Musa and Asgari bin Mohd Fuad Stephens, whose tenure is more than 9 years. The NC has reviewed and recommended to the Board for them to continue to act as Independent Directors of the Company. The NC is of the view that the Independent Directors have carried out their responsibilities in good faith and in the best interest of the Company and have safeguarded the interests of the minority shareholders of the Company. There are significant advantages to be gained from the long serving Independent Directors who possess tremendous insight and knowledge of the Company's business.

In this respect, the Board recommended that they continue to serve as Independent Directors subject to shareholders' approval at the forthcoming AGM of the Company.

Chairman and Managing Director

The role of the Executive Chairman and the Managing Director are separated and clearly defined, so as to ensure that there is a balance of power and authority. The Executive Chairman is responsible for ensuring the Board's effectiveness and conduct, monitoring the monthly result so as to ensure it meets the budget and goals. The Managing Director, with the assistance of the Executive Directors, is responsible for the day-to-day management of the business as well as the implementation of the Board's policies and decisions.

Tan Sri Abdul Majid Khan is the Executive Chairman of the Board whilst the Group Managing Director is Yeo Eck Liong.

Where the Chairman is not an Independent Director, the Code recommends that the Board should comprise a majority of Independent Directors.

The Senior Independent Non–Executive Director, with the support of the other Independent Non–Executive Directors, provides the independent judgment to the decision making of the Board and provides an independent check and balance for the Executive Directors. Therefore, the Board views that there is a balance of Executive and Independent Non-Executive Directors.

FOSTER COMMITMENT

Time Commitment

The Board meets at least 4 times a year or more when circumstances require. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

The Board meetings have a pre-determined set of matters for the Board's review. Among these are the financial performance of the Group, the operating performance and achievement of objectives and goals of the Group. All Board papers for consideration and discussion will be circulated to members at least 3 days prior to the meetings to ensure Directors have sufficient time to study them and would be prepared for meaningful discussions.

The company secretary issues a notice of meeting prior to each Board meeting together with relevant Board papers and any corporate announcement for release to Bursa Securities. Management and professional advisors may be invited by the Board, if there is a need, for information or advice on matters that require expert knowledge.

FOSTER COMMITMENT (CONTINUED)

Time Commitment (Continued)

The Board met 6 times during the financial year under review. The details of Directors' attendance are set out as follows:

Name of Directors	Designation	No. of Meetings Attended	%
Tan Sri Abdul Majid Khan	Executive Chairman	6/6	100
Yeo Eck Liong	Managing Director	5/6	83
Yeo Ayk Ke	Executive Director	5/6	83
Chia Lai Joo *	Executive Director	3/6	50
Lim Poh Teot	Executive Director/Acting CFO	6/6	100
Muaz bin Jema Anton Khan	Executive Director	6/6	100
Asgari bin Mohd Fuad Stephens	Senior Independent Non-Executive Director	6/6	100
Omar bin Musa	Independent Non-Executive Director	6/6	100
Kong Chee Weng, Harold	Independent Non-Executive Director	6/6	100
Yeo Aik Tan	Alternate Director to Yeo Ayk Ke	N/A	N/A

* *Resigned on 31 August 2017.*

The attendance of all the Directors at Board meetings held during the financial year ended 31 July 2017 surpassed the minimum requirements stipulated under the MMLR of Bursa Securities.

Directors' Training

Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. This is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfill their duties as Directors.

There were also briefings by the External Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

In addition, members of the Board are well informed of various development programmes and encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory updates in furtherance of their duties.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

FOSTER COMMITMENT (CONTINUED)

Directors' Training (Continued)

Details of training attended by Directors during the financial year ended 31 July 2017 are as follows:

Name of Directors	Seminars/Workshops/Courses
Tan Sri Abdul Majid Khan *(Executive Chairman)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Yeo Eck Liong *(Managing Director)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Yeo Ayk Ke *(Executive Director)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Chia Lai Joo* *(Executive Director)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Lim Poh Teot *(Executive Director/Acting CFO)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Muaz bin Jema Anton Khan *(Executive Director)*	1. Key disclosure obligations of a Listed Company 2. Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Asgari bin Mohd Fuad Stephens *(Senior Independent Non-Executive Director)*	1. Legal, Financing & Practical Issues Affecting Housing Developers Under the Housing Development Act 2007 2. Hello! ASEAN Navigating Digital Disruption 3. CIMB 9th Annual Malaysia Corporate Day 4. PR1MA CEO's Engagement with Bumiputera Partners 5. Health & Living Creating Urban Happiness 6. Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Omar bin Musa *(Independent Non-Executive Director)*	1. FBTA Expert Series Human, Public and Corporate Governance Perspectives 2. Sustainability Reporting: How to Go About the Intricacies of Reporting? 3. International Conference on Corporate Governance and Business Ethics (IC17 Indonesia Conference): Towards a More Transparent Corporate Behavior 4. Malaysian Code on Corporate Governance 2017: A New Dimension 5. Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Kong Chee Weng, Harold *(Independent Non-Executive Director)*	1. Malaysian Code on Corporate Governance 2017: A New Dimension 2. Companies Act 2016 & Malaysian Code on Corporate Governance 2017
Yeo Aik Tan *(Alternate Director to Yeo Ayk Ke)*	Companies Act 2016 & Malaysian Code on Corporate Governance 2017

* *Resigned on 31 August 2017.*

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of financial results to Bursa Securities, the Chairman's Statement and the Management Discussion and Analysis of operations in the Annual Report.

The Board is responsible in ensuring the financial statements are prepared in accordance with the provisions of the Companies Act 2016 ("the Act") and the approved accounting standards in Malaysia ("the accounting standards"). The Board considers adherence to the Act and the accounting standards as sufficient to enable it to present a balanced and understandable assessment of the Company and the Group's position and prospects.

The Board is assisted by the Audit Committee ("AC") to oversee the Group's financial reporting process and the quality of its financial reporting.

The AC Report is presented and separately set out in this Annual Report.

A summary of the activities of the AC during the year are set out in the AC Report on pages 39 and 40 of the Annual Report.

Suitability and Independence of the Internal Auditors and the External Auditors

The External Auditors are invited to attend meetings of the AC to give their views on the state of affairs of the Company during the review period.

The Group's internal audit function is outsourced to a professional services firm which provides internal audit and risk management consulting services ("Outsourced Internal Auditors"). The Outsourced Internal Auditors met the AC once for the financial year ended 2017. During that meeting, the Outsourced Internal Auditors highlighted and discussed the nature, scope of audit, audit programme, internal controls and issues that may require the attention of the AC or the Board.

In compliance with the MMLR of Bursa Securities and the Code, the AC reviews the scope of work, independence, objectivity, findings and recommendations of the audits conducted by both the External Auditors and the Outsourced Internal Auditors.

The AC ensures that the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the External Auditors and ensures it does not give rise to conflict of interests.

During the financial year under review, the fees for the External Auditors for the Group and the Company were RM256,000 and RM33,000 respectively whereas the non-audit fee for services rendered by the External Auditors to the Group and the Company were RM5,000 for the financial year ended 31 July 2017.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The AC also makes arrangements to meet and discuss with the External Auditors separately without the presence of Management on any matters relating to the Group and its audit activities.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

RECOGNISE AND MANAGE RISKS

Enterprise Risk Management Committee

The Company has an Enterprise Risk Management Committee ("ERMC"), which comprises mainly of Executive Directors and is chaired by an Independent Non-Executive Director.

The ERMC members and their attendance at the ERMC meetings held during the financial year ended 31 July 2017 are as follows:

Members	No. of Meetings Attended
Omar bin Musa *Chairman, Independent Non-Executive Director*	4/4
Yeo Ayk Ke *Executive Director*	3/4
Lim Poh Teot *Executive Director/Acting CFO*	1/4
Muaz bin Jema Anton Khan *Executive Director*	1/4

The representatives from key operating subsidiaries attended the ERMC meetings upon invitation.

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The ERMC is responsible to formulate and implement risk management policies and strategy. It monitors and manages principal risk exposures by ensuring Management has taken necessary steps to mitigate such risks and recommends actions, where necessary.

The periodic updated key risk profile of the Group would be reviewed by the ERMC prior to it being tabled to the AC.

The Statement on Risk Management and Internal Control set out on pages 41 and 42 of this Annual Report provides an overview of the state of risk management activities within the Group.

Internal Audit Function

The membership, terms of reference and activities of the AC as well as the activities of the internal audit function are detailed in the AC's Report set out in page 39 and 40 of this Annual Report.

The Board has mandated the AC with the overall responsibility of ensuring adequacy, completeness and effectiveness of internal control systems.

The Outsourced Internal Auditors review and monitor the compliance with these systems by carrying out audit checks on such control processes and provide feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the Outsourced Internal Auditors to the AC will inform the management actions that are required to rectify any weaknesses in those control processes.

The Outsourced Internal Auditors assisted the AC in discharging its duties and responsibilities with respect to adequacy and integrity of internal controls within the Group and undertook the following activities:

- Carrying out the internal auditing of the subsidiaries.
- Facilitating the improvement of business processes within the Group.
- Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
- Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Board has formalised a Shareholder Communication Policy which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, financial community and other stakeholders and to obtain feedback from the stakeholders.

The Board and Management ensure timely dissemination of information on the Company's performance and other matters affecting shareholders' interests to shareholders and investors through appropriate announcement (where necessary), quarterly announcements, relevant circulars, press releases and distribution of annual reports.

Leverage on Information Technology for Effective Dissemination of Information

The Company recognises the importance of accountability to shareholders and effective communication between the Company and investors. In compliance with Para 9.21 of the MMLR of Bursa Securities, the Company has established its own website at www.jaycorp.com.my which contains vital information concerning the Group and is updated on a regular basis. Shareholders and investors are able to direct their queries to the Company through the Company's website.

Strengthen Relationship between Company and Shareholders

The Annual General Meeting and Extraordinary General Meeting are the principal forums for dialogue with private shareholders and institutional investors that allow the stakeholders to have a clear and complete picture of the Group's performance and position. These are crucial mechanisms in shareholders' communication for the Company.

It is the Company's practice to send the Notice of Annual General Meeting and related papers to shareholders at least 21 days before the meeting date. The Annual General Meeting is generally well attended whilst shareholders have direct access to the Board and are given the opportunity to participate and vote on resolutions. The Board encourages participation at general meetings and shareholders are invited to ask questions about the resolutions being proposed at the Annual General Meeting.

ADDITIONAL COMPLIANCE INFORMATION

Non-audit Fee

There were non-audit fees of RM5,000 paid to the External Auditors by the Company and the Group for the financial year ended 31 July 2017 for the review of the Statement on Risk Management and Internal Control.

Material Contracts Involving Directors' or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries which involved directors' or major shareholders' interest subsisting as at the end of the financial year ended 31 July 2017 other than those disclosed under notes to financial statements.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

Recurrent Related Party Transactions of Revenue Nature

Recurrent related party transactions of a revenue and trading nature of the Group conducted during the financial year ended 31 July 2017 are as follows:-

Jaycorp Berhad ("Jaycorp") and/or its subsidiaries	Transacting parties	Nature of transaction	RM'000
Jaycorp	Jawala Corporation Sdn Bhd ("Jawala")	Monthly rental of RM7,492 payable by Jaycorp to Jawala for tenancy of the corporate office known as Lot 17.03, 17th Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur measuring an area of about 1,873 square feet.	90
Jaycorp Green Energy Sdn Bhd ("JGESB")	Jawala	Sale of biomass feed stock by Jawala to JGESB	41
Jaycorp Engineering & Construction Sdn Bhd ("JECSB")	Jawala	Supplies of cement to JECSB	7
Digital Furniture Sdn Bhd ("DFSB") Pine Packaging (M) Sdn Bhd ("PPSB") Winshine Industries Sdn Bhd ("WISB") Yeo Aik Hevea (M) Sdn Bhd ("YAH") Yeo Aik Wood Sdn Bhd ("YAW")	Janpang Enterprise Sdn Bhd ("Janpang")	Purchase of machinery and machinery parts from Janpang	180

Revaluation Policy

The Group does not have a revaluation policy to revalue its landed properties.

AUDIT COMMITTEE REPORT

The principal objective of the Audit Committee ("AC") is to assist the Board in fulfilling its fiduciary responsibilities and overall responsibilities for Group's activities.

MEMBERSHIP

The current members of AC are as follows:-

Kong Chee Weng, Harold	-	Chairman, Independent Non-Executive Director
Asgari bin Mohd Fuad Stephens	-	Senior Independent Non-Executive Director
Omar bin Musa	-	Independent Non-Executive Director

Terms of Reference

The duties and responsibilities of the AC are set out in the terms of reference which is available on the Company's website at www.jaycorp.com.my.

Summary of Work during the Financial Year

In line with the terms of reference but taking into account the above circumstances, the AC carried out the following during the financial year ended 31 July 2017 in the discharge of its functions and duties:-

- reviewing and evaluating the scope of work and audit plans for the Group, prepared by AC Chairman and external auditors;
- reviewing the quarterly unaudited financial statements of the Group and ensuring compliance with approved accounting standards, other legal and regulatory requirements, prior to deliberation and approval by the Board;
- reviewing the financial statements of the Group and of the Company for the financial year ended 31 July 2017;
- reviewing and assessing the significant issues as highlighted by the external auditors arising out of the audit of the Group for the financial year and corresponding management response to those issues;
- reviewing the AC Chairman's reports pertaining to the state of internal control of the various operating units within the Group and appraising the adequacy and effectiveness of Management's response in resolving the audit issues reported;
- reviewing of the related party transactions entered into by the Group and the Company and the disclosure of all such transactions in the Annual Report;
- considering and recommending to the Board for approval of the audit fees payable to the external auditors and a professional services firm which provides internal audit and risk management consulting services ("Outsourced Internal Auditors"); and
- meeting with the external auditors without the presence of Management and Executive Directors twice during the financial year on the audit planning and audit findings for the financial year ended 31 July 2017.

AUDIT COMMITTEE REPORT
(CONT'D)

MEMBERSHIP (CONTINUED)

Attendance of AC

During the financial year ended 31 July 2017, the AC held a total of 4 meetings. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification. The Acting Chief Financial Officer and the Company Secretary were present by invitation at all the meetings. The Executive Directors and the representatives of the external auditors and Outsourced Internal Auditors also attended the meetings when invited.

The details of attendance of the AC members are as follows:-

Name of AC Members	Total	Percentage (%)
Kong Chee Weng, Harold *(Chairman, Independent Non-Executive Director)*	4/4	100
Asgari bin Mohd Fuad Stephens *(Senior Independent Non-Executive Director)*	4/4	100
Omar bin Musa *(Independent Non-Executive Director)*	4/4	100

During the financial year ended 31 July 2017, the AC held a total of 2 meetings with the External Auditor without the presence of Management. The meetings were held on 22 June 2017 and 28 September 2017. The matters discussed in these meetings included issues and observations noted by the external auditors during the course of their audit.

INTERNAL AUDIT FUNCTION

The principal role of the Outsourced Internal Auditors is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The Board adopts a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements.

Apart from outsourcing its internal audit function, the Group also maintains a risk management and internal audit executive. The internal audit function reports directly to the AC. Together, risk management and internal audit executive and the internal audit function provide reasonable assurance that the Group has the structure, process and controls over work flows and accounting information flows.

Going forward, the AC's future direction to the internal audit function and ERMC, working in coordination with Finance and line management, is to shorten the time between the identification of a risk and the "shutdown" of that risk. Progress was made in shutting down a number of risks during the financial year. The internal audit function will work closely with the AC and ERMC to sustain this direction going forward and also with the risk management and internal audit executive to update the Risk Almanac and Risk Profiles in light of internal audit outcomes.

The cost incurred for the internal audit function in respect of the financial year ended 31 July 2017 amounted to RM 118,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2012 ("the Code") requires public listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which is in compliance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

Responsibilities of the Board

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control and risk management as well as the adequacy and integrity of those systems to safeguard shareholders' investments and the Group's assets. The Board has in place a conducive control environment and processes to assist the Board in maintaining a proper internal control system within the Group. The system of risk management and internal control, while designed to safeguard shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss, fraud or breaches of laws of regulations.

The Board confirms that there is continuous effort to enhance the overall risk management process of identifying, evaluating and managing significant risks by pursuing various initiatives and to enhance the tools and processes for effective management of risks face by the Group in its achievement of objective and strategies. This is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

The Board has received assurances from the Executive Directors and the Acting Chief Financial Officer that the Group's risk management and internal control systems are operating adequately, in all material aspects, based on the risk management and internal control system of the Group.

Enterprise Risk Management Framework

The Board through the Enterprise Risk Management Committee ("ERMC"), continually reviews the risk management and ensures that necessary actions have been taken to remedy any significant failings or weaknesses identified from that review. The risk assessment process involves identification of risks, prioritisation and formulation of action plans to mitigate these risks and enhance the control systems, which operates independently of the activities in the Group.

The ERMC consists of 1 Independent Non-Executive Director, 2 Executive Directors, Acting Chief Financial Officer and the appointed representatives of subsidiaries within the Group. The ERMC, which is chaired by an Independent Director, reports directly to the Audit Committee, which in turn reports to the Board. There were 4 ERMC meetings held during the financial year.

Internal Control

Key elements of the Group's system of internal control include:

a. Group annual budget is prepared and tabled to the Board for approval as a performance measurement of the Group. Continuous monitoring is carried out to measure actual performance against budget to identify significant variances and devise action plan;
b. Management review of subsidiaries results and performances via management meetings are on a monthly basis;
c. Regular visits to subsidiaries by Senior Management;
d. Clearly defined Standard Operating Procedures and Group Human Resource Manual as the key framework for good internal control practices; and
e. Clearly defined authority limits at appropriate levels to ensure accountability and responsibility.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

Control and Monitoring Process

The Board is responsible for setting the Group's long term business objectives and monitors the conduct of the Group's operations through various board committees. The process adopted by the Board to monitor the effectiveness of the Group's risk management and internal control system are as follows:

a. The Board, the Audit Committee and the ERMC meet to discuss matters raised by management, Outsourced Internal Auditors function and External Auditors on business and operational matters;
b. The Board has delegated the responsibilities to the management to implement and monitor the Board's policies on control;
c. Internal control procedures and policies are documented and reviewed from time to time; and
d. Meetings are held during the financial year in order to assess Group's performance.

Internal Audit Function

The Group has outsourced its internal audit function to a professional services firm which provides internal audit and risk management consulting services ("Outsourced Internal Auditors"). This is part of its effort to provide the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. The role of the Outsourced Internal Auditors, which report directly to the Audit Committee, is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks.

Review by External Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement. Their review was performed in accordance with Recommended Practice Guide 5 ("RPG 5"): Guidance for Auditors on the Review of Directors' Statement on Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system. RPG 5 does not require the external auditors to, and they did not, consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

Conclusion

The system of internal control provides reasonable, rather than absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board and Management are committed to operating a sound system of internal control and the internal control system will continue to be reviewed, updated and improved upon in line with changes in the operating environment.

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Group's management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the Group in its current business environment.

This statement is made in accordance with a resolution of the Board dated 3 November 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible in ensuring that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 3 November 2017.

ENGINEERING & CONSTRUCTION

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2017

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

Principal activities

The Company is principally engaged in the business of investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit after taxation for the financial year	26,865	25,105
Attributable to:-		
Owners of the Company	24,690	25,105
Non-controlling interests	2,175	-
	26,865	25,105

Dividends

Dividends paid or declared by the Company since 31 July 2016 are as follows:-

i) a first and final single tier dividend of 10.0 sen per ordinary share totalling RM13,676,210 in respect of the financial year ended 31 July 2016 on 29 December 2016; and

ii) a first single tier interim dividend of 5.0 sen per ordinary share amounting to RM6,837,774 in respect of the financial year ended 31 July 2017 on 31 July 2017.

At the forthcoming Annual General Meeting, a final dividend of 6.0 sen per ordinary share amounting to RM8,235,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 July 2018.

Reserves and provisions

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

Issues of shares and debentures

During the financial year:-

a) there were no changes in the issued and paid-up share capital of the Company; and

b) there were no issues of debentures by the Company.

Treasury shares

During the financial year, the Company purchased 15,000 of its issued ordinary shares from the open market at an average price of RM1.40 per share. The total consideration paid for the purchase was RM21,062 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 July 2017, the Company held as treasury shares a total of 502,900 of its 137,250,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM335,000. The details on the treasury shares are disclosed in Note 14 to the financial statements.

Options granted over unissued shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other liabilities

The contingent liabilities are disclosed in Note 28 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Items of an unusual nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors

The names of directors who served during the financial year and up to the date of this report are as follows:-

Tan Sri Abdul Majid Khan
Yeo Eck Liong
Yeo Ayk Ke
Lim Poh Teot
Muaz Bin Jema Anton Khan
Asgari Bin Mohd Fuad Stephens
Kong Chee Weng
Omar Bin Musa
Yeo Aik Tan (Alternate Director to Yeo Ayk Ke)
Chia Lai Joo (Resigned on 31.8.2017)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report are disclosed in Note 6 to the financial statements.

Directors' interests

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

	Number of Ordinary Shares			
	At 1.8.2016	Bought	Sold	At 31.7.2017
Interest in the Company:				
Tan Sri Abdul Majid Khan:				
- deemed interest(i)	31,787,500	-	787,500	31,000,000
Yeo Eck Liong:				
- direct interest	3,389,547	-	1,000,000	2,389,547
- deemed interest(ii)	30,275,000	-	-	30,275,000
- others(iii)	52,500	40,000	60,000	32,500
Yeo Ayk Ke:				
- direct interest	719,175	-	-	719,175
- deemed interest(ii)	30,275,000	-	-	30,275,000
- others(iv)	67,750	40,000	60,000	47,750

Directors' interests (continued)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows (continued):-

	Number of Ordinary Shares			
	At 1.8.2016	Bought	Sold	At 31.7.2017
Interest in the Company (Continued):				
Lim Poh Teot:				
- direct interest	3,284,225	-	-	3,284,225
Muaz Bin Jema Anton Khan:				
- deemed interest[(i)]	31,787,500	-	787,500	31,000,000
Asgari Bin Mohd Fuad Stephens:				
- others[(v)]	150,000	-	-	150,000
Yeo Aik Tan (Alternate Director to Yeo Ayk Ke):				
- direct interest	764,593	-	25,000	739,593
- deemed interest[(ii)]	30,275,000	-	-	30,275,000
Chia Lai Joo:				
- direct interest	2,293,732	-	20,000	2,273,732
- others[(vi)]	150,000	-	100,000	50,000

(i) Deemed interested by virtue of his direct substantial shareholdings in Jawala Corporation Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016 ("the Act").

(ii) Deemed interested by virtue of his direct substantial shareholdings in Central Glamour Sdn. Bhd. pursuant to Section 8(4)(c) of the Act.

(iii) Deemed interested in shares held by spouse and sister respectively.

(iv) Deemed interested in shares held by spouse and sister respectively.

(v) Deemed interested in shares held by mother.

(vi) Deemed interested in shares held by son.

By virtue of their shareholdings in the Company, Tan Sri Abdul Majid Khan, Yeo Eck Liong, Yeo Ayk Ke, Muaz Bin Jema Anton Khan and Yeo Aik Tan are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2017 (CONT'D)

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 20 to the financial statements.

Indemnity and insurance cost

During the financial year, the total amount of indemnity coverage and insurance premium paid for directors and officers of the Company were RM10,000,000 and RM13,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 18 to the financial statements.

Signed in accordance with a resolution of the directors dated 3 November 2017.

Tan Sri Abdul Majid Khan **Yeo Eck Liong**

STATEMENTS OF FINANCIAL POSITION

AT 31 JULY 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	3	88,345	88,965	12	43
Investment properties	4	20,967	21,298	-	-
Goodwill	5	712	712	-	-
Investments in subsidiaries	6	-	-	94,476	89,876
Other investments	7	42	42	-	-
Deferred tax assets	8	1,978	967	-	-
Total non-current assets		112,044	111,984	94,488	89,919
Receivables, deposits and prepayments	9	39,969	34,606	18,874	19,285
Amount due from contract customer	10	100	145	-	-
Inventories	11	41,967	44,038	-	-
Derivative assets	12	166	340	-	-
Current tax assets		612	1,614	50	-
Cash and cash equivalents	13	34,515	38,150	776	534
Total current assets		117,329	118,893	19,700	19,819
Total assets		229,373	230,877	114,188	109,738
Equity					
Share capital		69,926	68,625	69,926	68,625
Reserves		81,724	75,971	44,067	40,798
Total equity attributable to shareholders of the Company	14	151,650	144,596	113,993	109,423
Non-controlling interests		21,032	22,296	-	-
Total equity		172,682	166,892	113,993	109,423
Liabilities					
Provision for employee's benefits	15	2,089	1,629	-	-
Payables and accruals	16	-	24	-	-
Loan and borrowings	17	6,094	6,889	-	-
Deferred tax liabilities	8	1,830	1,547	-	-
Total non-current liabilities		10,013	10,089	-	-
Payables and accruals	16	36,773	37,868	195	233
Loan and borrowings	17	9,087	15,836	-	33
Derivative liabilities	12	4	-	-	-
Current tax liabilities		814	192	-	49
Total current liabilities		46,678	53,896	195	315
Total liabilities		56,691	63,985	195	315
Total equity and liabilities		229,373	230,877	114,188	109,738

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	18	313,169	289,457	27,930	8,628
Operating profits	18	33,023	26,865	25,186	6,686
Interest income		878	796	105	92
Finance costs	19	(957)	(1,545)	(1)	(3)
Profit before taxation		32,944	26,116	25,290	6,775
Taxation	21	(6,079)	(5,003)	(185)	(435)
Profit after taxation		26,865	21,113	25,105	6,340
Other comprehensive income, net of tax	22	260	484	-	-
Total comprehensive income for the financial year		27,125	21,597	25,105	6,340
Profit attributable to:					
Owners of the Company		24,690	20,982	25,105	6,340
Non-controlling interests		2,175	131	-	-
		26,865	21,113	25,105	6,340
Total comprehensive income attributable to:					
Owners of the Company		24,823	21,237	25,105	6,340
Non-controlling interests		2,302	360	-	-
		27,125	21,597	25,105	6,340
Basic earnings per ordinary share (sen)	23	18.05	15.34		
Dividend per ordinary share - net (sen)	24	15.00	4.00	15.00	4.00

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2017

Group	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserves RM'000	Fair value reserve RM'000	Retained profits RM'000	Subtotal RM'000	Non-controlling interests RM'000	Total RM'000
			Non-distributable				*Distributable*			
At 1 August 2015		68,625	(309)	1,301	(756)	17	59,957	128,835	22,442	151,277
Profit after tax for the financial year		-	-	-	-	-	20,982	20,982	131	21,113
Other comprehensive income for the financial year										
- Fair value changes in other investment	22	-	-	-	-	17	-	17	-	17
- Foreign currency translation differences	22	-	-	-	406	-	-	406	391	797
- Actuarial loss on defined benefit plan	22	-	-	-	-	-	(168)	(168)	(162)	(330)
Total comprehensive income for the financial year		-	-	-	406	17	20,814	21,237	360	21,597
Share of net asset from acquisition of a subsidiary		-	-	-	-	-	-	-	400	400
Purchase of treasury shares at cost	14	-	(5)	-	-	-	-	(5)	-	(5)
Dividends to shareholders	24	-	-	-	-	-	(5,471)	(5,471)	-	(5,471)
Dividends to minority shareholders		-	-	-	-	-	-	-	(906)	(906)
At 31 July 2016/1 August 2016		68,625	(314)	1,301	(350)	34	75,300	144,596	22,296	166,892
Profit after tax for the financial year		-	-	-	-	-	24,690	24,690	2,175	26,865
Other comprehensive income for the financial year										
- Foreign currency translation differences	22	-	-	-	153	-	-	153	146	299
- Actuarial loss on defined benefit plan	22	-	-	-	-	-	(20)	(20)	(19)	(39)
Total comprehensive income for the financial year		-	-	-	153	-	24,670	24,823	2,302	27,125
Accretion in equity interest in subsidiary		-	-	-	-	-	2,766	2,766	(2,766)	-
Transfer to share capital upon implementation of the Companies Act 2016		1,301	-	(1,301)	-	-	-	-	-	-
Issuance of shares by subsidiary		-	-	-	-	-	-	-	400	400
Purchase of treasury shares at cost	14	-	(21)	-	-	-	-	(21)	-	(21)
Dividends to shareholders	24	-	-	-	-	-	(20,514)	(20,514)	-	(20,514)
Dividends to minority shareholders		-	-	-	-	-	-	-	(1,200)	(1,200)
At 31 July 2017		69,926	(335)	-	(197)	34	82,222	151,650	21,032	172,682
		Note 14	Note 14	Note 14	Note 14	Note 14				

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017 (CONT'D)

Company	Note	Share capital RM'000	*Non-distributable* Treasury shares RM'000	*Non-distributable* Share premium RM'000	*Distributable* Retained profits RM'000	Total RM'000
At 1 August 2015		68,625	(309)	1,301	38,942	108,559
Purchase of treasury shares at cost	14	-	(5)	-	-	(5)
Total comprehensive income for the financial year		-	-	-	6,340	6,340
Dividends to shareholders	24	-	-	-	(5,471)	(5,471)
At 31 July 2016/1 August 2016		68,625	(314)	1,301	39,811	109,423
Transfer to share capital upon implementation of the Companies Act 2016		1,301	-	(1,301)	-	-
Purchase of treasury shares at cost	14	-	(21)	-	-	(21)
Total comprehensive income for the financial year		-	-	-	25,105	25,105
Dividends to shareholders	24	-	-	-	(20,514)	(20,514)
At 31 July 2017		69,926	(335)	-	44,402	113,993
		Note 14	Note 14	Note 14		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Profit before taxation		32,944	26,116	25,290	6,775
Adjustments for:					
Impairment loss on receivables		126	38	-	-
Bad debts written off		20	4	-	-
Deposits written off		-	62	-	-
Depreciation of property, plant and equipment	3	8,108	7,920	36	94
Depreciation of investment properties		331	330	-	-
Fair value loss/(gain) on derivatives		178	(792)	-	-
Gain on disposal on property, plant and equipment		(80)	(82)	-	-
Interest expense		957	1,545	1	3
Interest income		(878)	(796)	(105)	(92)
Property, plant and equipment written off		15	2	3	-
Provision for employee benefits		375	1,350	-	-
Write down of inventories		1,267	2,592	-	-
Reversal of impairment loss on receivables		(1)	-	-	-
Reversal of write down of inventories		(770)	(313)	-	-
Reversal of impairment loss on deposit		-	(459)	-	(459)
Unrealised (gain)/loss on foreign exchange		(739)	197	-	-
Operating profit before changes in working capital		41,853	37,714	25,225	6,321
Changes in working capital					
Inventories		1,574	3,882	-	-
Receivables, deposits and prepayments		(4,724)	(379)	-	459
Payables and accruals		(1,156)	654	(38)	77
Cash generated from operations		37,547	41,871	25,187	6,857
Tax paid		(5,834)	(7,230)	(371)	(631)
Tax refund		680	594	87	387
Net cash from operating activities		32,393	35,235	24,903	6,613
Cash flows for investing activities					
Interest received		878	796	105	92
Acquisition of property, plant and equipment	(i)	(6,804)	(9,490)	(8)	(8)
Acquisition of subsidiaries		-	-	(4,600)	(600)
Proceeds from disposal of property, plant and equipment		298	95	-	-
Withdrawal/(Placements) of pledged deposits with licensed banks		970	(100)	-	-
Net cash used in investing activities		(4,658)	(8,699)	(4,503)	(516)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2017 (CONT'D)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows for financing activities					
Interest paid		(957)	(1,545)	(1)	(3)
Repayment from/(Advances to) subsidiaries		-	-	411	(269)
Dividends paid to shareholders of the Company		(20,514)	(5,471)	(20,514)	(5,471)
Dividends paid to minority shareholders		(1,200)	(906)	-	-
Drawdown of term loan		1,000	3,000	-	-
Payment of hire purchase		(479)	(397)	(33)	(64)
Repayment of term loans and other borrowings		(1,815)	(2,502)	-	-
Repurchase of treasury shares		(21)	(5)	(21)	(5)
Proceeds from issuance of shares to non-controlling interest		400	400	-	-
Net repayment of bankers' acceptances		(1,490)	(789)	-	-
Net cash used in financing activities		(25,076)	(8,215)	(20,158)	(5,812)
Net increase in cash and cash equivalents		2,659	18,321	242	285
Effect of exchange rate fluctuations on cash held		36	67	-	-
Cash and cash equivalents at 1 August		29,151	10,763	534	249
Cash and cash equivalents at 31 July	(ii)	31,846	29,151	776	534

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM7,404,000 (2016 – RM9,651,000) and RM8,000 (2016 – RM8,000) respectively of which RM600,000 (2016 – RM161,000) were acquired by means of hire purchase arrangement.

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following balances at the end of the reporting period:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	13	25,627	17,094	776	534
Deposits placed with licensed banks	13	2,192	8,686	-	-
Short-term investments	13	6,696	12,370	-	-
Bank overdrafts	17	(1,077)	(6,437)	-	-
		33,438	31,713	776	534
Deposits pledged with licensed banks	13	(1,592)	(2,562)	-	-
		31,846	29,151	776	534

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Jaycorp Berhad is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:-

JA 1880, Batu 22½
Parit Perawas
Sungai Rambai
77400 Melaka

The consolidated financial statements as at and for the year ended 31 July 2017 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 July 2017 do not include other entities.

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 3 November 2017.

1. Basis of preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

(b) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

1. Basis of preparation (continued)

(b) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (continued):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

2. Significant accounting policies

(a) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

2. Significant accounting policies (continued)

(a) Critical accounting estimates and judgements (continued)

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Classification between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(vi) Impairment of trade receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) Fair value estimates for certain financial assets and financial liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

2. Significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

2. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed off (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(d) Functional and foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

2. Significant accounting policies (continued)

(d) Functional and foreign currencies (continued)

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes off only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(e) Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

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

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

  Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

- *Held-to-maturity investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

  Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

- *Loans and receivables financial assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

  The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

- *Available-for-sale financial assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

  Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(ii) Financial liabilities

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

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

- *Other financial liabilities*

  Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

  The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Equity instruments (continued)

(ii) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are 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.

Where treasury shares are subsequently sold or reissued, the difference between the sales consideration received and the carrying amount of the treasury shares are shown as a movement in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iv) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries and related parties as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (continued)

(f) Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

• Leasehold land	54 - 94 years
• Buildings	10, 20 and 50 years
• Plant and machinery	5 - 16 years
• Motor vehicles	4 - 10 years
• Office equipment, furniture and fittings	4 - 10 years
• Tools and equipment	5 - 10 years
• Renovation	5 - 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

2. Significant accounting policies (continued)

(h) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 66 years.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(i) Impairment

(i) Impairment of financial assets

All financial assets (other than those categorised at fair value through profit or loss, and investments in subsidiaries), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Leased assets

Finance assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(k) Inventories

(i) Furniture, processing of wood, general trading

Inventories are stated at the lower of cost and net realisable value. The cost of raw material is based on the weighted average principle being the main basis for cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sales.

2. Significant accounting policies (continued)

(k) Inventories (continued)

(ii) Packaging

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials is based on specific identification while the cost of consumables is based on the weighted average principle and both costs include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sales.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(o) Income taxes

(i) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

2. Significant accounting policies (continued)

(o) Income taxes (continued)

(ii) Deferred tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

(p) Related parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

2. Significant accounting policies (continued)

(p) Related parties (continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Board of Directors, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Earnings per ordinary share ("EPS")

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

2. Significant accounting policies (continued)

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(v) Gross amount due from/to contract customers for contract works

Gross amount due from contract customers for contract works represents the gross unbilled amount expected to be collected from customers for contract works performed todate. It is measured at cost plus profit recognised todate less progress billings and recognised losses, if any. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as gross amount due to contract customers for contract works.

(w) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(i) Sales of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

2. Significant accounting policies (continued)

(w) Revenue and other income (continued)

(ii) Services

Revenue from services rendered is recognised in profit or loss based on the value of work performed and invoiced to customers.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is determined by reference to the completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and the contract costs are recognised as an expense in the period in which they are incurred. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Management fees

Management fees are recognised in profit or loss on an accrual basis.

(v) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(vi) Dividend income

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

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

3. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Tools and equipment RM'000	Renovations RM'000	Assets in progress RM'000	Total RM'000
Cost										
At 1 August 2015	15,340	5,804	57,099	76,595	10,690	5,243	4,913	2,340	2,172	180,196
Additions	-	-	36	3,782	898	430	327	20	4,158	9,651
Disposals	-	-	-	(227)	(77)	(9)	-	-	-	(313)
Write off	-	-	-	(46)	-	(6)	-	-	-	(52)
Reclassification	-	-	410	2,524	-	-	-	-	(2,934)	-
Effect of movements in exchange rates	85	-	540	617	69	12	5	-	-	1,328
At 31 July 2016/ 1 August 2016	15,425	5,804	58,085	83,245	11,580	5,670	5,245	2,360	3,396	190,810
Additions	-	-	422	3,313	1,332	483	214	270	1,370	7,404
Disposals	-	-	-	(672)	(321)	(62)	(9)	-	-	(1,064)
Write off	-	-	-	(78)	-	(126)	-	(187)	-	(391)
Reclassification	-	-	2,926	743	-	-	-	-	(3,669)	-
Effect of movements in exchange rates	37	-	235	283	30	5	2	-	-	592
At 31 July 2017	15,462	5,804	61,668	86,834	12,621	5,970	5,452	2,443	1,097	197,351
Accumulated depreciation										
At 1 August 2015	-	1,067	17,480	57,389	7,592	4,185	3,962	2,001	-	93,676
Depreciation	-	96	1,399	4,654	1,071	336	243	121	-	7,920
Disposals	-	-	-	(214)	(77)	(9)	-	-	-	(300)
Write off	-	-	-	(45)	-	(5)	-	-	-	(50)
Effect of movements in exchange rates	-	-	212	306	66	11	4	-	-	599
At 31 July 2016/ 1 August 2016	-	1,163	19,091	62,090	8,652	4,518	4,209	2,122	-	101,845
Depreciation	-	96	1,470	4,767	1,096	359	203	117	-	8,108
Disposals	-	-	-	(480)	(321)	(37)	(8)	-	-	(846)
Write off	-	-	-	(66)	-	(123)	-	(187)	-	(376)
Effect of movements in exchange rates	-	-	98	142	29	5	1	-	-	275
At 31 July 2017	-	1,259	20,659	66,453	9,456	4,722	4,405	2,052	-	109,006
Carrying amounts										
At 1 August 2015	15,340	4,737	39,619	19,206	3,098	1,058	951	339	2,172	86,520
At 31 July 2016	15,425	4,641	38,994	21,155	2,928	1,152	1,036	238	3,396	88,965
At 31 July 2017	15,462	4,545	41,009	20,381	3,165	1,248	1,047	391	1,097	88,345

3. Property, plant and equipment (continued)

Company	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 August 2015	150	368	224	742
Additions	8	-	-	8
31 July 2016 / 1 August 2016	158	368	224	750
Additions	8	-	-	8
Write off	(116)	-	(187)	(303)
31 July 2017	50	368	37	455
Accumulated depreciation				
At 1 August 2015	134	263	216	613
Depreciation	13	73	8	94
At 31 July 2016 / 1 August 2016	147	336	224	707
Depreciation	4	32	-	36
Write off	(113)	-	(187)	(300)
At 31 July 2017	38	368	37	443
Carrying amounts				
At 1 August 2015	16	105	8	129
At 31 July 2016	11	32	-	43
At 31 July 2017	12	-	-	12

Security

The carrying amount of property, plant and equipment of the Group that are charged to licensed banks amounted to RM49,670,000 (2016 – RM50,618,000) to secure credit facilities granted to the Group as disclosed in Note 17 to the financial statements.

Assets under hire purchase

Included in the carrying amount of property, plant and equipment of the Group are motor vehicles and plant and machinery acquired under hire purchase agreements amounting to RM1,732,000 (2016 – RM1,332,000).

4. Investment properties

Group

	Leasehold land RM'000
Cost	
1 August 2015	22,012
Additions	-
31 July 2016 / 1 August 2016	22,012
Additions	-
At 31 July 2017	22,012
Accumulated depreciation	
1 August 2015	384
Additions	330
31 July 2016 / 1 August 2016	714
Additions	331
At 31 July 2017	1,045
Carrying amount	
At 1 August 2015	21,628
At 31 July 2016	21,298
At 31 July 2017	20,967
Fair value	
At 31 July 2016	30,500
At 31 July 2017	30,500

5. Goodwill

Group	**Goodwill RM'000**
Cost	
At 1 August 2015 / 31 July 2016 / 1 August 2016 / 31 July 2017	712
Carrying amount	
At 1 August 2015 / 31 July 2016 / 1 August 2016 / 31 July 2017	712

Impairment testing for cash-generating units containing goodwill

The recoverable amount of the goodwill is assessed based on its estimated value in use. The value in use was estimated by discounting the projected future cash flows to be generated from the continuing use of the unit based on the following key assumptions:

- There will be no material changes in the structure and principal activities of the subsidiary.
- There will not be any significant changes in economic conditions or other abnormal factors, which will adversely affect the operation of the subsidiary.
- Cash flows were projected based on actual operating results for the financial year ended July 2017 ("FY2017") and the subsequent 5 years projected cash flows.
- Financial year ending July 2018 ("FY2018") budget was used as a base where no significant changes in profitability is anticipated in view of the current economic situation and an incremental revenue growth of 5.2% year-on-year from year 2018 to year 2022 has been projected in line with economic growth projected.
- Discount rate of 9.00% was applied on the projected cash flows in determining the recoverable amount of the above investment.

6. Investments in subsidiaries

	Company 2017 RM'000	Company 2016 RM'000
At cost:		
Unquoted shares	83,954	79,354
Quasi loans	10,522	10,522
	94,476	89,876

Quasi loans represent payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's investment in the subsidiaries.

Details of the subsidiaries are as follows:

Name of subsidiaries	Name of directors	Principal place of business / Country of incorporation	Percentage of issued share capital held by parent 2017 %	Percentage of issued share capital held by parent 2016 %	Principal activities
Yeo Aik Wood Sdn. Bhd. ("YAW")	Yeo Eck Liong Yeo Ayk Ke Chia Lai Joo (Resigned on 1.11.2017)	Malaysia	100	100	Manufacturing and selling of furniture
Winshine Holdings Sdn. Bhd. ("WHSB")+	Yeo Eck Liong Yeo Ayk Ke Lim Poh Teot Chia Lai Joo (Resigned on 31.10.2017)	Malaysia	100	100	Investment holding, provision of management services and property renting
Winshine Industries Sdn. Bhd. ("WISB")++	Yeo Eck Liong Yeo Yek Meng Yeo Ayk Ke Lim Poh Teot Chia Lai Joo (Resigned on 31.10.2017)	Malaysia	100	100	Manufacturing and selling of furniture
Yeo Aik Hevea (M) Sdn. Bhd. ("YAH")	Yeo Eck Liong Yeo Yek Meng Yeo Aik Tan	Malaysia	100	100	Pressure treatment, processing and kiln-drying of rubberwood and manufacturing of furniture parts
Pine Packaging (M) Sdn. Bhd. ("PPSB")	Yeo Eck Liong Yeo Yek Meng Yeo Aik Tan Yeo Ayk Ke	Malaysia	100	100	Conversion of corrugated boards into carton boxes and act cards
Jaycorp Trading Sdn. Bhd. ("JTSB")	Tan Sri Abdul Majid Khan Yeo Eck Liong Yeo Yek Meng Yeo Aik Tan Yeo Ayk Ke	Malaysia	100	100	General trading, transportation, property letting and printing

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Name of directors	Principal place of business / Country of incorporation	Percentage of issued share capital held by parent 2017 %	2016 %	Principal activities
PT Tiga Mutiara Nusantara ("PTTMN")*	Tan Sri Abdul Majid Khan Lim Poh Teot Fauzi Chairul F,SH,M.Hum	Indonesia	51	51	Operating in wood furniture industry, marketing and trading of related products for export purposes
Digital Furniture Sdn. Bhd. ("DFSB")	Yeo Eck Liong Lim Poh Teot Muaz Bin Jema Anton Khan Bo Eng Chee Bo Wee Siang	Malaysia	60	60	Manufacturing and trading of furniture and furniture parts
Digital Dorm Sdn. Bhd. ("DDSB")+++	Muaz Bin Jema Anton Khan Bo Eng Chee	Malaysia	60	60	Provision of dormitory management services
Jaycorp Properties Sdn. Bhd. ("JPSB")	Tan Sri Abdul Majid Khan Yeo Ayk Ke	Malaysia	100	100	Investment holding
Bongawan Solo Sdn. Bhd. ("BSSB")++++	Tan Sri Abdul Majid Khan Yeo Ayk Ke Muaz Bin Jema Anton Khan Darwin Indigo Jocelin Sitorus	Malaysia	60	60	Investment holding
Jaycorp Limited ("JL")**	Tan Sri Abdul Majid Khan Yeo Eck Liong Chee Ah What	Malaysia	70	70	Dormant
Jaycorp Green Energy Sdn. Bhd. ("JGESB")	Tan Sri Abdul Majid Khan Yeo Eck Liong Yeo Yek Meng Muaz Bin Jema Anton Khan	Malaysia	90	90	Renewable energy, biomass and environmentally friendly waste treatment

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Name of directors	Principal place of business / Country of incorporation	Percentage of issued share capital held by parent 2017 %	2016 %	Principal activities
Instyle Sofa Sdn. Bhd. ("ISSB")	Yeo Ayk Ke Muaz Bin Jema Anton Khan Yeo Siw Nee Ong Kian Meng Ng Key Huat (Appointed on 12.04.2017) Chew Weh Lit (Resigned on 12.04.2017)	Malaysia	83	51	Manufacturing of sofa sets and upholstery work
Jaycorp Engineering & Construction Sdn. Bhd. ("JECSB")	Tan Sri Abdul Majid Khan Muaz Bin Jema Anton Khan Yeo Aik Tan Lau Cheng Hiong Abdul Rahman Khan Bin Hakim Khan	Malaysia	60	60	General construction and civil engineering works

+ Held through YAW
++ Held through WHSB
+++ Held through DFSB
++++ Held through JPSB

* This subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member
** Consolidated using management accounts as at 31 July 2017 as subsidiary was dormant during the financial year

Non-controlling interests

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective equity interest 2017 %	2016 %	The Group 2017 RM'000	2016 RM'000
PTTMN	49	49	5,051	4,082
ISSB	17	49	2,470	5,326
DFSB	40	40	13,339	12,933
Other individually immaterial subsidiaries	30 - 40	30 - 40	172	(45)
			21,032	22,296

6. Investments in subsidiaries (continued)

Non-controlling interests (continued)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PTTMN	
	2017 RM'000	**2016 RM'000**
At 31 July		
Non-current assets	8,400	8,723
Current assets	9,398	12,407
Non-current liabilities	(2,089)	(1,653)
Current liabilities	(5,344)	(11,002)
	10,365	8,475
Financial year ended 31 July		
Revenue	21,644	20,381
Profit/(Loss) for the financial year/Total comprehensive income/(expenses)	1,630	(30)
Total comprehensive income/(expenses) attributable to non-controlling interests	841	(15)
Dividends paid to non-controlling interests	-	(306)
Net cash flows from operating activities	7,252	5,148
Net cash flows for investing activities	(80)	(501)
Net cash flows for financing activities	(5,081)	(90)

	DFSB	
	2017 RM'000	**2016 RM'000**
At 31 July		
Non-current assets	18,520	18,331
Current assets	29,347	28,309
Non-current liabilities	(3,312)	(4,006)
Current liabilities	(11,206)	(10,302)
	33,349	32,332
Financial year ended 31 July		
Revenue	84,431	73,881
Profit for the financial year/Total comprehensive income	4,017	2,517
Total comprehensive income attributable to non-controlling interests	1,607	1,007
Dividends paid to non-controlling interests	(1,200)	(600)
Net cash flows from operating activities	4,883	7,162
Net cash flows for investing activities	(1,663)	(1,091)
Net cash flows for financing activities	(3,970)	(2,059)

6. Investments in subsidiaries (continued)

Non-controlling interests (continued)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (continued):-

	ISSB	
	2017	**2016**
	RM'000	**RM'000**
At 31 July		
Non-current assets	15,002	15,370
Current assets	3,960	4,563
Non-current liabilities	(165)	(383)
Current liabilities	(4,268)	(8,680)
	14,529	10,870
Financial year ended 31 July		
Revenue	12,190	18,185
Loss for the financial year/Total comprehensive expenses	(341)	(1,043)
Total comprehensive expenses attributable to non-controlling interests	(90)	(511)
Net cash flows (for)/from operating activities	(1,276)	290
Net cash flows from/(for) investing activities	36	(14)
Net cash flows from/(for) financing activities	1,595	(384)

Acquisition of subsidiaries

Financial Year Ended 31 July 2017

(i) ISSB

On 11 November 2016, the Company subscribed an additional 4,000,000 new ordinary shares of RM1.00 each of the enlarged issued and paid-up share capital of ISSB, for a total cash consideration of Ringgit Malaysia Four Million only (RM4,000,000.00) ("Subscription").

Subsequent to the Subscription, ISSB became a 83% owned subsidiary of Jaycorp Berhad.

(ii) JECSB

On 21 April 2017, the Company subscribed an additional 600,000 new ordinary shares of RM1.00 each of the enlarged issued share capital of JECSB, for a total cash consideration of Ringgit Malaysia Six Hundred Thousand only (RM600,000.00) ("Subscription").

Subsequent to the Subscription, JECSB remained as a 60% owned subsidiary of Jaycorp Berhad.

6. Investments in subsidiaries (continued)

Acquisition of subsidiaries (continued)

Financial Year Ended 31 July 2016

(i) JECSB

On 1 April 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of JECSB from Tan Sri Abdul Majid Khan and Muaz Bin Jema Anton Khan, for a total cash consideration of Ringgit Malaysia Two only (RM2.00) ("Acquisition").

On 13 April 2016, the Company had subsequently subscribed an additional 599,998 new ordinary shares of RM1.00 each, representing 60% of the enlarged issued and paid-up share capital of JECSB for a total cash consideration of Ringgit Malaysia Five Hundred Ninety-Nine Thousand Nine Hundred and Ninety-Eight only (RM599,998.00) ("Subscription").

Subsequent to the Subscription, JECSB became a 60% owned subsidiary of Jaycorp Berhad.

The net cash outflow arising from acquisition of JECSB is insignificant and hence there is no further disclosure.

7. Other investments

	Group	
	2017 RM'000	**2016 RM'000**
Quoted shares in Malaysia	42	42
Represented by:		
At fair value	42	42

8. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Property, plant and equipment	-	103	(1,830)	(1,489)	(1,830)	(1,386)
Provisions	1,032	741	-	-	1,032	741
Tax losses and capital allowances carry-forward	874	93	-	(58)	874	35
Others	72	30	-	-	72	30
Tax assets/(liabilities)	1,978	967	(1,830)	(1,547)	148	(580)

8. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the financial year

Group	At 1.8.2015 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other compre-hensive income (Note 22) RM'000	Exchange difference RM'000	At 31.7.2016 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other compre-hensive income (Note 22) RM'000	Exchange difference RM'000	At 31.7.2017 RM'000
Property, plant and equipment	(1,695)	309	-	-	(1,386)	(444)	-	-	(1,830)
Provisions	683	(113)	110	61	741	262	13	16	1,032
Tax losses and capital allowances carry-forward	61	(26)	-	-	35	839	-	-	874
Others	(46)	76	-	-	30	42	-	-	72
	(997)	246	110	61	(580)	699	13	16	148

No deferred tax assets had been recognised in the statement of financial position for the following items as it is not probable that future taxable profit will be available for offsetting:-

	2017 RM'000	2016 RM'000
Unabsorbed tax losses	6,045	13,489
Other temporary differences	3,027	2,436
	9,072	15,925

9. Receivables, deposits and prepayments

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Trade					
Trade receivables	a	34,617	30,094	-	-
Less: Impairment loss	a	(422)	(570)	-	-
		34,195	29,524	-	-
Current					
Non-trade					
Amount due from subsidiaries					
- dividend receivables	b	-	-	918	300
- management fees	b	-	-	117	184
- advances	b	-	-	17,818	18,780
		-	-	18,853	19,264

9. Receivables, deposits and prepayments (continued)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Other receivables	1,344	4,623	-	-
Less: Impairment loss	(51)	(3,176)	-	-
	1,293	1,447	-	-
Deposits	2,265	1,528	20	20
Prepayments	1,550	1,511	1	1
Goods and services tax receivables	666	596	-	-
	5,774	5,082	18,874	19,285
	39,969	34,606	18,874	19,285

	Group	
	2017 RM'000	**2016 RM'000**
Allowance for impairment losses:-		
Trade receivables		
At 1 August	570	535
Addition	94	19
Reversal	(1)	-
Written off	(248)	-
Exchange differences	7	16
At 31 July	422	570
Other receivables		
At 1 August	3,176	3,157
Addition	32	19
Written off	(3,157)	-
At 31 July	51	3,176

Note a
Trade receivables' normal trade terms range from 30 days to 60 days (2016 – 30 days to 60 days). Other trade terms are assessed and approved on a case-by-case basis.

Significant trade receivables outstanding at year end that are not in Ringgit Malaysia are as follows:

		Group		Company	
		2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Functional currency	**Foreign currency**				
RM	USD*	15,664	14,065	-	-
IDR*	IDR*	812	1,199	-	-

Note b
The receivables due from subsidiaries were unsecured, interest free and repayable on demand other than loan advancement of RM1,987,000 (2016 – RM2,650,000) and RM2,220,000 (2016 – RM2,307,000) which bear interest at 8% (2016 – 8%) and 4% (2016 – 4%) per annum respectively.

* USD – United State Dollar
IDR – Indonesian Rupiah

10. Amount due from contract customer

	Group 2017 RM'000	Group 2016 RM'000
Costs incurred during the financial year	3,690	145
Attributable profits recognised	550	-
	4,240	145
Less: Progress billings	(4,140)	-
Amount due from contract customer	100	145

11. Inventories

	Group 2017 RM'000	Group 2016 RM'000
At cost:		
Raw materials	8,354	8,246
Work-in-progress	20,118	21,974
Finished goods	12,634	12,722
	41,106	42,942
At net realisable value:		
Raw materials	243	237
Work-in-progress	104	89
Finished goods	514	770
	861	1,096
	41,967	44,038
Recognised in profit or loss:-		
Inventories recognised as cost of sales	247,930	232,195
Amount written down to net realisable value	1,267	2,592
Reversal of inventories previously written down	(770)	(313)

12. Derivative assets/(liabilities)

Group	Contract/ Notional Amount 2017 RM'000	Contract/ Notional Amount 2016 RM'000	Group 2017 RM'000	Group 2016 RM'000
Derivative Assets				
Forward currency contracts	24,869	18,964	166	340
Derivative Liabilities				
Forward currency contracts	2,137	-	(4)	-

12. Derivative assets/(liabilities) (continued)

The Group does not apply hedge accounting.

(a) Forward foreign currency contracts are used to hedge the Group's sales denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates on forward foreign currency contracts range between 1 to 6 months (2016 – 1 to 6 months) after the end of the reporting period.

(b) The Group has recognised a loss of RM178,000 (2016 – a gain of RM792,000) arising from fair value changes of derivatives during the financial year as disclosed in Note 18 to the financial statements. The fair value changes were attributed to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair value of derivative are disclosed in Note 26(d) to the financial statements.

13. Cash and cash equivalents

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash and bank balances	25,627	17,094	776	534
Deposits placed with licensed banks	2,192	8,686	-	-
Short-term investments	6,696	12,370	-	-
	34,515	38,150	776	534

Included in deposits placed with licensed banks is RM1,592,000 (2016 – RM2,562,000) pledged for loan facilities granted to the Group (Note 17).

The short-term investments represent monies deposited into fixed income which are not restricted to fixed maturity and fixed income trust funds in Malaysia which are highly liquid and subject to an insignificant risk of changes in market value.

Cash and bank balances denominated in currencies other than Ringgit Malaysia comprise RM5,368,000 (2016 – RM3,352,000) and RM988,000 (2016 – RM515,000) of cash and cash equivalents denominated in USD and IDR respectively.

The weighted average effective interest rates per annum of deposits placed with licensed banks and short-term investments at the end of the reporting period are as follows:-

	Group	
	2017 %	**2016 %**
Deposits placed with licensed banks	2.65 – 3.20	2.60 – 4.96
Short-term investments	3.18 – 3.58	3.05 – 3.95

The average maturities of deposits placed with licensed banks at the end of the reporting period of the Group range from 7 days to 365 days (2016 - 7 days to 365 days).

There is no maturity period for short-term investments as these money are callable on demand.

14. Capital and reserves

Share capital

	Company			
	Amount 2017 RM'000	**Amount 2016 RM'000**	**Number of shares 2017 '000**	**Number of shares 2016 '000**
Authorised:				
Ordinary shares of RM0.50 each	N/A	100,000	N/A	200,000

N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017

	Company			
	Amount 2017 RM'000	**Amount 2016 RM'000**	**Number of shares 2017 '000**	**Number of shares 2016 '000**
Issued and fully paid:				
Ordinary shares with no par value (2016 - Par value of RM0.50 each)				
At 1 August	68,625	68,625	137,250	137,250
Transfer from share premium account	1,301	-	-	-
At 31 July	69,926	68,625	137,250	137,250

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Treasury shares

Acquisition

The shareholders of the Company, by a resolution passed in Annual General Meeting held on 15 December 2016, approved the Company's proposal to continue to repurchase its own shares provided that the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at the point of purchase.

For the year ended 31 July 2017, the Company repurchased 15,000 (2016 – 5,000) of its issued shares from the open market. The average price paid for the shares repurchased was RM1.40 (2016 – RM1.13) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares.

	Average buy-back price RM	**Highest buy-back price RM**	**Lowest buy-back price RM**	**Number of treasury shares buy-back**	**Total consideration paid RM**
31 July 2017	1.40	1.42	1.38	15,000	21,062
31 July 2016	1.13	1.13	1.13	5,000	5,700

Of the total 137,250,000 issued and fully paid up ordinary shares, 502,900 are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

14. Capital and reserves (continued)

Share premium

The Company has adopted the transitional provisions set out in Section 618(2) of the Companies Act 2016 where the sum standing to the credit of the share premium account become part of the Company's share capital.

Translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary.

Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed off or impaired.

15. Provision for employee's benefits

This provision relates to the Group's operation in Indonesia.

	Group	
	2017 RM'000	**2016 RM'000**
At 1 August	1,629	-
Charge for the financial year	375	1,371
Actuarial loss (Note 22)	39	330
Exchange differences	70	-
Contributions and benefits paid	(24)	(72)
At 31 July	2,089	1,629

The amounts recognised on the statements of financial position are determined as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Present value of defined benefit obligation at beginning of period	1,629	-
Exchange differences	70	-
Current service cost	247	1,212
Interest cost	128	159
Actuarial loss (Note 22)	39	330
Contributions and benefits paid	(24)	(72)
Net liabilities	2,089	1,629

The amounts recognised in the profit or loss are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Current service cost	247	1,212
Interest cost	128	159
	375	1,371

15. Provision for employee's benefits (continued)

Principal actuarial assumptions used at 31 July in respect of the Group's defined benefit plans are as follows:-

	Group	
	2017	**2016**
Normal retirement age	55 years	55 years
Expected rate of salary increases	8%	8%
Discount rate	7.5%	7.5%
Mortality rate	TMI-2011	TMI-2011

16. Payables and accruals

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current					
Trade					
Trade payable	a	-	24	-	-
Current					
Trade					
Trade payables	a	15,749	16,655	-	-
Current					
Non-trade					
Other payables	a	13,047	14,311	53	64
Accrued expenses		7,825	6,692	130	157
Goods and service tax payable		152	210	12	12
		21,024	21,213	195	233
		36,773	37,868	195	233

Note a

Significant trade and other payables that are not in Ringgit Malaysia are as follows:

		Group		Company	
		2017	**2016**	**2017**	**2016**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Functional currency	**Foreign currency**				
RM	USD	354	692	-	-
IDR	IDR	3,124	4,268	-	-

The normal trade terms granted to the Group range from 30 days to 60 days (2016 – 30 days to 60 days). Other trade terms are assessed and approved on a case-by-case basis.

17. Loans and borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate risk, see Note 26.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Secured term loans	5,354	6,205	-	-
Hire purchase liabilities	740	684	-	-
	6,094	6,889	-	-
Current				
Secured term loans	1,662	1,626	-	-
Hire purchase liabilities	425	360	-	33
Secured bankers' acceptance	5,923	7,413	-	-
Secured bank overdrafts	1,077	6,437	-	-
	9,087	15,836	-	33

Loans and borrowings of the Group denominated in US Dollar comprise RM1,726,000 (2016 – RM6,913,000).

Security

The bank overdrafts, bankers' acceptances and term loans of the Group are secured by way of:

i) a legal charge over freehold land and certain buildings and leasehold lands with a total carrying amount of RM49,670,000 (2016 – RM50,618,000) of the Group (Note 3);

ii) fixed deposits of the Group amounting to RM1,592,000 (2016 – RM2,562,000) (Note 13);

iii) debentures creating fixed and floating charges over all the present and future assets of certain subsidiaries; and

iv) a corporate guarantee by the Company.

Terms and debt repayment schedule

2017	Basis of interest rate %	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
Bank overdrafts	7.40% – 7.90%	2018	1,077	1,077	-	-	-
Bankers' acceptances*	2.79% – 3.92%	2018	5,923	5,923	-	-	-
Hire purchase liabilities	4.55% – 6.85%	2018 – 2022	1,165	425	403	337	-
Term loans	4.40% – 5.70%	2018 – 2023	7,016	1,662	1,500	3,271	583
			15,181	9,087	1,903	3,608	583

* - Credit facility with interest rate that varies in line with the market interest rate for similar type of facility with comparable terms.

17. Loans and borrowings (continued)

2016	Basis of interest rate %	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
Bank overdrafts	5.99% - 11.35%	2017	6,437	6,437	-	-	-
Bankers' acceptances*	2.53% - 4.17%	2017	7,413	7,413	-	-	-
Hire purchase liabilities	2.40% - 6.86%	2017 - 2020	1,044	360	271	413	-
Term loans	4.86% - 5.90%	2017 - 2023	7,831	1,626	1,400	2,562	2,243
			22,725	15,836	1,671	2,975	2,243
Company							
Hire purchase liabilities	2.40%	2017	33	33	-	-	-

* - Credit facility with interest rate that varies in line with the market interest rate for similar type of facility with comparable terms.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	2017 Gross RM'000	2017 Interest RM'000	2017 Principal RM'000	2016 Gross RM'000	2016 Interest RM'000	2016 Principal RM'000
Group						
Less than 1 year	482	57	425	410	50	360
Between 1 and 5 years	787	47	740	737	53	684
	1,269	104	1,165	1,147	103	1,044
Company						
Less than 1 year	-	-	-	34	1	33
	-	-	-	34	1	33

18. Operating profit

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue					
Sale of goods		313,169	289,457	-	-
Dividend income from subsidiaries		-	-	26,610	7,308
Management fees		-	-	1,320	1,320
		313,169	289,457	27,930	8,628
Cost of sales					
Cost of sales		(247,930)	(232,195)	-	-
		(247,930)	(232,195)	-	-

18. Operating profit (continued)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross profit		65,239	57,262	27,930	8,628
Distribution costs		(9,768)	(9,468)	-	-
Administration expenses		(26,150)	(23,111)	(2,675)	(2,426)
Other operating expenses		(464)	(1,569)	(70)	-
Other operating income		4,166	3,751	1	484
Operating profit		33,023	26,865	25,186	6,686
Operating profit is arrived at after charging/(crediting):					
Auditors' remuneration					
- audit fees					
- current financial year		256	251	33	28
- under provision in prior year		-	2	-	-
- non-audit fees					
- Crowe Horwath in Malaysia		5	5	-	-
Bad debt written off		20	4	-	-
Deposits written off		-	62	-	-
Depreciation of property, plant and equipment	3	8,108	7,920	36	94
Depreciation of investment properties	4	331	330	-	-
Fair value loss on derivatives		178	-	-	-
Impairment loss on					
- trade receivables		94	19	-	-
- other receivables		32	19	-	-
Loss on disposal of property, plant and equipment		21	-	-	-
Property, plant and equipment written off		15	2	3	-
Personnel expenses (including key management personnel)					
- contribution to defined contribution plans		2,628	2,154	90	85
- wages, salaries and others		50,284	46,974	1,534	1,338
Realised loss on foreign exchange		67	75	67	-
Rental of property		753	1,033	90	90
Rental of equipment		8	16	-	-
Unrealised loss on foreign exchange		221	574	-	-
Write down of inventories		1,267	2,592	-	-
Fair value gain on derivatives		-	(792)	-	-
Gain on disposal of property, plant and equipment		(101)	(82)	-	-
Interest income		(878)	(796)	(105)	(92)
Realised gain on foreign exchange		(236)	(196)	-	-
Rental income on					
- hostel		(28)	(31)	-	-
- land and buildings		(43)	(43)	-	-
- machinery		(20)	(60)	-	-
Reversal of impairment loss on deposit		-	(459)	-	(459)
Reversal of impairment loss on					
- trade receivables		(1)	-	-	-
Reversal of write down of inventories		(770)	(313)	-	-
Unrealised gain on foreign exchange		(960)	(377)	-	-

19. Finance costs

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest expense on:				
- Bank overdrafts	158	484	-	-
- Bankers' acceptances	220	250	-	-
- Hire purchase liabilities	77	63	1	3
- Letter of credit	4	6	-	-
- Related party	-	110	-	-
- Term loans	415	504	-	-
- Others	83	128	-	-
	957	1,545	1	3

20. Key management personnel compensations

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensations during the financial year are as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Director				
Director of the Company				
Executive Directors				
Short-term employee benefits:-				
- fees	621	594	288	244
- salaries, allowances and bonuses	3,427	2,656	495	179
	4,048	3,250	783	423
Defined contribution benefits	326	266	25	13
	4,374	3,516	808	436
Non-executive Directors				
Short-term employee benefits:-				
- fees	156	156	156	156
- allowances	24	32	24	32
	180	188	180	188
	4,554	3,704	988	624

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM35,000 (2016 – RM43,000).

20. Key management personnel compensations (continued)

(a) The key management personnel compensations during the financial year are as follows (continued):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Director of the Subsidiaries				
Executive Directors				
Short-term employee benefits:-				
- fees	-	20	-	-
- salaries, allowances and bonuses	2,358	1,942	-	-
	2,358	1,962	-	-
Defined contribution benefits	286	211	-	-
	2,644	2,173	-	-
Total directors' remuneration	7,198	5,877	988	624

Other key management personnel compensation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	121	312	76	246
Defined contribution benefits	21	37	9	30
	142	349	85	276

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	Company	
	2017	2016
	Number of directors	
Non-executive directors:-		
RM50,001 – RM100,000	3	3
Executive directors:-		
RM50,001 – RM100,000	-	1
RM200,001 – RM250,000	1	-
RM300,001 – RM350,000	-	2
RM350,001 – RM400,000	2	-
RM400,001 – RM450,000	-	1
RM500,001 – RM550,000	1	-
RM700,001 – RM750,000	-	1
RM800,001 – RM850,000	-	2
RM900,001 – RM950,000	2	-
RM1,050,001 – RM1,100,000	1	-

21. Taxation

Recognised in profit or loss

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current tax expense				
Malaysian tax				
- current year	6,228	5,181	314	350
- (over)/under provision in prior years	(177)	(48)	(129)	85
Foreign tax - current year	727	116	-	-
	6,778	5,249	185	435
Deferred tax expense (Note 8)				
Origination and reversal of temporary differences	(777)	(207)	-	-
Under/(Over) provision in prior years	78	(39)	-	-
	(699)	(246)	-	-
Total taxation	6,079	5,003	185	435
Reconciliation of effective tax expense				
Profit after taxation	26,865	21,113	25,105	6,340
Total taxation	6,079	5,003	185	435
Profit before taxation	32,944	26,116	25,290	6,775
Tax calculated using Malaysian tax rate of 24% (2016 - 24%)	7,907	6,268	6,070	1,626
Double deduction of expenses	(300)	-	-	-
Deferred tax assets not recognised during the year	32	-	-	-
Non-deductible expenses	1,652	1,391	107	109
Non-taxable income	(259)	(842)	-	-
Tax exempt income	-	-	(5,863)	(1,385)
Tax incentives	(1,209)	(1,456)	-	-
Deferred tax assets not recognised in prior years	(1,014)	-	-	-
Utilisation of deferred tax assets not recognised in prior years	(631)	(271)	-	-
	6,178	5,090	314	350
(Over)/Under provision in prior years	(99)	(87)	(129)	85
	6,079	5,003	185	435

The Group has estimated unutilised reinvestment allowance of RM6,336,000 (2016 – RM10,791,000) available at the end of the reporting period to be carried forward to set off against future taxable business income.

22. Other comprehensive income

	Group	
	2017	**2016**
	RM'000	**RM'000**
Items that will not be reclassified subsequently to profit or loss (Note 15):		
Actuarial loss on defined benefit plan:		
- changes during the financial year	(52)	(440)
Less: Deferred taxation (Note 8)	13	110
	(39)	(330)
Items that may be reclassified subsequently to profit or loss:		
Fair value changes in other investment:		
- changes during the financial year	-	17
Foreign currency translation:		
- changes during the financial year	299	797
	299	814
	260	484

23. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 July 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Profit for the year attributable to the ordinary shareholders	24,690	20,982
Issued ordinary shares at beginning of the year	136,762	136,778
Effect of shares repurchased	(6)	(3)
Weighted average number of ordinary shares in issue	136,756	136,775

	Group	
	2017	**2016**
	sen	**sen**
Basic earnings per ordinary share	18.05	15.34

24. Dividend

	Sen per share (net of tax)	Total amount RM'000
2017		
Interim 2017 ordinary (single tier)	5.00	6,838
Final 2016 ordinary (single tier)	10.00	13,676
	15.00	20,514
2016		
Final 2015 ordinary (single tier)	4.00	5,471

At the forthcoming Annual General Meeting, a final dividend of 6.0 sen per ordinary share amounting to RM8,235,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 July 2018.

25. Operating segments

Segment information is presented based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings, head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Inter-segment pricing is determined on negotiated basis.

The Group comprises the following main business segments:

Furniture	Manufacture and sale of furniture
Packaging	Conversion of corrugated boards into carton boxes
Processing of wood	Pressure treatment and kiln-drying of wood
Renewable energy	Renewable energy, biomass and environmentally friendly waste treatment
Construction	General construction and civil engineering works
Others	Provision of transportation services, property letting and printing

25. Operating segments (continued)

The Group operates principally within Malaysia. The processing of wood segment is also operated in Indonesia during the financial year.

2017	Furniture RM'000	Packaging RM'000	Processing of wood RM'000	Renewable energy RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Conso- lidated RM'000
Business segments								
Total external revenue	244,784	28,220	26,587	9,163	4,140	275	-	313,169
Inter-segment revenue	4,357	8,285	17,267	-	-	2,667	(32,576)	-
Total segment revenue	249,141	36,505	43,854	9,163	4,140	2,942	(32,576)	313,169
Segment result	26,809	3,389	3,261	1,194	(194)	(13)	1,320	35,766
Unallocated expenses								(2,743)
Results from operating activities								33,023
Interest income								878
Interest expense								(957)
Tax expense								(6,079)
Profit for the year								26,865
Segment profit before interest and taxation includes the followings:-								
Bad debts written off	11	-	9	-	-	-	-	20
Depreciation of property, plant and equipment	4,423	803	1,449	1,081	98	323	(69)	8,108
Depreciation of investment property	-	-	-	-	-	331	-	331
Fair value loss on derivative	178	-	-	-	-	-	-	178
Impairment loss on								
- trade receivables	91	-	3	-	-	-	-	94
- other receivables	-	-	32	-	-	-	-	32
Interest expense	507	-	147	383	18	-	(98)	957
Loss on disposal of property, plant and equipment	21	-	-	-	-	-	-	21
Property, plant and equipment written off	15	-	-	-	-	-	-	15
Realised loss on foreign exchange	67	-	-	-	-	-	-	67
Unrealised loss on foreign exchange	220	-	1	-	-	-	-	221
Written down of inventories	826	-	441	-	-	-	-	1,267
Gain on disposal of property, plant and equipment	(101)	-	-	-	-	-	-	(101)
Interest income	(799)	(136)	(21)	-	(7)	(13)	98	(878)
Reversal of impairment loss on trade receivables	-	-	(1)	-	-	-	-	(1)
Reversal of write down of inventories	(320)	(450)	-	-	-	-	-	(770)
Realised gain on foreign exchange	(209)	-	(27)	-	-	-	-	(236)
Unrealised gain on foreign exchange	(960)	-	-	-	-	-	-	(960)

25. Operating segments (continued)

2017	Furniture RM'000	Packaging RM'000	Processing of wood RM'000	Renewable energy RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	168,278	16,995	40,516	8,553	2,556	35,419	(45,534)	226,783
Unallocated assets:-								
- Current tax assets								612
- Deferred tax assets								1,978
Total assets								229,373
Segment liabilities	32,000	3,567	19,313	4,449	715	31,356	(45,534)	45,866
Unallocated liabilities:-								
- Current tax liabilities								814
- Deferred tax liabilities								1,830
- Hire purchase payables								1,165
- Term loans								7,016
Total liabilities								56,691
Additions to non-current assets other than financial instruments are:								
- Property, plant and equipment	5,704	88	852	45	551	164	-	7,404

2016	Furniture RM'000	Packaging RM'000	Processing of wood RM'000	Renewable energy RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Business segments								
Total external revenue	234,681	22,731	24,129	7,628	-	288	-	289,457
Inter-segment revenue	2,463	7,239	14,643	-	-	2,291	(26,636)	-
Total segment revenue	237,144	29,970	38,772	7,628	-	2,579	(26,636)	289,457
Segment result	27,216	2,160	(839)	(389)	(206)	(454)	1,320	28,808
Unallocated expenses								(1,943)
Results from operating activities								26,865
Interest income								796
Interest expense								(1,545)
Tax expense								(5,003)
Profit for the year								21,113

25. Operating segments (continued)

2016	Furniture RM'000	Packaging RM'000	Processing of wood RM'000	Renewable energy RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment profit before interest and taxation includes the followings:-								
Bad debts written off	4	-	-	-	-	-	-	4
Deposits written off	62	-	-	-	-	-	-	62
Depreciation of property, plant and equipment	4,381	815	1,376	1,046	7	278	17	7,920
Depreciation of investment property	-	-	-	-	-	330	-	330
Impairment loss on								
- trade receivables	13	-	6	-	-	-	-	19
- other receivables	-	-	19	-	-	-	-	19
Interest expense	648	-	532	443	-	8	(86)	1,545
Property, plant and equipment written off	2	-	-	-	-	-	-	2
Realised loss on foreign exchange	50	-	25	-	-	-	-	75
Unrealised loss on foreign exchange	572	-	2	-	-	-	-	574
Written down of inventories	1,243	-	1,349	-	-	-	-	2,592
Fair value gain on derivative	(792)	-	-	-	-	-	-	(792)
Gain on disposal of property, plant and equipment	(80)	(1)	(1)	-	-	-	-	(82)
Interest income	(709)	(118)	(42)	-	-	(13)	86	(796)
Reversal of impairment loss on deposits	(459)	-	-	-	-	-	-	(459)
Reversal of write down of inventories	(313)	-	-	-	-	-	-	(313)
Realised gain on foreign exchange	(196)	-	-	-	-	-	-	(196)
Unrealised gain on foreign exchange	(377)	-	-	-	-	-	-	(377)
Segment assets	168,607	15,907	42,526	9,429	837	35,895	(44,905)	228,296
Unallocated assets:-								
- Current tax assets								1,614
- Deferred tax assets								967
Total assets								230,877
Segment liabilities	34,202	2,882	24,364	5,432	42	31,354	(44,905)	53,371
Unallocated liabilities:-								
- Current tax liabilities								192
- Deferred tax liabilities								1,547
- Hire purchase payables								1,044
- Term loans								7,831
Total liabilities								63,985
Additions to non-current assets other than financial instruments are:								
- Property, plant and equipment	7,104	989	628	206	152	572	-	9,651

25. Operating segments (continued)

	Malaysia RM'000	Rest of Asia RM'000	North America RM'000	Europe RM'000	Others RM'000	Total RM'000
2017						
Geographical segments						
Revenue from external customers by location of customers	126,703	75,707	86,424	13,423	10,912	313,169
Segment assets by location of assets	211,633	17,740	-	-	-	229,373
2016						
Geographical segments						
Revenue from external customers by location of customers	118,667	68,733	79,864	13,775	8,418	289,457
Segment assets by location of assets	209,891	20,986	-	-	-	230,877

During the year, revenue from 1 customer (2016 – 2 customers) amounted to approximately RM39,245,000 (2016 – RM58,190,000) contributed to more than 10% of the Group's revenue. Revenue from the United States of America and Rest of Asia amounted to approximately RM86,424,000 (2016 – RM79,864,000) and RM75,707,000 (2016 – RM68,733,000) respectively.

26. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

26. Financial instruments (continued)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Group	2017 United States Dollar RM'000	2016 United States Dollar RM'000
Financial assets		
Trade receivables	15,664	14,065
Cash and bank balances	5,368	3,352
	21,032	17,417
Financial liabilities		
Trade payables	127	682
Other payables and accrued expenses	227	10
Bank overdrafts	-	3,891
Bankers' acceptance	1,726	3,022
	2,080	7,605
Net financial assets	18,952	9,812
Currency exposure	18,952	9,812

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects on profit after taxation				
USD/RM:				
- strengthened by: 5% (2016 : 7%)	+ 720	+ 522	-	-
- weakened by: 5% (2016 : 7%)	- 720	- 522	-	-

26. Financial instruments (continued)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rate available. As Group's exposure to interest rate risk is immaterial, sensitivity analysis is not disclosed.

(iii) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. Information relating to the Group's exposure to the equity price risk of the financial assets is not disclosed as the impact is immaterial.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2016 – 1 customer) which constituted approximately 15% (2016 – 20%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2017 RM'000	**2016 RM'000**
Malaysia	18,375	15,704
Rest of Asia	4,468	3,170
North America	8,393	8,992
Europe	2,179	1,319
Others	780	339
	34,195	29,524

26. Financial instruments (continued)

(a) Financial risk management policies (continued)

(ii) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period are as follows:-

Group	Gross amount RM'000	Individual impairment RM'000	Collective impairment RM'000	Carrying value RM'000
2017				
Not past due	28,015	-	-	28,015
Past due:				
- Less than 3 months	5,624	-	-	5,624
- 3 to 6 months	148	-	-	148
- Over 6 months	830	(422)	-	408
	34,617	(422)	-	34,195
2016				
Not past due	23,027	-	-	23,027
Past due:				
- Less than 3 months	5,297	-	-	5,297
- 3 to 6 months	635	-	-	635
- Over 6 months	1,135	(570)	-	565
	30,094	(570)	-	29,524

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

26. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facility.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Contractual Interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000
2017							
Non-derivative financial liabilities							
Hire purchase liabilities	4.55 – 6.85	1,165	1,269	482	481	306	-
Term loans	4.40 – 5.70	7,016	7,939	2,042	1,905	3,674	318
Bankers' acceptances	2.79 – 3.92	5,923	5,923	5,923	-	-	-
Trade payables	–	15,749	15,749	15,749	-	-	-
Other payables and accrued expenses	–	20,872	20,872	20,872	-	-	-
Bank overdrafts	7.40 – 7.90	1,077	1,077	1,077	-	-	-
		51,802	52,829	46,145	2,386	3,980	318
2016							
Non-derivative financial liabilities							
Hire purchase liabilities	2.40 – 6.86	1,044	1,147	410	349	388	-
Term loans	4.86 – 5.90	7,831	9,123	2,082	1,829	2,861	2,351
Bankers' acceptances	2.53 – 4.17	7,413	7,413	7,413	-	-	-
Trade payables	–	16,679	16,679	16,679	-	-	-
Other payables and accrued expenses	–	21,003	21,003	21,003	-	-	-
Bank overdrafts	5.99 – 11.35	6,437	6,437	6,437	-	-	-
		60,407	61,802	54,024	2,178	3,249	2,351

26. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

Maturity analysis (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (continued):-

Company	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000
2017				
Non-derivative financial liabilities				
Other payables and accrued expenses	-	183	183	183
		183	183	183

Company	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000
2016				
Non-derivative financial liabilities				
Hire purchase liabilities	2.40	33	34	34
Other payables and accrued expenses	-	221	221	221
		254	255	255

(b) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. As the Group has insignificant external borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

26. Financial instruments (continued)

(c) Classification of financial instruments

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Financial assets				
Loans and receivables financial assets				
Amount due from subsidiaries (Note 9)	-	-	18,853	19,264
Trade receivables (Note 9)	34,195	29,524	-	-
Other receivables and deposits (Note 9)	3,558	2,975	20	20
Deposits placed with licensed banks (Note 13)	2,192	8,686	-	-
Cash and bank balances (Note 13)	25,627	17,094	776	534
	65,572	58,279	19,649	19,818
Available-for-sales financial assets				
Other investments (Note 7)	42	42	-	-
Fair value through profit or loss				
Derivative assets (Note 12)	166	340	-	-
Short-term investments (Note 13)	6,696	12,370	-	-
	6,862	12,710	-	-
Financial liabilities				
Other financial liabilities				
Hire purchase liabilities (Note 17)	1,165	1,044	-	33
Term loans (Note 17)	7,016	7,831	-	-
Bankers' acceptances (Note 17)	5,923	7,413	-	-
Trade payables (Note 16)	15,749	16,679	-	-
Other payables and accrued expenses (Note 16)	20,872	21,003	183	221
Bank overdrafts (Note 17)	1,077	6,437	-	-
	51,802	60,407	183	254
Fair value through profit or loss				
Derivative liabilities (Note 12)	4	-	-	-

26. Financial instruments (continued)

(d) Fair values information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			**Total fair value**	**Carrying amount**
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
2017								
Financial assets								
Other investment:								
- quoted shares in Malaysia	42	-	-	-	-	-	42	42
Short-term investments	6,696	-	-	-	-	-	6,696	6,696
Derivative assets:								
- forward currency contracts	-	166	-	-	-	-	166	166
	6,738	166	-	-	-	-	6,904	6,904
Financial liabilities								
Hire purchase liabilities	-	-	-	-	1,163	-	1,163	1,165
Term loans	-	-	-	-	7,016	-	7,016	7,016
Derivative assets:								
- forward currency contracts	-	4	-	-	-	-	4	4
	-	4	-	-	8,179	-	8,183	8,185
2016								
Financial assets								
Other investment:								
- quoted shares in Malaysia	42	-	-	-	-	-	42	42
Short-term investments	12,370	-	-	-	-	-	12,370	12,370
Derivative assets:								
- forward currency contracts	-	340	-	-	-	-	340	340
	12,412	340	-	-	-	-	12,752	12,752
Financial liabilities								
Hire purchase liabilities	-	-	-	-	1,043	-	1,043	1,044
Term loans	-	-	-	-	7,831	-	7,831	7,831
	-	-	-	-	8,874	-	8,874	8,875
The Company								
2016								
Financial liability								
Hire purchase liability	-	-	-	-	33	-	33	33

26. Financial instruments (continued)

(d) Fair values information (continued)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (continued):-

(i) Fair value of financial instruments carried at fair value

(aa) The fair values above have been determined using the following basis:-

- The fair values of other investment and short-term investments are determined at its quoted closing bid prices at the end of the reporting period.

- The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate.

(bb) There were no transfer between level 1 and level 2 during the financial year.

(ii) Fair value of financial instruments not carried at fair value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- The fair values of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

- The fair values of hire purchase liability are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2017 %	2016 %
Hire purchase liabilities	4.57 – 8.00	4.55 – 6.76

27. Capital commitments

	Group	
	2017 RM'000	**2016 RM'000**
Authorised and contracted for		
- Plant and machinery	-	360
Authorised but not contracted for		
- Property, plant and equipment	807	328
Contracted but not provided for		
- Property, plant and equipment	3,774	-
	4,581	688

28. Contingent liabilities - unsecured

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable or reliable measurement:-

Company

	2017 RM'000	**2016 RM'000**
Corporate guarantee issued to financial institutions for credit facilities granted to the subsidiaries by the Company	87,759	94,101

The facilities utilised by the subsidiaries as of year end amounted to RM14,857,000 (2016 – RM21,681,000).

29. Significant related parties' disclosures

(i) Identity of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

Controlling related party relationships are as follows:

(a) its subsidiaries as disclosed in Note 6.
(b) the substantial shareholders of the Company, Tan Sri Abdul Majid Khan, Yeo Eck Liong, Yeo Ayk Ke, Yeo Aik Tan and Muaz bin Jema Anton Khan who are also the Directors of the Company.

The amount due from subsidiaries are disclosed in Note 9 to the financial statements.

(ii) Significant Related Parties' Transactions and Balances

The Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

Company	**2017 RM'000**	**2016 RM'000**
Subsidiaries		
Dividend income receivable	26,610	7,308
Management fees receivable	1,320	1,320
Interest income receivable	90	86

Group	**2017 RM'000**	**2016 RM'000**
A company in which certain directors have significant financial interests		
Purchase of biomass feeds stocks	41	85
Purchase of machinery and machinery parts	180	70
Rental paid	90	90
Supply of cement	7	-
A company in which a shareholder of a subsidiary has significant financial interest		
Interest paid/payable	-	53

30. Supplementary information – disclosure of realised and unrealised profits/losses

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	Group		**Company**	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained profits of the Company and its subsidiaries:-				
- realised	143,181	138,132	44,402	39,811
- unrealised	(1,380)	(1,614)	-	-
	141,801	136,518	44,402	39,811
Less:				
Consolidation adjustments	(59,579)	(61,218)	-	-
At 31 July	82,222	75,300	44,402	39,811

STATEMENT BY DIRECTORS

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

We, Tan Sri Abdul Majid Khan and Yeo Eck Liong, being two of the directors of Jaycorp Berhad, stated that, in the opinion of the directors, the financial statements set out on pages 51 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 30, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors:

Tan Sri Abdul Majid Khan

Yeo Eck Liong

Melaka,
Date: 3 November 2017

STATUTORY DECLARATION

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

I, **Lim Poh Teot**, being the director primarily responsible for the financial management of Jaycorp Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 110 are, to the best of my knowledge and belief, 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 in Melaka on 3 November 2017.

Lim Poh Teot

Before me:

Shahrizah Binti Yahya (M084)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAYCORP BERHAD
(COMPANY NO. 459789-X) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Jaycorp Berhad, which comprise the statements of financial position as at 31 July 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition Refer to Note 18 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Consolidated revenue recorded by the Group during the year amounted to RM313.2 million. In view of the Group's sales growth in recent years, we considered revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	Our procedures included, amongst others:- • testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. • reviewing the terms of sales contract to determine the point of transfer of risk and rewards on a sample basis. • testing the recording of sales transactions, revenue cut-off and review of credit notes after year end. • obtaining confirmations and reviewing collections relating to material trade receivables as at financial year end.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAYCORP BERHAD (CONT'D)
(COMPANY NO. 459789-X) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JAYCORP BERHAD (CONT'D)
(COMPANY NO. 459789-X) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 30 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm Number: AF 1018
Chartered Accountants

Wong Tak Mun
Approval Number: 01793/09/2018 J
Chartered Accountant

Date: 3 November 2017

Melaka

LIST OF LANDED PROPERTIES

Details of the properties of the Group are as follows:

Registered / Beneficial Owner	Property	Tenure	Description / Existing Use	Age of Building (years)	Land area (sq. meter)	Built-up area (sq. meter)	Net book value as at 31 July 2017 RM'000
Jaycorp Trading Sdn Bhd	GM467 Lot No. 3948,	Freehold	Factory & Office Building	26	1,870	3,951	30
	GM241 Lot No. 4027,	Freehold	Factory Building	26	2,920		439
	GM240 Lot No. 4026,	Freehold	Warehouse (Packaging)	21	4,653	3,986	399
	GM242 Lot No. 4028 and	Freehold	Factory Building	20	6,238	5,279	749
	GM243 Lot No. 4029, Mukim of Sungai Rambai, Melaka	Freehold	Warehouse* (Furniture)	14	2,077	1,431	143
	GM81 Lot 2611, Mukim Sg Rambai	Freehold	Car Park, Warehouse & Factory Building	8	21,626	7,664	3,367
Yeo Aik Wood Sdn Bhd	H.S.D. 25808 P.T.D. No. 11656 and H.S.D. 25809 P.T.D. No. 11657, Mukim of Grisek, District of Ledang, Johor	Freehold	Industrial Land	-	11,841	-	800
			Factory Building** (Owned by YAHSB)	16	-	6,711	1,974
	H.S.(M) 1183, P.T.No. 1644 and	Freehold	Factory Building	20	4,794	3,389	178
	H.S.(M) 1531, PT No. 2051 Mukim of Merlimau, Melaka	Freehold	Factory Building	20	17,014	7,024	297
	H.S.D. 25805 P.T.D. No. 11653 Mukim of Grisek, District of Ledang, Johor	Freehold	Factory Building	15	4,428	2,081	320
	GM156, Lot No. 133, Mukim of Sebatu, Melaka	Freehold	Agriculture Land	-	8,434	-	97
	H.S.D. 6205 & 6206 P.T. 320 & 321 Mukim Semujuk, Daerah Jasin, Melaka	99 years leasehold (Expiring on 23.02.2100)	Vacant Industrial Land	-	14,525	-	719
	Lot 11288 H.S.D. 395675 Mukim of Grisek, District of Ledang, Johor	Freehold	Factory Building	3	20,209	1,394	1,703

LIST OF LANDED PROPERTIES
(CONT'D)

Registered / Beneficial Owner	Property	Tenure	Description / Existing Use	Age of Building (years)	Land area (sq. meter)	Built-up area (sq. meter)	Net book value as at 31 July 2017 RM'000
PT Tiga Mutiara Nusantara	Lintas Tebing Tinggi-P.Siantar Km 21.5 Kalembak – Dolok Merawan Serdang Bedagai – 20693 Sumatera Utara – Indonesia	Freehold	Industrial Land **** Factory Building	- 12	100,000 -	- 11,940	1,028 3,453
Digital Furniture Sdn Bhd	PTD 10251, HS (M) 5231,	Freehold	Factory Building	14	19,349	10,330	5,515
	Lot 170, G.M. No.1247,	Freehold	Factory Building Hostel Building *** (Owned by DDSB)	12 2	} 7,082	2,972 950	575 338
	Lot 14670, G.M. No.4074,	Freehold	Factory Building	8	4,195	2,133	1,348
	Lot 3120, G.M. No.3055, Mukim Jalan Bakri, Daerah Muar, Johor	Freehold	Factory Building Hostel Building *** (Owned by DDSB)	8 3	} 9,004	4,831 390	2,082 759
Yeo Aik Hevea (M) Sdn Bhd	Lot PTD No.15024, HSD 25806 Lot PTD No.15025, HSD 25807 Mukim of Grisek, District of Ledang, Johor	Freehold Freehold	Factory Building Factory Building	5 5	4,463 5,056	} 6,142	} 3,184
Winshine Holdings Sdn Bhd	Plot 331, Lot No. PTD 35104 Title No HSD 38295 Mukim of Simpang Kanan District of Batu Pahat Johor Darul Takzim	60 years leasehold (expiring on 05.10.2057)	Factory Building	21	8,094	5,279	2,461
Winshine Industries Sdn Bhd	Plot 337, Lot No. PTD 37809 Title No HSD 39280	60 years leasehold (expiring on 06.07.2059)	Factory Building	19	9,777	5,732	4,127
	Plot 360, Lot No. PTD 47268, Title No. HSD 55701 Mukim of Simpang Kanan District of Batu Pahat Johor Darul Takzim	60 years leasehold (expiring on 08.10.2066)	Factory and Office Building	19	20,235	9,526	4,657
	Lot No. PTD 31719 Title No Geran 61861 Mukim of Simpang Kanan District of Batu Pahat Johor Darul Takzim	Freehold	Single-Storey Terrace House	21	313	101	77
Jaycorp Green Energy Sdn Bhd	PTD 192374 Title No HSD 442263 Mukim of Plentong District of Johor Bahru Johor Darul Takzim	60 years leasehold (expiring on 19.03.2067)	Factory Building	10	15,700	11,664	3,856

LIST OF LANDED PROPERTIES
(CONT'D)

Registered / Beneficial Owner	Property	Tenure	Description / Existing Use	Age of Building (years)	Land area (sq. meter)	Built-up area (sq. meter)	Net book value as at 31 July 2017 RM'000
Bongawan Solo Sdn Bhd	Countries lease 025341226, 025341235 & 025341271 located at Kampung Bongawan, District of Papar, Sabah	Leasehold (expiring on 31.12.2080)	Agriculture land	-	1,600,200	-	20,967
Instyle Sofa Sdn Bhd	Lot PTD No.11668, HS(D) 25820	Freehold	Industrial Land	-	8,488	-	1,037
			Factory Building	13	-	6,041	2,594
	Lot PTD No.11660,HS(D) 25812	Freehold	Industrial Land	-	4,843	-	484
			Factory Building	8	-	2,185	1,513
	Lot PTD No.11697,HS(D) 25849	Freehold	Industrial Land	-	2,888	-	881
			Factory Building	8	-	1,115	88
	Lot PTD No.11661,HS(D) 25813	Freehold	Industrial Land	-	3,322	-	467
			Factory Building	7	-	1,678	1,570
	Lot PTD No.11662,HS(D) 25814	Freehold	Industrial Land	-	4,027	-	566
			Factory Building	6	-	2,025	1,424
	PTD11733, No.13 Tmn Utama, Grisek	Freehold	Double Storey Terrace	8	211	76	164
	PTD11732, No.14 Tmn Utama, Grisek Mukim of Grisek, District of Ledang, Johor	Freehold	Double Storey Terrace	8	211	76	168

* *Warehouse owned by Yeo Aik Wood Sdn Bhd is constructed on the piece of industrial land owned by Jaycorp Trading Sdn Bhd*

** *Factory building owned by Yeo Aik Hevea (M) Sdn Bhd is constructed on the piece of industrial land owned by Yeo Aik Wood Sdn Bhd*

*** *Hostel building owned by Digital Dorm Sdn Bhd is constructed on the piece of industrial land owned by Digital Furniture Sdn Bhd*

**** *Industrial land owned by PT. Tiga Mutiara Nusantara is under ownership rights to use the land (Hak Guna Bangunan No.1) and located in Serdang Badagai, Sumatera Utara. These landrights will expire at 27 April 2026*

STATISTICS OF SHAREHOLDINGS
AS AT 17 OCTOBER 2017

Issued Share Capital	:	137,250,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
less than 100	524	14.20	23,822	0.01
100 to 1,000	619	16.77	274,099	0.20
1,001 to 10,000	1,966	53.26	8,037,250	5.88
10,001 to 100 000	482	13.06	14,136,396	10.34
100,001 to less than 5% of issued shares	97	2.63	53,000,533	38.76
5% and above of issued shares	3	0.08	61,275,000	44.81
TOTAL	3,691	100.00	136,747,100*	100.00

Note:

* *Excluding a total of 502,900 ordinary shares bought-back and retained as treasury shares as at 17 October 2017.*

DIRECTORS' SHAREHOLDINGS AS AT 17 OCTOBER 2017

		No. of Shares Held			
NO.	NAME OF DIRECTORS	Direct	%*	Indirect	%*
1.	TAN SRI ABDUL MAJID KHAN	-	-	31,000,000^1	22.67
2.	YEO ECK LIONG				
	- own	2,389,547	1.75	30,275,000^2	22.14
	- others	-	-	32,500^3	0.02
3.	YEO AYK KE				
	- own	719,175	0.53	-	-
	- others	-	-	47,750^4	0.03
4.	LIM POH TEOT	3,284,225	2.40	-	-
5.	OMAR BIN MUSA	-	-	-	-
6.	ASGARI BIN MOHD FUAD STEPHENS	-	-	150,000^5	0.11
7.	HAROLD KONG CHEE WENG	-	-	-	-
8.	MUAZ BIN JEMA ANTON KHAN	-	-	-	-
9.	YEO AIK TAN (ALTERNATE DIRECTOR TO YEO AYK KE)	739,593	0.54	-	-

Notes:

* *Excluding a total of 502,900 ordinary shares bought-back by the Company and retained as treasury shares as at 17 October 2017.*

^1 *Deemed interest through substantial shareholdings in Jawala Corporation Sdn Bhd.*

^2 *Deemed interest through substantial shareholdings in Central Glamour Sdn Bhd.*

^3 *Deemed interest in shares held by his wife, Sim Peck Ling.*

^4 *Deemed interest in shares held by his wife, On Yin Choo.*

^5 *Deemed interest in shares held by his mother, Rahimah Stephens.*

STATISTICS OF SHAREHOLDINGS
AS AT 17 OCTOBER 2017 (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 17 OCTOBER 2017
(BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDINGS)

		No. of Shares Held			
NO.	**NAME**	**Direct**	**%^**	**Indirect**	**%^**
1.	CENTRAL GLAMOUR SDN BHD	30,275,000	22.14	-	-
2.	JAWALA CORPORATION SDN BHD	31,000,000	22.67	-	-
3.	YEO ECK LIONG	2,389,547	1.75	30,275,000*	22.14
	- others	-	-	32,500^1	0.02
4.	TAN SRI ABDUL MAJID KHAN	-	-	31,000,000**	22.67
5.	DATUK JEMA ANTON KHAN	-	-	31,000,000**	22.67

Notes:

^ *Excluding a total of 502,900 ordinary shares bought-back by the Company and retained as treasury shares as at 17 October 2017.*

^1 *Deemed interest in shares held by his wife, Sim Peck Ling.*

* *Deemed interest through his substantial shareholdings in Central Glamour Sdn Bhd.*

** *Deemed interest through his substantial shareholdings in Jawala Corporation Sdn Bhd.*

TOP THIRTY SECURITIES ACCOUNT HOLDERS
AS AT 17 OCTOBER 2017

NO.	Name	No. of Shares Held	% of ^ Issued Shares
1.	CENTRAL GLAMOUR SDN BHD	30,275,000	22.14
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <CIMB FOR JAWALA CORPORATION SDN BHD (PB)>	24,137,500	17.65
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <CIMB FOR JAWALA CORPORATION SDN BHD (PB)>	6,862,500	5.02
4.	HSBC NOMINEES (ASING) SDN BHD < EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING) >	5,000,000	3.66
5.	NCCT RESOURCES SDN BHD	4,532,400	3.31
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <CIMB BANK FOR TAN SIEW BOOY (MY0267)>	3,553,200	2.60
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR CHUAH SWEE HUAT (E-KLC)>	3,401,000	2.49
8.	LIM POH TEOT	2,606,250	1.91
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <EMPLOYEES PROVIDENT FUND BOARD>	2,463,900	1.80
10.	YEO ECK LIONG	2,389,547	1.75
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <NATIONAL TRUST FUND (IFM KENANGA)>	1,998,500	1.46
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD <CHIA LAI JOO>	1,840,782	1.35
13.	CITIGROUP NOMINEES (ASING) SDN BHD <CBHK PBGSG FOR S.K. INTERNATIONAL HOLDINGS LIMITED>	1,296,500	0.95
14.	YEO AIK GEE	919,400	0.67
15.	NG BEE HAR	878,625	0.64
16.	SIAH LEE CHU	768,450	0.56
17.	NG CHAI GO	768,100	0.56
18.	YEO AYK KE	719,175	0.53
19.	YEO AIK TAN	714,593	0.52
20.	LIM POH TEOT	677,975	0.50
21.	YEH INTERNATIONAL SERVICES CORPORATION SDN BHD	625,000	0.46
22.	NG POH ANN	530,050	0.39
23.	ROBERT TAN	512,500	0.37
24.	YEOH LIEW SE	500,000	0.36
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR YAP GIH THIAM (STF)>	480,000	0.35
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAN YONG MING>	459,000	0.33
27.	YEO YEK MENG	440,842	0.32
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)>	424,500	0.31
29.	CHIA LAI JOO	382,950	0.28
30.	MOHD RADZUAN BIN AB HALIM	368,350	0.27
	TOTAL	100,526,589	73.51

Note:

^ *Excluding a total of 502,900 ordinary shares bought-back by the Company and retained as treasury shares as at 17 October 2017.*

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JAYCORP Berhad (459789-X)

PROXY FORM

No. of shares held

I/We* ____
(name of shareholder as per NRIC, in capital letters)

IC No./ ID No./ Company No.* ____

of ____
(full address)

being a member/members* of JAYCORP BERHAD, hereby appoint ______________________________
(name of proxy as per NRIC, in capital letters)

NRIC No. ______________________ of ______________________________
(full address)

or failing him / her*, ______________________________ NRIC No. ______________________
(name of proxy as per NRIC, in capital letters)

of ____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Nineteenth Annual General Meeting of the Company to be held at Meeting Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka, Malaysia on Thursday, 14 December 2017 at 10.30 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
Ordinary Resolution 1	Declaration of final single tier dividend of 6.0 sen per ordinary share for the financial year ended 31 July 2017.		
Ordinary Resolution 2	Approval of payment of Directors' Fees for the financial year ended 31 July 2017.		
Ordinary Resolution 3	Approval of payment of Directors' fees from 1 August 2017 and up to the date of the Twentieth Annual General Meeting and benefits payable to the Directors from 31 January 2017 and up to the date of the Twentieth Annual General Meeting.		
Ordinary Resolution 4	Re-election of Yeo Eck Liong as a Director retiring under the Articles of Association of the Company.		
Ordinary Resolution 5	Re-election of Tan Sri Abdul Majid Khan as a Director retiring under the Articles of Association of the Company.		
Ordinary Resolution 6	Re-election of Asgari bin Mohd Fuad Stephens as a Director retiring under the Articles of Association of the Company.		
Ordinary Resolution 7	Re-appointment of Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 9	Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
Ordinary Resolution 10	Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 11	Retention of Omar bin Musa as an Independent Non-Executive Director.		
Ordinary Resolution 12	Retention of Asgari bin Mohd Fuad Stephens as an Independent Non-Executive Director.		

** Strike out whichever is not desired.*

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy may vote or abstain as he thinks fit.]

Dated this______________day of__________2017

____
Signature or Common Seal of Member(s)

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the same meeting. Where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at JA 1880, Batu 22 1/2, Parit Perawas, Sungai Rambai, 77400 Melaka, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the meeting will be put to vote by way of poll.

5. A power of attorney or certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 6 December 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the meeting and entitled to appoint proxy or proxies.

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STAMP

JAYCORP Berhad (459789 X)
JA 1880, Batu 22½, Parit Perawas
Sungai Rambai, 77400 Melaka
Malaysia

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www.jaycorp.com.my

JAYCORP Berhad (459789-X)

REGISTERED OFFICE

JA 1880, BATU 22½ , PARIT PERAWAS,
SUNGAI RAMBAI, 77400 MELAKA.
Tel : 606-2650 111 Fax : 606-2659 999

CORPORATE OFFICE

LOT 17.03, 17TH FLOOR MENARA KH,
JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR.
Tel : 03-2145 8108 Fax : 03-2145 0108 E-Mail : inquiry@jaycorp.com.my