

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 2022 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 31 July 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 31 July 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 31 July 2023.

As at 31 July 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 31 July 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	-	118,456	33,278	5,637	12,065	24,178	413	28,565	125	-	222,717
Inter-Co sales	12,035	119	5,317	15,666	-	-	2,729	414	-	(36,280)	-
Total revenue	12,035	118,575	38,595	21,303	12,065	24,178	3,142	28,979	125	(36,280)	222,717
Results											
Segment result	12,261	18,142	1,859	393	1,726	897	146	930	(37)	(10,888)	25,429
Interest income	174	696	141	5	-	57	13	86	-	(6)	1,166
Finance costs	(97)	(186)	(234)	(86)	(100)	(47)	-	(113)	(5)	166	(702)
	12,338	18,652	1,766	312	1,626	907	159	903	(42)	(10,728)	25,893
Add: Share of profit of joint venture											447
Profit before tax											26,340
Assets											
	33,470	112,037	34,889	24,960	9,955	23,520	29,197	-	-	(27,941)	240,087
Add: Investment in joint venture											10,986
Total Assets											251,073
Total Liabilities											
	2,307	15,576	8,334	10,764	2,461	13,903	25,776	-	-	(28,280)	50,841

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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>27,915</u>	<u>(1,575)</u>	<u>26,340</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 31 July 2023.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 22 September 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 instalment 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 31 July 2023 were as follows:-

	RM'000
Property, plant and equipment	<u>2,825</u>

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 31 July 2023
RM'000

100,836

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	1	1
- Rental income – factory building	373	1,270
- Rental income – office building	-	13
- Sales of carton box	511	2,313
- Sales of kitchen cabinet and bathroom vanity cabinet	10,886	55,702
- Sales of pine primed and gesso	<u>3,563</u>	<u>5,005</u>
- Purchase of furniture part, board material and hardware	4,554	16,323
- Purchase of rubber wood and furniture part	325	3,018
- Subcontract work of furniture parts	216	367
- Rental payment – office building	23	90
- Rental payment – staff hostel	<u>-</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 Q4	2022 Q4		2023 Q4	2022 Q4	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	306	8,425	-96.37%	12,035	16,805	-28.38%
Furniture	24,989	39,144	-36.16%	147,554	213,276	-30.82%
Packaging	9,718	10,733	-9.46%	38,595	54,147	-28.72%
Wood processing	4,131	7,434	-44.43%	21,303	42,119	-49.42%
Renewable energy	3,319	2,640	25.72%	12,065	8,861	36.16%
Construction	3,894	6,902	-43.58%	24,178	22,288	8.48%
Others	713	928	-23.17%	3,267	4,150	-21.28%
Consolidation adjustments	(4,855)	(16,057)		(36,280)	(55,955)	
Total	42,215	60,149	-29.82%	222,717	305,691	-27.14%

Profit/(Loss) Before Tax	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2023 Q4	2022 Q4		2023 Q4	2022 Q4	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	(1,182)	7,461	-115.84%	12,338	13,382	-7.80%
Furniture	3,325	2,580	28.88%	19,555	23,593	-17.12%
Packaging	687	650	5.69%	1,766	4,709	-62.50%
Wood processing	215	(1,316)	116.34%	312	(2,521)	112.38%
Renewable energy	76	586	-87.03%	1,626	954	70.44%
Construction	(962)	3,119	-130.84%	907	4,989	-81.82%
Others	(19)	127	-114.96%	117	753	-84.46%
Consolidation adjustments	2	(8,083)		(10,728)	(15,421)	
Share of (loss)/profit of joint venture	(153)	(96)	-59.38%	447	(242)	284.71%
Total	1,989	5,028	-60.44%	26,340	30,196	-12.77%

The Group registered revenue of RM42.2 million for 2023 Q4 compared to revenue of RM60.1 million in 2022 Q4. Profit before tax for 2023 Q4 was RM2.0 million compared to profit before tax of RM5.0 million for 2022 Q4.

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 Q4 was lower compared with 2022 Q4 due no dividends declared by the subsidiaries, impairment of receivable and reversal of gain on deemed disposal of a subsidiary in 2023 Q4. 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 RM25.0 million and RM3.3 million in revenue and profit before tax respectively for 2023 Q4. Comparatively, revenue and profit before tax for 2022 Q4 were RM39.1 million and RM2.6 million respectively. The revenue for 2023 Q4 was lower than 2022 Q4 due to decreased demand from export markets and local customers and the disposal of a subsidiary as described in Note A11 (iii). Despite lower revenue, the profit before tax for 2023 Q4 was higher than 2022 Q4 due to the strengthening of United States Dollar (USD) against Malaysian Ringgit (MYR) and improved operational efficiency.

The packaging segment contributed RM9.7 million in revenue and profit before tax of RM0.7 million for 2023 Q4 compared with revenue of RM10.7 million and profit before tax of RM0.7 million in 2022 Q4. The revenue in this segment was lower than 2022 Q4 due to lower demand from existing internal and external customers. Despite lower revenue, the profit before tax was maintained due to cost control measures exercised by this segment.

The wood processing segment registered RM4.1 million in revenue and profit before tax of RM0.2 million for 2023 Q4 compared with revenue of RM7.4 million and loss before tax of RM1.3 million in 2022 Q4. The lower revenue and higher profit before tax in 2023 Q4 were due to the deemed disposal as described in Note A11 (i) and the profit before tax is further improve due to lower write down of inventories in the Malaysian subsidiary.

The renewable energy segment contributed RM3.3 million in revenue and profit before tax of RM0.1 million for 2023 Q4 compared with revenue of RM2.6 million and profit before tax of RM0.6 million in 2022 Q4. The higher revenue in 2023 Q4 was due to higher offtake by customers. The lower profit before tax was due to higher depreciation charged in 2023 Q4.

The construction segment registered RM3.9 million in revenue and loss before tax of RM1.0 million for 2023 Q4 compared with revenue of RM6.9 million and profit before tax of RM3.1 million in 2022 Q4. The revenue in this segment was lower than 2022 Q4 due to lower progress billings from existing and new projects. Consequent to the lower revenue, compounded with lower construction margins and impairment of receivables the profit before tax were lower than previous year's corresponding quarter.

The share of loss from the joint venture company increased from RM0.1 million in 2022 Q4 to RM0.2 million in 2023 Q4 due to the Indonesian joint venture company still experiencing a learning curve as it seeks to achieve production consistency and provision for employee benefits.

B2. Quarterly Analysis

Revenue	Current Quarter	Immediate Preceding Quarter	Changes
	2023 Q4	2023 Q3	
	RM'000	RM'000	
Investment holding	306	318	-3.77%
Furniture	24,989	40,937	-38.96%
Packaging	9,718	9,886	-1.70%
Wood processing	4,131	5,620	-26.49%
Renewable energy	3,319	3,546	-6.40%
Construction	3,894	7,104	-45.19%
Others	713	735	-2.99%
Consolidation adjustments	(4,855)	(6,681)	
Total	42,215	61,465	-31.32%

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B2. Quarterly Analysis (cont'd)

Profit/ (Loss) Before Tax	Current Quarter	Immediate Preceding Quarter	Changes
	2023 Q4	2023 Q3	
	RM'000	RM'000	
Investment holding	(1,182)	707	-267.19%
Furniture	3,325	4,667	-28.76%
Packaging	687	593	15.85%
Wood processing	215	93	131.18%
Renewable energy	76	719	-89.43%
Construction	(962)	346	-378.03%
Others	(19)	(105)	81.90%
Consolidation adjustments	2	5	
Share of profit/(loss) of joint venture	(153)	286	-153.50%
Total	1,989	7,311	-72.79%

The Group recorded revenue of RM42.2 million and profit before tax of RM2.0 million for 2023 Q4 compared to 2023 Q3 revenue and profit before tax of RM61.5 million and RM7.3 million respectively.

For the investment holding segment, the profit before tax for 2023 Q4 was lower than 2023 Q3 due to gain on disposal of a subsidiary in 2023 Q3, impairment of receivable and reversal of gain on deemed disposal of a subsidiary in 2023 Q4. This segment revenue will be offset by the consolidation adjustments.

The furniture segment recorded RM25.0 million and RM3.3 million in revenue and profit before tax respectively for 2023 Q4. Comparatively, revenue and profit before tax for 2023 Q3 were RM40.9 million and RM4.7 million respectively. The revenue and profit before tax for 2023 Q4 were lower than 2023 Q3 due to decreased demand from export markets and local customers and disposal of a subsidiary as described in Note A11 (iii).

The packaging segment contributed RM9.7 million in revenue and profit before tax of RM0.7 million for 2023 Q4 compared to revenue of RM9.9 million and profit before tax of RM0.6 million in 2023 Q3. Despite lower revenue, the profit before tax for 2023 Q4 was higher than 2023 Q3 due to lower upkeep expenses in 2023 Q4.

The wood processing segment registered RM4.1 million in revenue and profit before tax of RM0.2 million for 2023 Q4 compared with revenue of RM5.6 million and profit before tax of RM0.1 million in 2023 Q3. The lower revenue in 2023 Q4 was due to lower inter-company sales to the furniture segment. 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 RM3.3 million in revenue and profit before tax of RM0.1 million for 2023 Q4 compared with revenue of RM3.5 million and profit before tax of RM0.7 million in 2023 Q3. The lower revenue and profit before tax for 2023 Q4 were due to lower offtake by customers and higher depreciation charges.

The construction segment registered RM3.9 million in revenue and loss before tax of RM1.0 million for 2023 Q4 compared with revenue of RM7.1 million and profit before tax of RM0.3 million in 2023 Q3. The lower revenue in 2023 Q4 was due to lower progress billings from existing projects. The profit before tax was lower due to lower revenue and impairment of receivables.

The share of loss from joint venture company for 2023 Q4 was RM0.2 million compared to a profit of RM0.3 million in 2023 Q3. This was due to lower export sales and write down of inventories in the Malaysian joint venture company, while the Indonesian joint venture company made a provision for employee benefits in 2023 Q4 as compared to reversal of provision for employee benefits in 2023 Q3.

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B3. Current Year Prospects

The global economic outlook remains cautionary, mainly due to slow growth in major economies, the escalation of geopolitical tensions, tightening in financial market conditions, rising costs and interest rates hikes.

The Malaysian economy further expanded in the second quarter of 2023, but at a slower pace due to slower external demand. Domestic demand remained the key driver of growth, supported by private consumption, investment and tourism activities. 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	803	6,002
– Deferred Tax	<u>(612)</u>	<u>(607)</u>
	<u>191</u>	<u>5,395</u>
Discontinued operations		
– Income Tax	-	217
– Deferred Tax	-	-
	-	<u>217</u>
Total tax charges for continuing and discontinued operations	<u>191</u>	<u>5,612</u>

The Group's effective tax rate in the current quarter is lower than the statutory tax rate due to utilisation of tax losses brought forward and tax incentives enjoyed by some of the subsidiary companies.

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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 31 July 2023 are summarised as below:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Higher purchase liabilities	283	694	977
Secured banker acceptance	4,267	-	4,267
Secured overdraft	-	-	-
Secured term loan	2,587	6,368	8,955
Total	7,137	7,062	14,199

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	396	1,166
- Other income including investment income	646	7,151
- Interest expense	(176)	(702)
- Depreciation on property, plant and equipment, investment properties and right-of-use assets	(2,555)	(10,406)
- Gain on disposal on property, plant and equipment	126	133
- Foreign exchange loss	(589)	(1,610)
- Loss on derivatives	184	279
- Impairment loss on receivables	(1,449)	(1,468)
- Write back of inventories	(213)	(358)

Save as disclosed above, the following items are not applicable to the Group for the fourth financial quarter ended 31 July 2023:-

- impairment of assets
- exceptional items

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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 2023 and shall be payable on 29 December 2023. The entitlement date for the said dividend shall be 15 December 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	2,029	5,172	19,753	22,385
- Discontinued operations	-	(1,394)	386	(924)
	<u>2,029</u>	<u>3,778</u>	<u>20,139</u>	<u>21,461</u>
Weighted average number of ordinary shares in issue ('000)	268,733	268,733	268,733	268,733
Basic EPS (sen)				
- Continuing operations	0.76	1.93	7.35	8.33
- Discontinued operations	-	(0.52)	0.14	(0.34)
	<u>0.76</u>	<u>1.41</u>	<u>7.49</u>	<u>7.99</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 29 September 2023.