

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 2020.

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 2020 except for the following amendments to Malaysian Financial Reporting Standards (“MFRS”) which were adopted at the beginning of the current financial year.

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The following are accounting standards and amendments to MFRS that have been issued by MASB but have not been adopted by the Group and the Company.

Amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRS and Amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for amendments to MFRS 1 and amendments to MFRS 141 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts 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

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

During the quarter under review, the Company had bought back from the open market 88,300 of its issued ordinary shares (“JcbNext Shares”) at an average buy-back price of approximately RM1.32 per ordinary share. The total consideration paid for the share buy-back of JcbNext Shares by the Company during the quarter under review was RM116,590. The JcbNext Shares bought back are held as treasury shares in accordance with Section 127 Subsection 4(b) of the Companies Act 2016. On 28 December 2021, the Company cancelled 2,090,200 of its treasury shares held pursuant to Section 127 Subsection 4(a) of the Companies Act 2016.

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

Cumulative Quarter Ended 31/12/2021
(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	1,223	316	-	1,539
Inter segment revenue	4	-	(4)	-
Dividends	12,370	-	(8,909)	3,461
Interest income	751	-	-	751
Investment distribution income	603	-	-	603
Revenue for the year	<u>14,951</u>	<u>316</u>	<u>(8,913)</u>	<u>6,354</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	12,659	(271)	(9,008)	3,380
Interest expense	(8)	(1)	-	(9)
Gain on disposal of investment in an associate	1,590	-	-	1,590
Loss on financial assets classified as fair value through profit or loss	(2)	-	-	(2)
Gain on changes of interest in associates	13	-	-	13
Impairment loss on amount due from subsidiaries	(257)	-	257	-
Share of profit of equity-accounted associates	13,361	-	-	13,361
Profit before tax	<u>27,356</u>	<u>(272)</u>	<u>(8,751)</u>	<u>18,333</u>
Income tax expense	(1,529)	(12)	-	(1,541)
Profit for the year	<u>25,827</u>	<u>(284)</u>	<u>(8,751)</u>	<u>16,792</u>
Segment assets	<u>413,798</u>	<u>391</u>	<u>(67,052)</u>	<u>347,137</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	133,903	-	-	133,903
Non-current assets other than financial instruments and deferred tax assets	18,494	-	-	18,494
Additions to non-current assets other than financial instruments and deferred tax assets	73	-	-	73
Other segment information				
Depreciation of property and equipment	46	-	-	46
Depreciation of right-of-use assets	57	61	-	118

Cumulative Quarter Ended 31/12/2020

	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
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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	8,421	-	-	8,421
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Profit before tax	17,565	(432)	(9,249)	7,884
Income tax expense	(1,484)	(10)	-	(1,494)
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Profit for the year	16,081	(442)	(9,249)	6,390
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Segment assets	353,327	523	(28,332)	325,518
<i>Included in the measure of segment assets are:</i>				
Investment in associates	125,091	-	-	125,091
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
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Other segment information				
Depreciation of property and equipment	162	-	-	162
Depreciation of right-of-use assets	55	64	-	119
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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 16 February 2022 (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 31.12.2021 RM'000
Investment in unquoted shares	
Contracted but not provided for:	326
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12. Review of Performance for the Quarter

For the quarter ended 31 December 2021, consolidated revenue amounted to RM0.90 million, which is 12.3% higher than the revenue in the corresponding quarter in the preceding year of RM0.80 million. The increase was mainly due to higher dividend income from quoted investments.

The Group recorded foreign exchange gains of RM0.16 million in the current quarter compared with foreign exchange losses of RM0.48 million in Q4 2020. The foreign exchange gains consist mainly of realised foreign exchange gains from the utilisation of Hong Kong Dollars to settle share purchases as well as the conversion of the proceeds from the disposal of 104 Corporation shares into Hong Kong and Singapore Dollars. In Q4 2020, the foreign exchange losses consist mainly of unrealised foreign exchange losses on the Group’s US Dollar denominated bank deposits.

The decrease in operating expenses by 33.7% year-over-year to RM1.15 million in Q4 2021 from RM1.73 million in the corresponding quarter in the previous year was mainly due to lower staff costs during the quarter under review.

The Group’s profit before tax (“PBT”) increased by 285.0% from RM1.34 million in Q4 2020 to RM5.14 million in the current quarter mainly attributable to the gain on disposal of shares amounting to RM1.59 million as well as foreign exchange gains and lower staff costs as mentioned above. During the quarter under review, the Company had disposed 107,391 ordinary shares in an associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, representing 0.32% of the company’s issued and paid-up share capital for a total cash consideration of RM2.84 million. Following the disposals, the Company continued to hold 22.66% equity interest in 104 Corporation as at 31 December 2021.

Our share of profit from equity accounted associates increased by 14.8% year-on-year to RM3.64 million from RM3.17 million in Q4 2020. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, reported a 35.1% increase in net profit of NT\$92.61 million in Q4 2021 compared with NT\$68.52 million in the corresponding quarter in the preceding year due to its strong revenue growth of 20.1% from NT\$413.65 million in Q4 2020 to NT\$496.72

in the current quarter contributed by job posting and HR Academy businesses. Our other associate, Innity Corporation Berhad posted a lower net profit of RM3.37 million in the current quarter under review compared with RM4.31 million in Q4 2020. Despite the lower net profit, Innity Corporation Berhad recorded a slightly higher revenue of RM34.75 million in Q4 2021 compared with RM33.79 million in Q4 2020.

13. Comparison with previous quarter's results

	Q4 2021 <u>Current Quarter</u> RM'000	Q3 2021 <u>Preceding Quarter</u> RM'000
Revenue	898	2,243
Profit before tax	5,140	4,690

For the current quarter under review, the Group posted a lower revenue of RM0.90 million compared with RM2.24 million reported in the preceding quarter mainly due to lower dividend income in Q4 2021 amounting to RM0.21 million compared with RM1.53 million in the previous quarter which included a dividend amounting to RM0.85 million from Lion Rock Group Limited, one of the Group's larger investment.

Apart from the lower revenue, the higher PBT in the current quarter was due to higher share of profit from associates of RM3.64 million compared with RM3.27 million in Q3 2021 and the gain on disposal of 104 Corporation shares in Q4 2021 amounting to RM1.59 million.

14. Prospects for the Year 2022

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.

The global recovery in 2022 continues to face multiple challenges as the COVID-19 pandemic enters its third year. The spread of the Omicron variant has led to renewed mobility restrictions in many countries and increased labour shortages. Rising energy prices and supply disruptions have also resulted in higher and more broad-based inflation than expected, notably in the United States and many emerging market and developing economies. The continuing problems in China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects. The International Monetary Fund (“IMF”) has downgraded its 2022 global growth forecast to 4.4% in January 2022 from 4.9% in October 2021. The revised outlook is largely due to growth markdowns in the world's two largest economies; the United States and China. Elevated inflation is expected to persist for longer than previously anticipated, with ongoing supply chain disruptions and high energy prices continuing in 2022.

Risks to the global baseline are tilted to the downside due to continued uncertainty in a number of areas. The emergence of new COVID-19 variants could prolong the crisis and induce renewed economic disruptions. Furthermore, supply chain disruptions, energy price volatility, and localized wage pressures mean uncertainty around inflation and policy paths is high. As advanced economies lift policy rates, risks to financial stability and emerging market and developing economies' capital flows, currencies, and fiscal positions—especially with debt levels having increased significantly in the past two years, may emerge. Other global risks may crystallize as

geopolitical tensions remain high, and the ongoing climate emergency means that the probability of major natural disasters remains elevated.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	79	65	1,550	1,575
Deferred taxation	(52)	(111)	(9)	(81)
	<u>27</u>	<u>(46)</u>	<u>1,541</u>	<u>1,494</u>

17. Investments

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

	Individual Quarter Ended 31.12.2021	Cumulative Quarter Ended 31.12.2021
	RM'000	RM'000
Associate companies		
Share of results and changes in equity in associates and exchange differences	3,263	10,059
Sales proceeds	(2,837)	(2,837)
Gain on disposal of shares	1,590	1,590
	<u> </u>	<u> </u>
Long term:		
Purchase consideration	6,755	49,768
Sale proceeds	-	-
Changes in fair value	1,560	5,845
	<u> </u>	<u> </u>
Short term:		
Purchase consideration	137	49,604
Sale proceeds	(40,387)	(93,848)
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 2021 are summarized below:

	RM'000
At cost	174,716
At carrying value/book value	239,732 [^]
At market value	320,375

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. Borrowings

The Group’s borrowings as at 31 December 2021 are as follows:

	As at
	31.12.2021
	RM'000
Non-current	
Term loan - unsecured	182
Current	
Term loan - unsecured	-
Total	<u>182</u>

The borrowings are denominated in Japanese Yen.

20. 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.

21. 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.

22. 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit attributable to owners of the Company (RM’000)	5,128	1,368	16,850	6,450
Weighted average number of shares in issue (‘000)	132,075	134,165	132,484	134,484
Basic earnings per share (sen)	3.88	1.02	12.72	4.80

Fully diluted earnings per share

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

23. Profit for the Period

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2021 RM’000	31.12.2020 RM’000	31.12.2021 RM’000	31.12.2020 RM’000
Profit for the period is arrived at after (charging)/ crediting: -				
Interest income	159	189	742	1,549
Depreciation of property and equipment	(12)	(115)	(46)	(162)
Depreciation of right-of-use assets	(29)	(29)	(118)	(119)

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.

24. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors .