

## **EXPLANATORY NOTES AND ADDITIONAL INFORMATION**

### **1. Basis of Preparation**

This interim financial report is unaudited and has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”).

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (“the Group”) subsequent to 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018 except for the mandatory adoption of the following accounting standards, amendments and interpretations of Malaysian Financial Reporting Standards (“MFRS”) that have been issued by MASB effective for annual periods beginning on or after 1 January 2019:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the abovementioned standards, amendments and interpretations did not have any material impact to the current and prior periods financial statements of the Group and the Company except for MFRS 16 Leases as described below:

#### **MFRS 16 Leases**

The Group has adopted MFRS 16 which is applied retrospectively from 1 January 2019, where MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The right-of-use asset is depreciated in accordance with the principles in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the profit or loss.

Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The adoption of MFRS 16 did not have any material financial impact to the Group.

## **2. Seasonality or Cyclicity of Interim Operations**

Generally, the Group’s operations are not affected by seasonal or cyclical factors. However, the Group’s share of profit from an associate company which is involved in the job portal business may be negatively impacted in the last quarter of the year as recruitment activities tend to slow down towards year-end and during major holidays.

## **3. Unusual Items**

There were no items or events that arose during the quarter under review, which affected assets, liabilities, equity, net income or cash flows that are unusual by reason of their nature, size or incidence.

## **4. Changes in Estimates**

There were no changes in the nature and amount of estimates reported that have a material effect during the quarter under review.

## **5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

## **6. Dividends Paid**

The shareholders of the Company had on 27 June 2019 approved the payment of final single tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2018 amounting to RM5.467 million. The dividend was subsequently paid on 25 July 2019.

## **7. Operating Segments**

The information reported to the Group’s chief operating decision maker, who is also the Group’s Chief Executive Officer, for the purposes of resource allocation and assessment of performance is segregated according to the following segments:

Investment holding	Includes equity investments, property investments, treasury investments, investment in associates, and property leasing
Others	Includes online advertising and contract staffing

**Cumulative Quarter Ended 30/9/2019**  
**(The figures have not been audited)**

	<b>Investment holding RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment revenue</b>				
Revenue from external customers	108	807	-	915
Inter segment revenue	3	-	(3)	-
Dividends	11,971	-	(8,662)	3,309
Interest income	1,276	-	-	1,276
Investment distribution income	1,768	-	-	1,768
Revenue for the year	<u>15,126</u>	<u>807</u>	<u>(8,665)</u>	<u>7,268</u>
<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	12,225	(120)	(8,556)	3,549
Interest income	-	60	-	60
Gain on financial assets classified as fair value through profit or loss	1	-	-	1
Gain on changes of interest in associates	17	-	-	17
Share of profit of equity-accounted associates	6,816	-	-	6,816
<b>Profit before tax</b>	<u>19,059</u>	<u>(60)</u>	<u>(8,556)</u>	<u>10,443</u>
Income tax expense	(1,242)	(6)	-	(1,248)
<b>Profit for the year</b>	<u>17,817</u>	<u>(66)</u>	<u>(8,556)</u>	<u>9,195</u>
<b>Segment assets</b>	<u>354,170</u>	<u>813</u>	<u>(24,164)</u>	<u>330,819</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	117,729	-	-	117,729
Non-current assets other than financial instruments and deferred tax assets	19,728	-	-	19,728
Additions to non-current assets other than financial instruments and deferred tax assets	134	-	-	134
<b>Other segment information</b>				
Depreciation of property and equipment	70	-	-	70
Depreciation of right-of-use assets	23	-	-	23

**Cumulative Quarter Ended 30/9/2018**

	<b>Investment holding RM’000</b>	<b>Others RM’000</b>	<b>Eliminations RM’000</b>	<b>Consolidated RM’000</b>
<b>Segment revenue</b>				
Revenue from external customers	154	730	-	884
Inter-segment revenue	3	-	(3)	-
Dividends	12,861	-	(9,764)	3,097
Interest income	1,653	-	-	1,653
Investment distribution income	1,181	-	-	1,181
Revenue for the year	<u>15,852</u>	<u>730</u>	<u>(9,767)</u>	<u>6,815</u>
<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	12,694	(39)	(9,825)	2,830
Loss on disposal of investment in a joint venture	(86)	-	-	(86)
Gain on financial assets classified as fair value through profit or loss	102	-	-	102
Gain on changes of interest in associates	56	-	-	56
Share of profit of equity-accounted associates	6,464	-	-	6,464
<b>Profit before tax</b>	<u>19,230</u>	<u>(39)</u>	<u>(9,825)</u>	<u>9,366</u>
Income tax expense	(1,480)	(6)	-	(1,486)
<b>Profit for the year</b>	<u>17,750</u>	<u>(45)</u>	<u>(9,825)</u>	<u>7,880</u>
<b>Segment assets</b>	<u>345,269</u>	<u>684</u>	<u>(14,218)</u>	<u>331,735</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	117,585	-	-	117,585
Non-current assets other than financial instruments and deferred tax assets	20,201	-	-	20,201
Additions to non-current assets other than financial instruments and deferred tax assets	<u>108</u>	<u>-</u>	<u>-</u>	<u>108</u>
<b>Other segment information</b>				
Depreciation of property and equipment	<u>80</u>	<u>1</u>	<u>-</u>	<u>81</u>

**8. Subsequent Events**

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements for the current quarter.

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

There were no changes in the composition of the Group during the quarter under review.

**10. Changes in contingent assets and contingent liabilities**

There were no material contingent liabilities or contingent assets as at 22 November 2019 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

**11. Capital Commitments**

	<b>As at 30.9.2019 RM'000</b>
<b>Investment in unquoted shares</b>	
Contracted but not provided for:	577
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**12. Review of Performance for the Quarter**

For the quarter ended 30 September 2019, consolidated revenue amounted to RM2.16 million, comparable with the revenue in the corresponding quarter in the preceding year of RM2.19 million.

On a pre-tax basis, the Group’s profit before tax (“PBT”) decreased by 14.4% to RM3.51 million compared with RM4.10 million in the corresponding quarter in the previous year mainly attributable to the lower foreign exchange gains of RM0.14 million in the current quarter compared with RM0.95 million in Q3 2018. The foreign exchange gains of RM0.95 million in Q3 2018 consist mainly of unrealised foreign exchange gains on the Group’s US and Singapore dollar denominated bank deposits as the Ringgit had then weakened from USD1:RM4.0350 and SGD1:RM2.9600 at the end of June 2018 to USD1:RM4.1365 and SGD1:RM3.0290 at the end of September 2018.

Our share of profit from equity accounted associates increased by 17.0% year-on-year to RM2.59 million from RM2.21 million in Q3 2018. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, posted a lower net profit attributable to shareholders of NT\$81.22 million compared with a net profit of NT\$82.51 million in Q3 2018. The lower net profit in the current quarter was continued to be impacted by an increase in staff costs as the company continued putting manpower into the optimisation of job matching and recommendation mechanism, website upgrades and development of the next generation of HR management solution. For the current quarter under review, 104 Corporation’s revenue reported growth of 2.7% to NT\$425.39 million from NT\$414.28 million in Q3 2018. Our another associate, Innity Corporation Berhad recorded a net profit of RM0.39 million in Q3 2019 compared with a net loss of RM1.58 million in the preceding year’s corresponding quarter on the back of a modest increase in revenue from RM25.83 million in Q3 2018 to RM26.10 million in the current quarter.

**13. Comparison with previous quarter's results**

	Q3 2019 <u>Current Quarter</u> RM'000	Q2 2019 <u>Preceding Quarter</u> RM'000
Revenue	2,156	3,330
Profit before tax	3,507	5,545

For the current quarter under review, the Group registered a lower revenue of RM2.16 million compared with RM3.33 million recorded in the preceding quarter mainly due to lower dividend income from Lion Rock Group Limited in Q3 2019 amounting to RM0.85 million compared with RM1.97 million in Q2 2019.

PBT decreased by 36.8% from RM5.55 million in Q2 2019 to RM3.51 million in Q3 2019. Apart from the lower revenue in the current quarter, the decrease was due to lower foreign exchange gains of RM0.14 million in Q3 2019 compared with RM0.92 million in the previous quarter.

**14. Prospects for the Year 2019**

Pending the acquisition of new businesses and/or investments, the Group's future prospects will depend on the performance of its associated companies in Taiwan and Malaysia, quoted investment in Hong Kong, foreign exchange rates and operating activities in Malaysia and Japan. The Group will derive income primarily from the provision of consultancy services and dividend income from its quoted investments. The Board and management will endeavour to identify and evaluate new businesses and/or assets to be acquired by the Company which can contribute to the financial performance of the Group. The Group has a healthy cash position, receives good cash flow from its investments and does not have any material debt.

Uncertain economic conditions may however affect the short-term profit performance of the Group's associated companies and investments. We have seen this in 2018 with lower profits from our associated companies. Additionally, the acquisition of suitable new businesses and/or assets will take time. The tenants for Wisma JcbNext have moved out at the end of their tenancy since 31 January 2018 and this negatively impacted the Group's revenue in 2018. The Group has, on 26 February 2019, signed an agreement with a tenant that has commenced its tenancy in Wisma JcbNext from 1 September 2019.

**15. Profit Forecast**

No profit forecast was announced hence there is no comparison between actual results and forecast.

**16. Taxation**

The taxation charge for the current quarter includes the following:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2019</b>	<b>30.9.2018</b>	<b>30.9.2019</b>	<b>30.9.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Estimated current tax payable	53	81	1,231	1,438
Deferred taxation	10	(53)	17	48
	<u>63</u>	<u>28</u>	<u>1,248</u>	<u>1,486</u>

**17. Investments**

The Group’s investments during the current quarter and financial year-to-date are as follows:-

	<b>Individual Quarter Ended 30.9.2019 RM’000</b>	<b>Cumulative Quarter Ended 30.9.2019 RM’000</b>
Associate companies		
Share of results and changes in equity in associates and exchange differences	3,522	(2,241)
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Long term:		
Purchase consideration	10,193	10,432
Sale proceeds	-	(10,667)
Changes in fair value	(3,567)	(1,020)
Gain on disposal	-	1,412
Exchange differences	3	3
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Short term:		
Purchase consideration	25,629	65,409
Sale proceeds	(38,610)	(72,882)
Changes in fair value	5	1
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The Group’s investments at fair value through other comprehensive income, investments in the quoted securities of associate companies and other short term investments at fair value through profit or loss as at 30 September 2019 are summarized below:

	<b>RM’000</b>
At cost	175,559
At carrying value/book value	228,769 <sup>^</sup>
At market value	295,064
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Other than the above, there was no purchase or disposal of quoted securities during the financial period under review.

<sup>^</sup> Carrying value of investments in associate companies represents the Group’s proportionate share of net assets in the associate companies.

**18. Status of Corporate Proposals**

**Proposed disposal of ordinary shares in JS E-Recruitment Ltd**

The Company had on 24 June 2009 entered into a Share Sale Agreement (the “SSA”) with Daffodil Computers Limited, a company incorporated in Bangladesh (“Daffodil”) for the disposal of 60,000 ordinary shares of BDT 10 each in the share capital of JS E-Recruitment Ltd. (“JSE”) to Daffodil, representing 60% equity interest in the issued and paid-up share capital of JSE for a total cash consideration of USD1.00 (equivalent to RM3.549 based on the exchange rate as at 23 June 2009 of USD1:RM3.549).

**19. Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**20. Dividend**

No dividend has been declared during the quarter under review in line with the discontinuation of the previous dividend policy with effect from 22 February 2016

**21. Earnings Per Share**

**Basic earnings per share**

The basic earnings per share is calculated by dividing the Group’s net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2019</b>	<b>30.9.2018</b>	<b>30.9.2019</b>	<b>30.9.2018</b>
Net profit attributable to owners of the Company (RM’000)	3,456	4,056	9,188	7,850
Weighted average number of shares in issue (‘000)	136,186	138,672	136,834	139,127
Basic earnings per share (sen)	2.54	2.93	6.71	5.64

**Fully diluted earnings per share**

No diluted earnings per share is disclosed in the financial statements as there are no dilutive potential ordinary shares.



**22. Profit for the Period**

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2019</b>	<b>30.9.2018</b>	<b>30.9.2019</b>	<b>30.9.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period is arrived at after (charging)/ crediting: -				
Interest income	362	454	1,336	1,653
Depreciation of property and equipment	(22)	(28)	(70)	(81)
Depreciation of right-of-use assets	(14)	-	(23)	-
Reversal of impairment on trade receivables	-	-	1	-
Loss on disposal of investment in a joint venture	-	-	-	(86)

Save as disclosed above and in the Condensed Consolidated Income Statement, the other items as required under Appendix 9B, Part A (16) of the Main Market Listing Requirements are not applicable.

**23. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 29 November 2019.