

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 2019.

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 2019 except for the mandatory adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”) that have been issued by MASB effective for annual periods beginning on or after 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The adoption of the abovementioned amendments to MFRSs did not have any material impact to the current and prior periods financial statements of the Group and the Company.

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

No dividend has been declared or paid during the quarter under review.

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 |

JCBNEXT BERHAD (“the Company”)
Registration No.: 200401002875 (641378-W)
Notes on the quarterly report – 31 December 2020

Cumulative Quarter Ended 31/12/2020
(The figures have not been audited)

| | Investment holding RM’000 | Others RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|------------------------------------------------------------------------------------------|------------------------------------------|--------------------------|--------------------------------|--------------------------------|
| Segment revenue | | | | |
| Revenue from external customers | 1,094 | 374 | - | 1,468 |
| Inter segment revenue | 4 | - | (4) | - |
| Dividends | 11,363 | - | (9,366) | 1,997 |
| Interest income | 1,559 | - | - | 1,559 |
| Investment distribution income | 997 | - | - | 997 |
| | <hr/> | | | |
| Revenue for the year | 15,017 | 374 | (9,370) | 6,021 |
| Segment profit/(loss) | | | | |
| Operating profit/(loss) for reportable segments | 9,722 | (430) | (9,315) | (23) |
| Interest expense | (8) | (2) | - | (10) |
| Loss on financial assets classified as fair value through profit or loss | (4) | - | - | (4) |
| Loss on changes in fair value of investment properties | (500) | - | - | (500) |
| Impairment loss on amount due from subsidiaries | (66) | - | 66 | - |
| Share of profit of equity-accounted associates | 8,318 | - | - | 8,318 |
| | <hr/> | | | |
| Profit before tax | 17,462 | (432) | (9,249) | 7,781 |
| Income tax expense | (1,484) | (10) | - | (1,494) |
| | <hr/> | | | |
| Profit for the year | 15,978 | (442) | (9,249) | 6,287 |
| | <hr/> | | | |
| Segment assets | 352,348 | 523 | (28,332) | 324,539 |
| <i>Included in the measure of segment assets are:</i> | | | | |
| Investment in associates | 125,080 | - | - | 125,080 |
| Non-current assets other than financial instruments and deferred tax assets | 18,524 | 63 | - | 18,587 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 39 | 129 | - | 168 |
| | <hr/> | | | |
| Other segment information | | | | |
| Depreciation of property and equipment | 162 | - | - | 162 |
| Depreciation of right-of-use assets | 55 | 64 | - | 119 |
| | <hr/> | | | |

Cumulative Quarter Ended 31/12/2019

| | Investment holding RM’000 | Others RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|------------------------------------------------------------------------------------------|------------------------------------------|--------------------------|--------------------------------|--------------------------------|
| Segment revenue | | | | |
| Revenue from external customers | 331 | 1,014 | - | 1,345 |
| Inter segment revenue | 4 | - | (4) | - |
| Dividends | 11,974 | - | (8,662) | 3,312 |
| Interest income | 1,892 | - | - | 1,892 |
| Investment distribution income | 2,138 | - | - | 2,138 |
| | <hr/> | | | |
| Revenue for the year | 16,339 | 1,014 | (8,666) | 8,687 |
| Segment profit/(loss) | | | | |
| Operating profit/(loss) for reportable segments | 12,040 | (154) | (8,704) | 3,182 |
| Interest income | - | 56 | - | 56 |
| Loss on financial assets classified as fair value through profit or loss | (22) | - | - | (22) |
| Gain on changes of interest in associates | 17 | - | - | 17 |
| Loss on changes in fair value of investment properties | (500) | - | - | (500) |
| Impairment loss on amounts due from subsidiaries | (154) | - | 154 | - |
| Share of profit of equity-accounted associates | 9,086 | - | - | 9,086 |
| | <hr/> | | | |
| Profit before tax | 20,467 | (98) | (8,550) | 11,819 |
| Income tax expense | (1,492) | (8) | - | (1,500) |
| | <hr/> | | | |
| Profit for the year | 18,975 | (106) | (8,550) | 10,319 |
| | <hr/> | | | |
| Segment assets | 351,176 | 872 | (24,215) | 327,833 |
| <i>Included in the measure of segment assets are:</i> | | | | |
| Investment in associates | 120,945 | - | - | 120,945 |
| Non-current assets other than financial instruments and deferred tax assets | 19,203 | - | - | 19,203 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 144 | - | - | 144 |
| | <hr/> | | | |
| Other segment information | | | | |
| Depreciation of property and equipment | 92 | - | - | 92 |
| Depreciation of right-of-use assets | 37 | - | - | 37 |
| | <hr/> | | | |

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 17 February 2021 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

11. Capital Commitments

| | As at 31.12.2020 RM'000 |
|--------------------------------------|----------------------------------------|
| Investment in unquoted shares | |
| Contracted but not provided for: | 436 |
| | ===== |

12. Review of Performance for the Quarter

For the quarter ended 31 December 2020, consolidated revenue amounted to RM0.80 million, which is 43.6% lower than the revenue in the corresponding quarter in the preceding year of RM1.42 million. The decrease was mainly due to lower investment distribution income from investments in money market unit trust funds and lower interest income from bank deposits.

The Group recorded higher foreign exchange losses of RM0.48 million in the current quarter compared with RM0.30 million in Q4 2019. The foreign exchange losses consisted mainly of unrealised foreign exchange losses on the Group's US Dollar denominated bank deposits as the Ringgit strengthened from USD1:RM4.153 at the end of September 2020 to USD1:RM4.011 at the end of December 2020.

The Group's profit before tax (“PBT”) decreased by 10.5% to RM1.23 million compared with RM1.38 million in the corresponding quarter in the previous year mainly attributable to the decrease in revenue and higher foreign exchange losses as mentioned above but mitigated by higher share of profit from equity accounted associates.

Our share of profit from equity accounted associates increased by 35.1% year-on-year to RM3.07 million from RM2.27 million in Q4 2019. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, recorded a marginally higher profit before tax of NT\$69.77 million in Q4 2020 compared with NT\$67.48 million in Q4 2019. Its revenue grew 2.6% to NT\$413.65 million in the current quarter from NT\$403.03 million in Q4 2019 supported by strong GDP growth in Q4 as global demand for the country's tech exports eased the pandemic hit. Our other associate, Innity Corporation Berhad also posted a higher net profit of RM4.31 million in the current quarter compared with RM1.04 million in the corresponding quarter in the preceding year on the back of an increase in revenue from RM30.15 million in Q4 2019 to RM33.79 million in the current quarter under review.

13. Comparison with previous quarter's results

| | Q4 2020 <u>Current Quarter</u> RM'000 | Q3 2020 <u>Preceding Quarter</u> RM'000 |
|-------------------|---------------------------------------------|-----------------------------------------------|
| Revenue | 800 | 882 |
| Profit before tax | 1,232 | 1,396 |

For the current quarter under review, the Group registered a revenue of RM0.80 million, which is slightly lower than the revenue in the preceding quarter of RM0.88 million mainly due to lower interest income from bank deposits.

The lower PBT in the current quarter was mainly due to a decrease in the fair value of investment properties amounting to RM0.50 million that was taken up in Q4 2020. The decrease in the fair value of investment properties was mitigated by lower foreign exchange losses of RM0.48 million compared with RM0.89 million recorded in the preceding quarter and higher share of profit from associates of RM3.07 million compared with RM2.81 million in the preceding quarter.

14. Prospects for the Year 2021

Pending further acquisitions 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 investments, foreign exchange rates and operating activities in Malaysia and Japan. The Group will derive income primarily from the provision of consultancy services, dividend income from its quoted investments and rental income from its investment properties. 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. The COVID-19 pandemic has resulted in significant disruptions to businesses and everyday life as we know it. With the ensuing slowdown in economic activities, many countries have reported contractions in their economies in 2020. The International Monetary Fund forecasted a growth of 5.5% for the global economy in 2021, taking into account expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies, notably those announced by the United States and Japan in late 2020. Nevertheless, there remains significant downside risks to global economic growth. Growth could turn out weaker if the virus surge, including from new strains, proves difficult to contain, infections and death tolls mount rapidly before vaccines are widely available, countries continue to enforce prolonged lockdowns, delays arise in vaccine rollouts and even low uptake fuelled by misinformation over the safety of the vaccine. Further, if governments discontinue policy support before recovery takes firm root, insolvencies amongst corporates and households may rise.

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:

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|-------------------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 31.12.2020 RM'000 | 31.12.2019 RM'000 | 31.12.2020 RM'000 | 31.12.2019 RM'000 |
| Estimated current tax payable | 65 | 113 | 1,575 | 1,344 |
| Deferred taxation | (111) | 139 | (81) | 156 |
| | <u>(46)</u> | <u>252</u> | <u>1,494</u> | <u>1,500</u> |

17. Investments

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

| | Individual Quarter Ended 31.12.2020 | Cumulative Quarter Ended 31.12.2020 |
|-------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | RM'000 | RM'000 |
| Associate companies | | |
| Share of results and changes in equity in associates and exchange differences | 2,539 | 4,135 |
| | <u> </u> | <u> </u> |
| Long term: | | |
| Acquisitions | 1,852 | 6,491 |
| Disposals | - | - |
| Changes in fair value | 6,691 | (7,361) |
| | <u> </u> | <u> </u> |
| Short term: | | |
| Acquisitions | 194 | 53,207 |
| Disposals | (1,170) | (64,863) |
| Changes in fair value | - | 2 |
| | <u> </u> | <u> </u> |

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 31 December 2020 are summarized below:

| | |
|------------------------------|----------------------|
| | RM'000 |
| At cost | 170,249 |
| At carrying value/book value | 218,570 [^] |
| At market value | <u>277,689</u> |

Other than the above, there was no purchase or disposal of quoted securities during the financial period under review.

^ 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.

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|-----------------------------------------------------------|--------------------------|------------|--------------------------|------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Net profit attributable to owners of the Company (RM’000) | 1,265 | 1,122 | 6,347 | 10,310 |
| Weighted average number of shares in issue (‘000) | 134,165 | 135,872 | 134,484 | 136,591 |
| Basic earnings per share (sen) | 0.94 | 0.83 | 4.72 | 7.55 |

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

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--------------------------------------------------------------------|---------------------------------|-------------------|---------------------------------|-------------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Profit for the period is arrived at after (charging)/ crediting: - | | | | |
| Interest income | 189 | 613 | 1,549 | 1,949 |
| Depreciation of property and equipment | (115) | (22) | (162) | (92) |
| Depreciation of right-of-use assets | (29) | (14) | (119) | (37) |
| Reversal of impairment on trade receivables | - | - | - | 1 |

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 in accordance with a resolution of the Directors.