

## **A. EXPLANATION NOTES**

### **A1. Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared under the same accounting policies and methods of computation as those used in the preparation of the most recent audited financial statements and comply with MFRS 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2021.

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.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2021 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective for the financial periods beginning on 1 August 2021.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

### **A2. Qualified Audit Report**

The auditors' report of the preceding annual financial statements was not qualified.

### **A3. Seasonal or Cyclical Factors**

The principal business and performance of the Group were not significantly affected by any seasonal or cyclical factors.

### **A4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and cumulative period ended 31 July 2022.

### **A5. Changes in Estimates**

There were no material changes in estimates that have had any material effect in the current quarter and cumulative period ended 31 July 2022.

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

**A6. Debts and Equity Securities**

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the quarter and cumulative quarter ended 31 July 2022.

On 9 December 2021, the shareholders of the Company had approved the Proposed Bonus Issue at the Extraordinary General Meeting. The Bonus Issue of 137,250,000 new ordinary shares in JAYCORP on the basis of 1 Bonus Share for every 1 existing ordinary share, was issued and allotted on 14 January 2022, and has been completed on 17 January 2022, following the listing of and quotation for 137,250,000 Bonus Shares on the Main Market of Bursa Securities.

Following the completion of the Bonus Issue above, the enlarged number of JAYCORP shares in issue will be 274,500,000 shares, including 5,766,600 shares held as treasury shares by the Company as at 31 July 2022.

**A7. Dividend Paid**

The Company paid a final single tier dividend of RM0.055 per ordinary share amounting to RM7,390,000 in respect of the financial year ended 31 July 2021 on 30 December 2021.

The Company paid a first single tier dividend of RM0.02 per ordinary share amounting to RM5,375,000 in respect of the financial year ended 31 July 2022 on 29 July 2022.

**A8. Segment Reporting**

The segmental information of the Group for the financial year to-date 31 July 2022 was summarised as below:

	Investment Holding	Furniture	Carton Boxes	Kiln-Drying	Renewable Energy	Construction	Others	Consolidation Adjustments	Total
RM'000									
<b>Revenue</b>									
External sales	-	210,052	46,175	17,366	8,861	22,288	873	-	305,615
Inter-Co sales	16,805	3,146	7,973	24,754	-	-	3,277	(55,955)	-
<b>Total revenue</b>	<b>16,805</b>	<b>213,198</b>	<b>54,148</b>	<b>42,120</b>	<b>8,861</b>	<b>22,288</b>	<b>4,150</b>	<b>(55,955)</b>	<b>305,615</b>
<b>Results</b>									
Segment result	13,467	23,564	4,827	(2,159)	1,091	4,970	752	(15,620)	30,892
Interest income	33	449	95	8	-	91	9	(75)	610
Finance costs	(117)	(419)	(213)	(369)	(137)	(72)	(8)	274	(1,061)
	13,383	23,594	4,709	(2,520)	954	4,989	753	(15,421)	30,441
Add: Share of loss of joint venture									(242)
<b>Profit before tax</b>									<b>30,199</b>
<b>Assets</b>									
	24,524	153,195	35,634	40,554	6,939	18,598	31,857	(38,855)	272,446
Add: Investment in joint venture									6,945
<b>Total Assets</b>									<b>279,391</b>
<b>Total Liabilities</b>	<b>8,775</b>	<b>28,967</b>	<b>9,203</b>	<b>25,662</b>	<b>3,368</b>	<b>9,417</b>	<b>26,657</b>	<b>(39,160)</b>	<b>72,889</b>

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

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**A8. Segment Reporting (cont'd)**

*Geographical segment*

	Malaysia RM'000	Indonesia RM'000	Total RM'000
Revenue			
Total	345,937	15,633	361,570
Internal	(49,438)	(6,517)	(55,955)
External	<u>296,499</u>	<u>9,116</u>	<u>305,615</u>
Profit before tax	<u>32,972</u>	<u>(2,773)</u>	<u>30,199</u>
Assets	<u>265,305</u>	<u>14,086</u>	<u>279,391</u>
Liabilities	<u>59,802</u>	<u>13,087</u>	<u>72,889</u>

The Group operates primarily in Malaysia, except for one of its subsidiaries whose principal activities include pressure treatment and kiln-drying of rubberwood and manufacturing of furniture parts. This subsidiary operates in Medan, Indonesia.

**A9. Valuation of Property, Plant and Equipment**

There was no revaluation of properties of the Group in the current quarter and cumulative period ended 31 July 2022.

**A10. Subsequent Events**

On 11 August 2022, the Company announced that Weston Asia I Inc. and Putian Yihong Wood Industry Co., Ltd. have subscribed for 81,081 and 54,054 new ordinary shares, respectively, of PT Tiga Mutiara Nusantara ("PTTMN"). (the Subscription).

Subsequent to the Subscription, PTTMN became a jointly controlled entity of Jaycorp.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring & discontinuing operations during the current quarter under review and financial year to-date.

**A12. Capital Commitments**

Capital commitments at 31 July 2022 were as follows:-

	RM'000
Property, plant and equipment	<u>2,597</u>

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

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**A13. Changes in Contingent Liabilities or Contingent Assets**

a. Contingent Liabilities

Unsecured

Corporate guarantees in favour of bankers for providing banking facilities to subsidiaries and joint venture company

Company  
At 31 July 2022  
RM'000

108,870

b. Contingent Assets

There were no contingent assets since the last audited financial statements for the financial year ended 31 July 2021.

**A14 Significant Related Party Transactions**

Related party transactions occur within the normal course of business and the terms offered are no different to those offered to third parties. Significant related party transactions during the current quarter and financial year-to-date are summarised below:

Type of transactions:-	Current Quarter RM'000	Financial year-to-date RM'000
- Printing of assembly instruction	-	-
- Rental income – factory building	290	1,162
- Rental income – office building	5	20
- Sales of carton box	421	1,849
- Sales of kitchen cabinet and bathroom vanity cabinet	<u>14,846</u>	<u>45,537</u>
- Purchase of raw material	5,299	20,615
- Rental payment – office building	23	90
- Rental payment – staff hostel	<u>6</u>	<u>22</u>

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

**SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES:**

**B1. Review of Performance**

Revenue	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2022 Q4	2021 Q4		2022 Q4	2021 Q4	
	RM'000	RM'000	RM'000	RM'000		
Investment Holding	8,425	1,959	330.07%	16,805	18,732	-10.29%
Furniture	39,144	34,357	13.93%	213,198	255,996	-16.72%
Carton Boxes	10,733	7,245	48.14%	54,148	64,633	-16.22%
Kiln-Drying	7,434	5,081	46.31%	42,120	49,135	-14.28%
Renewable Energy	2,640	2,404	9.82%	8,861	8,478	4.52%
Construction	6,902	6,577	4.94%	22,288	14,611	52.54%
Others	928	745	24.56%	4,150	4,327	-4.09%
Consolidation Adjustments	(16,057)	(8,112)		(55,955)	(62,878)	
<b>Total</b>	<b>60,149</b>	<b>50,256</b>	<b>19.69%</b>	<b>305,615</b>	<b>353,034</b>	<b>-13.43%</b>

Profit/(Loss) Before Tax	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2022 Q4	2021 Q4		2022 Q4	2021 Q4	
	RM'000	RM'000	RM'000	RM'000		
Investment Holding	7,461	1,309	469.98%	13,383	15,670	-14.59%
Furniture	2,580	1,264	104.11%	23,594	30,314	-22.17%
Carton Boxes	650	5	12900.00%	4,709	8,791	-46.43%
Kiln-Drying	(1,316)	(3,357)	60.80%	(2,520)	(1,013)	-148.77%
Renewable Energy	586	311	88.42%	954	486	96.30%
Construction	3,119	927	236.46%	4,989	889	461.19%
Others	127	98	29.59%	753	795	-5.28%
Consolidation Adjustments	(8,083)	(1,597)		(15,421)	(17,348)	
Share of profit/(loss) of joint venture	(96)	(1,017)	90.56%	(242)	(590)	58.98%
<b>Total</b>	<b>5,028</b>	<b>(2,057)</b>	<b>344.43%</b>	<b>30,199</b>	<b>37,994</b>	<b>-20.52%</b>

The Group registered turnover of RM60.1 million for 2022 Q4 compared to turnover of RM50.3 million in 2021 Q4. Profit before tax for 2022 Q4 was RM5.0 million compared to loss before tax of RM2.1 million for 2021 Q4. The improved performance of the Group in 2022 Q4 compared to 2021 Q4 was due to the Full Movement Control Order ("FMCO") implemented by the Government on 1st June 2021.

The investment holding segment consists of the holding company's results which include dividend income and management fees received from subsidiaries. The turnover and profit before tax for 2022 Q4 were higher compared with 2021 Q4 as higher dividends were declared by the subsidiaries in 2022 Q4. This segment result will be offset by the consolidation adjustments.

The furniture segment continued to be the main contributor to the Group's revenue. The furniture segment recorded RM39.1 million and RM2.6 million in turnover and profit before tax respectively for 2022 Q4. Comparatively, turnover and profit before tax for 2021 Q4 were RM34.4 million and RM1.3 million respectively. The turnover and profit before tax for 2022 Q4 were higher than 2021 Q4 due to increased shipments overseas and locally.

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

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**B1. Review of Performance (cont'd)**

The carton boxes segment contributed RM10.7 million in turnover and profit before tax of RM0.7 million for 2022 Q4 compared with turnover of RM7.2 million and profit before tax of RM0.01 million in 2021 Q4. The turnover and profit before tax in this segment were higher than 2021 Q4 due to higher demand from existing internal and external customers.

The kiln-drying segment registered RM7.4 million in turnover and loss before tax of RM1.3 million for 2022 Q4 compared with turnover of RM5.1 million and loss before tax of RM3.4 million in 2021 Q4. The higher turnover in 2022 Q4 was due to higher intercompany sales of the Malaysian subsidiary to the furniture segment. The loss before tax for 2022 Q4 was lower than 2021 Q4 due to higher turnover and lower write down of inventories of the Malaysian subsidiary.

The renewable energy segment contributed RM2.6 million in turnover and profit before tax of RM0.6 million for 2022 Q4 compared with turnover of RM2.4 million and profit before tax of RM0.3 million in 2021 Q4. The higher turnover and profit before tax in 2022 Q4 were due to higher offtake by customer and insurance claims received.

The engineering and construction segment registered RM6.9 million in turnover and profit before tax of RM3.1 million for 2022 Q4 compared with turnover of RM6.6 million and profit before tax of RM0.9 million in 2021 Q4. The profit before tax in this segment was higher than 2021 Q4 due to higher profit contribution following the completion of certain projects.

The share of loss from the joint venture company decreased from of RM1.0 million in 2021 Q4 to RM0.1 million in 2022 Q4 due to higher export sales from the joint venture company in 2022 Q4.

**B2. Quarterly Analysis**

Revenue	Current Quarter	Immediate Preceding Quarter	Changes
	2022 Q4	2022 Q3	
	RM'000	RM'000	
Investment Holding	8,425	330	2453.03%
Furniture	39,144	66,105	-40.79%
Carton Boxes	10,733	14,247	-24.66%
Kiln-Drying	7,434	11,075	-32.88%
Renewable Energy	2,640	2,313	14.14%
Construction	6,902	7,381	-6.49%
Others	928	1,076	-13.75%
Consolidation Adjustments	(16,057)	(11,227)	
<b>Total</b>	<b>60,149</b>	<b>91,300</b>	<b>-34.12%</b>

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

**B2. Quarterly Analysis (cont'd)**

Profit/ (Loss) Before Tax	Current Quarter	Immediate Preceding Quarter	Changes
	2022 Q4	2022 Q3	
	RM'000	RM'000	
Investment Holding	7,461	(378)	2073.81%
Furniture	2,580	12,315	-79.05%
Carton Boxes	650	1,177	-44.77%
Kiln-Drying	(1,316)	(906)	-45.25%
Renewable Energy	586	196	198.98%
Construction	3,119	1,282	143.29%
Others	127	246	-48.37%
Consolidation Adjustments	(8,083)	15	
Share of loss of joint venture	(96)	(263)	63.50%
<b>Total</b>	<b>5,028</b>	<b>13,684</b>	<b>-63.26%</b>

The Group recorded turnover of RM60.1 million and profit before tax of RM5.0 million for 2022 Q4 compared to 2022 Q3 turnover and profit before tax of RM91.3 million and RM13.7 million respectively.

For the investment holding segment, the turnover and profit before tax for 2022 Q4 were higher than 2022 Q3 as dividends were declared by subsidiaries in 2022 Q4. This segment result will be offset by the consolidation adjustments.

The furniture segment recorded RM39.1 million and RM2.6 million in turnover and profit before tax respectively for 2022 Q4. Comparatively, turnover and profit before tax for 2022 Q3 were RM66.1 million and RM12.3 million respectively. The turnover and profit before tax for 2022 Q4 were lower than 2022 Q3 mainly due to decreased demand from local customers, the North American and Asian markets.

The carton boxes segment contributed RM10.7 million in turnover and profit before tax of RM0.7 million for 2022 Q4 compared to turnover of RM14.2 million and profit before tax of RM1.2 million in 2022 Q3. The lower turnover and profit before tax for 2022 Q4 compared to 2022 Q3 were due to decreased demand from the existing internal and external customers.

The kiln-drying segment registered RM7.4 million in turnover and loss before tax of RM1.3 million for 2022 Q4 compared with turnover of RM11.1 million and loss before tax of RM0.9 million in 2022 Q3. The lower turnover for 2022 Q4 was due to decrease in demand from overseas customers of the Indonesian subsidiary and lower intercompany sales of the Malaysian subsidiary to the furniture segment. The higher loss before tax in 2022 Q4 was due to lower turnover and a provision for employee benefits in the Indonesian subsidiary.

The renewable energy segment contributed RM2.6 million in turnover and profit before tax of RM0.6 million for 2022 Q4 compared with turnover of RM2.3 million and profit before tax of RM0.2 million in 2022 Q3. The higher turnover and profit before tax for 2022 Q4 were due to higher offtake by customer and insurance claims received.

The engineering and construction segment registered RM6.9 million in turnover and profit before tax of RM3.1 million for 2022 Q4 compared with turnover of RM7.4 million and profit before tax of RM1.3 million in 2022 Q3. Despite lower turnover, the profit before tax was higher than 2022 Q3 due to higher profit contribution following the completion of certain projects.

The share of loss from joint venture company for 2022 Q4 was RM0.1 million compared to RM0.3 million in 2022 Q3. This was due to higher export sales from the joint venture company in 2022 Q4.

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

**B3. Current Year Prospects**

The global economy faces many challenges, such as the COVID-19 pandemic, inflation, foreign exchange rate fluctuations, the Russia-Ukraine war, the ongoing trade war between the United States and China and strict containment measures against COVID-19 in China. All of these have led to cost inflation for global businesses and global economy growth at a slower pace.

The Malaysian economy grew at a faster rate in the recent months as international borders reopened and foreign workers were able to enter. This alleviated the shortage of workers across industries. However, the implementation of the minimum wage with effect from 1 May 2022 increased the costs of raw materials and labour for local businesses.

The furniture segment remains the Group's core business. The increasing production costs (especially raw material and labour cost) and sluggish order from customers faced by the Group may affect the financial performance of this segment. The Group will continue to focus on controlling costs, exploring new markets, and developing new products in order to achieve better profits and growth of the business. Notwithstanding the uncertainties in the global economy and a very challenging time ahead for Malaysian manufacturers, the Group will continue to maintain a strong presence in the furniture industry.

**B4. Profit Forecast**

There were no profit forecasts issued for the current financial period under review.

**B5. Taxation**

The tax charges comprise: -

	Current Quarter RM'000	Financial year-to-date RM'000
• Company and Subsidiary Companies		
– Income Tax	347	6,764
– Deferred Tax	<u>1,397</u>	<u>2,044</u>
	<u>1,744</u>	<u>8,808</u>

The Group's effective tax rate in the current quarter is higher than the statutory tax rate due to certain non-tax deductible items and no deferred tax asset has been recognised in respect of losses in Indonesian subsidiary.

**B6. Corporate Proposals**

There were no corporate proposals as at the date of this announcement.



**JAYCORP BERHAD (459789-X)**  
 NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

**B7. Group Borrowings and Debt Securities**

The Group borrowings as at 31 July 2022 are summarised as below:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Lease liability – RM	1,512	2,722	4,234
Secured banker acceptance – RM	5,645	-	5,645
Secured banker acceptance – USD	1,132	-	1,132
Secured overdraft – IDR	2,541	-	2,541
Secured overdraft – RM	758	-	758
Secured term loan – RM	3,338	7,969	11,307
<b>Total</b>	<b>14,926</b>	<b>10,691</b>	<b>25,617</b>

# Out of RM25.6 million, RM2.5 million and RM1.1 million borrowings were denominated in IDR and USD currency respectively.

**B8. Material Litigation**

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the Group's financial position or business, and the Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the Group's financial position or business.

**B9. Other Disclosures Items to the Statement of Comprehensive Income**

Profit for the period is arrived at after crediting/(charging):-

	Current Quarter RM'000	Financial year-to-date RM'000
- Interest income	212	610
- Other income including investment income	1,007	4,478
- Interest expense	(318)	(1,061)
- Depreciation on property, plant and equipment, investment properties and right-of-use assets	(3,132)	(11,665)
- Gain on disposal on property, plant and equipment	22	288
- Foreign exchange (loss)/gain	(358)	366
- Gain on derivatives	300	307
- Impairment loss on receivables	(276)	(218)
- Reversal of write down/(Write down) of inventories	590	(219)

Save as disclosed above, the following items are not applicable to the Group for the fourth financial quarter ended 31 July 2022:-

- impairment of assets
- exceptional items

**JAYCORP BERHAD (459789-X)**  
NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JULY 2022

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**B10. Dividend**

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors proposed a final single tier dividend of RM0.04 per ordinary share for the financial year ended 31 July 2022 and shall be payable on 30 December 2022. The entitlement date for the said dividend shall be 16 December 2022.

**B11. Basic Earnings Per Share (EPS)**

	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
Profit/(Loss) after tax and minority interest (RM'000)	3,780	(2,301)	21,463	29,708
Weighted average number of ordinary shares in issue ('000)	268,733	268,980	268,733	268,980
Basic EPS (sen)	1.41	(0.86)	7.99	11.04

For comparative purpose, the earnings per share for the preceding year corresponding quarter and preceding year to date ended 31 July 2021 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary share which was completed on 17 January 2022.

**B12. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 September 2022.