

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 2022. 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 2022.

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 2022.

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 30 April 2023.

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 30 April 2023.

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 period ended 30 April 2023.

As at 30 April 2023, the number of treasury shares held was 5,766,600 ordinary shares.

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A7. Dividend Paid

The Company paid a final single tier dividend of RM0.04 per ordinary share amounting to RM10,749,000 in respect of the financial year ended 31 July 2022 on 30 December 2022.

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 ending 31 July 2023 on 20 April 2023.

A8. Segment Reporting

The segmental information of the Group for the financial year to-date 30 April 2023 was summarised as below:

	Continuing operations							Discontinued operations		Consolidation Adjustments	Total
	Investment Holding	Furniture	Packaging	Wood processing	Renewable energy	Construction	Others	Furniture	Others		
RM'000											
Revenue											
External sales	-	93,473	24,670	4,269	8,746	20,284	371	28,565	125	-	180,503
Inter-Co sales	11,729	113	4,208	12,903	-	-	2,057	414	-	(31,424)	-
Total revenue	11,729	93,586	28,878	17,172	8,746	20,284	2,428	28,979	125	(31,424)	180,503
Results											
Segment result	13,484	15,000	1,153	133	1,626	1,903	169	930	(37)	(10,854)	23,507
Interest income	109	464	100	3	-	3	10	86	-	(6)	769
Finance costs	(74)	(138)	(173)	(39)	(77)	(37)	-	(113)	(5)	130	(526)
	13,519	15,326	1,080	97	1,549	1,869	179	903	(42)	(10,730)	23,750
Add: Share of profit of joint venture											600
Profit before tax											24,350
Assets											
	39,546	110,991	34,596	25,238	9,452	26,013	29,217	-	-	(34,308)	240,745
Add: Investment in joint venture											14,295
Total Assets											255,040
Total Liabilities											
	8,085	17,266	8,843	11,311	2,331	15,563	25,710	-	-	(34,634)	54,475

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A8. Segment Reporting (cont'd)

Geographical segment

	Malaysia RM'000	Indonesia RM'000	Total RM'000
Profit/(Loss) before tax	<u>25,694</u>	<u>(1,344)</u>	<u>24,350</u>

The Group operates primarily in Malaysia, except for one of its joint venture companies whose principal activities include manufacturing and selling of finger jointed finished gesso coated and primed moulding products. This joint venture company 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 30 April 2023.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 16 June 2023 (latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), which have not been reflected, in the financial statements for the current quarter under review.

A11. Changes in the Composition of the Group

- i. 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 54,055 new ordinary shares, respectively, of PT Tiga Mutiara Nusantara ("PTTMN"). (the Subscription).

Subsequent to the Subscription, PTTMN was reclassified from subsidiary to become a joint venture company of Jaycorp.

On 10 February 2023 and 15 February 2023, the Company announced that on 2 February 2023 had accepted rights issue of up to 685,027 new ordinary shares in PTTMN on the basis of one (1) rights share for every two (2) shares held at a consideration of USD685,027, and that the total shareholding of Jaycorp held in PTTMN increased from 671,160 to 1,356,187 ordinary shares i.e. 62.30% in the total equity shareholdings of PTTMN. Despite Jaycorp holding 62.30% in PTTMN, PTTMN remains a joint venture company due to the terms and conditions in the Joint Venture Agreement.

- ii. On 27 December 2022, the Company has entered into a Share Purchase and Subscription Agreement ("Agreement") between Microban (M) Sdn Bhd ("MMSB") and the Company's 90%-owned subsidiary, Jaycorp Green Energy Sdn Bhd ("JGESB").

MMSB is to acquire 1,000,000 ordinary shares of JGESB, representing 20% equity interest in JGESB from the Company for RM4 million. MMSB is also further subscribing an additional 830,195 newly issued ordinary shares from JGESB ("Subscription Shares"), representing a further 10% equity interest in JGESB for RM2 million subject to the terms and conditions of the Agreement.

On 22 February 2023, MMSB has been allotted and issued with the Share Sale and Subscription Shares in JGESB, consequently JGESB becomes a 60%-owned subsidiary of Jaycorp.

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A11. Changes in the Composition of the Group (Con't)

iii. On 29 September 2022, the Company had entered into a Share Sale Agreement with Bo Eng Chee, Bo Lireen, Bo Li Siong and Jason Koh Jian Hui (collectively, referred as the "Purchasers") to dispose of its sixty per centum (60%) of the total issued and paid-up share capital of Digital Furniture Sdn. Bhd. ("DFSB") and Digital Dorm Sdn. Bhd. ("DDSB") for a total sale consideration of RM22,500,000.

On 22 March 2023, the Company announced that it has fully transferred 600,000 ordinary shares ("Sale Shares") which comprised 60% of the total issued and paid-up share capital of DFSB to the Purchasers. Jaycorp has received the final installment payment which has been satisfied and paid in full on 2 March 2023. Accordingly, the Company no longer holds equity interest in DFSB and DDSB.

A12. Capital Commitments

Capital commitments at 30 April 2023 were as follows:-

Property, plant and equipment	RM'000 <u>1,739</u>
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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 companies

Company
At 30 April 2023
RM'000

121,575

b. Contingent Assets

There were no contingent assets since the last audited financial statements for the financial year ended 31 July 2022.

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	300	897
- Rental income – office building	3	13
- Sales of carton box	474	1,801
- Sales of kitchen cabinet and bathroom vanity cabinet	11,883	44,817
- Sales of pine primed and gesso	<u>1,442</u>	<u>1,442</u>
- Purchase of furniture part, board material and hardware	2,908	11,635
- Purchase of rubber wood and furniture part	-	2,693
- Subcontract work of furniture parts	124	152
- Rental payment – office building	22	67
- Rental payment – staff hostel	<u>3</u>	<u>14</u>

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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
	2023 Q3	2022 Q3		2023 Q3	2022 Q3	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	318	330	-3.64%	11,729	8,380	39.96%
Furniture	40,937	66,105	-38.07%	122,565	174,054	-29.58%
Packaging	9,886	14,247	-30.61%	28,878	43,415	-33.48%
Wood processing	5,620	11,075	-49.26%	17,172	34,685	-50.49%
Renewable energy	3,546	2,313	53.31%	8,746	6,221	40.59%
Construction	7,104	7,381	-3.75%	20,284	15,386	31.83%
Others	735	1,076	-31.69%	2,553	3,222	-20.76%
Consolidation adjustments	(6,681)	(11,227)		(31,424)	(39,897)	
Total	61,465	91,300	-32.68%	180,503	245,466	-26.47%

Profit/(Loss) Before Tax	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2023 Q3	2022 Q3		2023 Q3	2022 Q3	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	707	(378)	287.04%	13,519	5,922	128.28%
Furniture	4,667	12,315	-62.10%	16,229	21,016	-22.78%
Packaging	593	1,177	-49.62%	1,080	4,059	-73.39%
Wood processing	93	(906)	110.26%	97	(1,204)	108.06%
Renewable energy	719	196	266.84%	1,549	367	322.07%
Construction	346	1,282	-73.01%	1,869	1,870	-0.05%
Others	(105)	246	-142.68%	137	626	-78.12%
Consolidation adjustments	5	15		(10,730)	(7,339)	
Share of (loss)/profit of joint venture	286	(263)	208.75%	600	(146)	510.96%
Total	7,311	13,684	-46.57%	24,350	25,171	-3.26%

The Group registered revenue of RM61.5 million for 2023 Q3 compared to revenue of RM91.3 million in 2022 Q3. Profit before tax for 2023 Q3 was RM7.3 million compared to profit before tax of RM13.7 million for 2022 Q3.

The investment holding segment consists of the holding company's results which include dividend income and management fees received from subsidiaries. The profit before tax for 2023 Q3 was higher compared with 2022 Q3 mainly due to gain on disposal of a subsidiary. This segment revenue will be offset by the consolidation adjustments.

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B1. Review of Performance (cont'd)

The furniture segment continued to be the main contributor to the Group's revenue. The furniture segment recorded RM40.9 million and RM4.7 million in revenue and profit before tax respectively for 2023 Q3. Comparatively, revenue and profit before tax for 2022 Q3 were RM66.1 million and RM12.3 million respectively. The revenue and profit before tax for 2023 Q3 were lower than 2022 Q3 due to decreased demand from export markets and local customers. The lower revenue and profit before tax in 2023 Q3 was also due to the disposal of a subsidiary as described in Note A11 iii.

The packaging segment contributed RM9.9 million in revenue and profit before tax of RM0.6 million for 2023 Q3 compared with revenue of RM14.2 million and profit before tax of RM1.2 million in 2022 Q3. The revenue and profit before tax in this segment were lower than 2022 Q3 due to lower demand from existing internal and external customers.

The wood processing segment registered RM5.6 million in revenue and profit before tax of RM0.1 million for 2023 Q3 compared with revenue of RM11.1 million and loss before tax of RM0.9 million in 2022 Q3. The lower revenue and higher profit before tax in 2023 Q3 were due to the deemed disposal as described in Note A11 i and lower write down of inventories in the Malaysian subsidiary.

The renewable energy segment contributed RM3.5 million in revenue and profit before tax of RM0.7 million for 2023 Q3 compared with revenue of RM2.3 million and profit before tax of RM0.2 million in 2022 Q3. The higher revenue and profit before tax in 2023 Q3 were due to higher offtake by customers.

The construction segment registered RM7.1 million in revenue and profit before tax of RM0.3 million for 2023 Q3 compared with revenue of RM7.4 million and profit before tax of RM1.3 million in 2022 Q3. The revenue in this segment was lower than 2022 Q3 due to lower progress billings from existing and new projects. The profit before tax was lower due to the decrease in overall construction margin and lower revenue.

The share of profit from the joint venture companies increased from loss of RM0.3 million in 2022 Q3 to profit of RM0.3 million in 2023 Q3 due to higher revenue generated by the Malaysian joint venture company and strengthening of United States Dollar (USD) against Malaysian Ringgit (MYR) and there was a reversal of the provision for employee benefits by the Indonesian joint venture company.

B2. Quarterly Analysis

Revenue	Current Quarter	Immediate Preceding Quarter	Changes
	2023 Q3	2023 Q2	
	RM'000	RM'000	
Investment holding	318	11,081	-97.13%
Furniture	40,937	41,919	-2.34%
Packaging	9,886	9,199	7.47%
Wood processing	5,620	5,707	-1.52%
Renewable energy	3,546	2,853	24.29%
Construction	7,104	6,355	11.79%
Others	735	893	-17.69%
Consolidation adjustments	(6,681)	(17,746)	
Total	61,465	60,261	2.00%

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B2. Quarterly Analysis (cont'd)

Profit/ (Loss) Before Tax	Current Quarter	Immediate Preceding Quarter	Changes
	2023 Q3	2023 Q2	
	RM'000	RM'000	
Investment holding	707	8,168	-91.34%
Furniture	4,667	6,547	-28.72%
Packaging	593	274	116.42%
Wood processing	93	(392)	123.72%
Renewable energy	719	529	35.92%
Construction	346	357	-3.08%
Others	(105)	126	-183.33%
Consolidation adjustments	5	(10,744)	
Share of profit/(loss) of joint venture	286	(411)	169.59%
Total	7,311	4,454	64.14%

The Group recorded revenue of RM61.5 million and profit before tax of RM7.3 million for 2023 Q3 compared to 2023 Q2 revenue and profit before tax of RM60.3 million and RM4.5 million respectively.

For the investment holding segment, the revenue and profit before tax for 2023 Q3 were lower than 2023 Q2 as no dividends were declared by subsidiaries in 2023 Q3. This segment revenue will be offset by the consolidation adjustments.

The furniture segment recorded RM40.9 million and RM4.7 million in revenue and profit before tax respectively for 2023 Q3. Comparatively, revenue and profit before tax for 2023 Q2 were RM41.9 million and RM6.5 million respectively. The revenue for 2023 Q3 was lower than 2023 Q2 due to decreased demand from Asian market and disposal of a subsidiary as described in Note A11 iii. The profit before tax for 2023 Q3 was lower than 2023 Q2 due to lower revenue and strengthening of Malaysian Ringgit (MYR) against United States Dollar (USD).

The packaging segment contributed RM9.9 million in revenue and profit before tax of RM0.6 million for 2023 Q3 compared to revenue of RM9.2 million and profit before tax of RM0.3 million in 2023 Q2. The higher revenue and profit before tax for 2023 Q3 compared to 2023 Q2 were due to increase demand from the existing internal and external customers.

The wood processing segment registered RM5.6 million in revenue and profit before tax of RM0.1 million for 2023 Q3 compared with revenue of RM5.7 million and loss before tax of RM0.4 million in 2023 Q2. Despite lower revenue, the profit before tax was higher due to improved operational efficiency and lower write down of inventories.

The renewable energy segment contributed RM3.5 million in revenue and profit before tax of RM0.7 million for 2023 Q3 compared with revenue of RM2.9 million and profit before tax of RM0.5 million in 2023 Q2. The higher revenue and profit before tax for 2023 Q3 were due to higher offtake by customers.

The construction segment registered RM7.1 million in revenue and profit before tax of RM0.3 million for 2023 Q3 compared with revenue of RM6.4 million and profit before tax of RM0.4 million in 2023 Q2. The higher revenue in 2023 Q3 was due to higher progress billings from existing projects. Despite higher revenue, the profit before tax was lower due to decrease in overall construction margins.

The share of profit from joint venture companies for 2023 Q3 was RM0.3 million compared to a loss of RM0.4 million in 2023 Q2. This was due to the improved operational efficiency of the Malaysian joint venture company and there was a reversal of the provision for employee benefits and lower selling and distribution expenses incurred by the Indonesian joint venture company.

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B3. Current Year Prospects

The global economy continues to be challenging and uncertain due to the escalation of geopolitical tension, rising costs and interest rate hikes in major economies to manage inflationary pressure.

The Malaysian economy further expanded in the first quarter of 2023, driven by strong domestic demand and continued improvements in the labour market. However, export growth is expected to moderate in 2023 amid a slowing global economy.

The furniture segment remains the Group's core business. The sluggish orders from customers faced by the Group affected 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		
Continuing operations		
– Income Tax	1,829	5,199
– Deferred Tax	1	5
	1,830	5,204
Discontinued operations		
– Income Tax	(27)	217
– Deferred Tax	-	-
	(27)	217
Total tax charges for continuing and discontinued operations	1,803	5,421

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 certain loss-making subsidiaries in Malaysia.

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B6. Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group borrowings as at 30 April 2023 are summarised as below:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Higher purchase liabilities	212	864	1,076
Secured banker acceptance	2,655	-	2,655
Secured overdraft	61	-	61
Secured term loan	3,027	6,557	9,584
Total	5,955	7,421	13,376

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	Financial year-to-date
	RM'000	RM'000
- Interest income	299	769
- Other income including investment income	1,672	6,505
- Interest expense	(154)	(526)
- Depreciation on property, plant and equipment, investment properties and right-of-use assets	(2,542)	(7,851)
- Gain on disposal on property, plant and equipment	-	7
- Foreign exchange gain/(loss)	327	(1,021)
- (Loss)/Gain on derivatives	(493)	95
- Impairment loss on receivables	(24)	(19)
- Write down of inventories	(97)	(145)

Save as disclosed above, the following items are not applicable to the Group for the third financial quarter ended 30 April 2023:-

- impairment of assets
- exceptional items

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B10. Dividend

The directors do not recommend the payment of any dividend for the current financial period ended 30 April 2023.

B11. Basic Earnings Per Share (EPS)

	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
Profit after tax and minority interest (RM'000)				
- Continuing operations	5,536	8,975	17,723	17,213
- Discontinued operations	(66)	254	386	470
	<u>5,470</u>	<u>9,229</u>	<u>18,109</u>	<u>17,683</u>
Weighted average number of ordinary shares in issue ('000)	268,733	268,733	268,733	268,733
Basic EPS (sen)				
- Continuing operations	2.06	3.34	6.60	6.41
- Discontinued operations	(0.02)	0.09	0.14	0.17
	<u>2.04</u>	<u>3.43</u>	<u>6.74</u>	<u>6.58</u>

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 23 June 2023.