

## **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 2022.

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 2022 except for the following which were adopted at the beginning of the current financial year.

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

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – 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 Transaction

The Group and the Company do not plan to apply MFRS 17 and amendments to MFRS 17 that are effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

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**

Other than the disposal of 104 Corporation shares as mentioned in Note 12, 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

**Cumulative Quarter Ended 31/03/2023**  
**(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	327	102	-	429
Inter segment revenue	1	-	(1)	-
Dividends	242	-	-	242
Interest income	229	-	-	229
Revenue for the year	<u>799</u>	<u>102</u>	<u>(1)</u>	<u>900</u>
<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	(280)	(40)	(18)	(338)
Interest expense	(3)	-	-	(3)
Gain on disposal of investment in an associate	3,777	-	-	3,777
Gain on financial assets classified as fair value through profit or loss	255	-	-	255
Share of profit of equity-accounted associates	2,567	-	-	2,567
<b>Profit before tax</b>	<u>6,316</u>	<u>(40)</u>	<u>(18)</u>	<u>6,258</u>
Income tax expense	(2)	(2)	-	(4)
<b>Profit for the year</b>	<u>6,314</u>	<u>(42)</u>	<u>(18)</u>	<u>6,254</u>
<b>Segment assets</b>	<u>466,280</u>	<u>375</u>	<u>(103,382)</u>	<u>363,273</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	126,335	-	-	126,335
Non-current assets other than financial instruments and deferred tax assets	18,516	-	-	18,516
<b>Other segment information</b>				
Depreciation of property and equipment	9	-	-	9
Depreciation of right-of-use assets	15	-	-	15

**Cumulative Quarter Ended 31/03/2022**

	<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	306	91	-	397
Inter segment revenue	1	-	(1)	-
Dividends	186	-	-	186
Interest income	165	-	-	165
Investment distribution income	4	-	-	4
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Revenue for the year	662	91	(1)	752
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<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	(203)	(57)	63	(197)
Interest expense	(2)	-	-	(2)
Gain on disposal of investment in an associate	1,971	-	-	1,971
Gain on financial assets classified as fair value through profit or loss	115	-	-	115
Share of profit of equity-accounted associates	4,197	-	-	4,197
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<b>Profit before tax</b>	6,078	(57)	63	6,084
Income tax expense	(72)	(2)	-	(74)
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<b>Profit for the year</b>	6,006	(59)	63	6,010
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<b>Segment assets</b>	431,467	345	(77,019)	354,793
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<i>Included in the measure of segment assets are:</i>				
Investment in associates	132,995	-	-	132,995
Non-current assets other than financial instruments and deferred tax assets	18,469	-	-	18,469
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<b>Other segment information</b>				
Depreciation of property and equipment	10	-	-	10
Depreciation of right-of-use assets	15	-	-	15
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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 18 May 2023 (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 31.03.2023 RM'000</b>
<b>Investment in unquoted shares</b>	
Contracted but not provided for:	292
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**12. Review of Performance for the Quarter**

For the quarter ended 31 March 2023, consolidated revenue amounted to RM0.90 million, which was 19.6% higher than the revenue in the corresponding quarter in the preceding year of RM0.75 million. The increase was mainly due to higher interest and dividend income from bank deposits and quoted investments respectively.

The Group reported lower foreign exchange gains of RM0.03 million in the current quarter compared with RM0.32 million in Q1 2022. In the corresponding quarter of 2022, the foreign exchange gains consisted mainly of realised foreign exchange gains on the cash injection to a subsidiary.

During the quarter under review, the Company had continued to dispose shares in an associate, 104 Corporation, and in the process the Group recorded gains on disposal of the said shares amounting to RM3.78 million, an increase of 91.6% compared with RM1.97 million in the corresponding quarter of 2022. Following the disposals, the Company continued to hold 21.08% equity interest in 104 Corporation as at 31 March 2023.

Our share of profit from equity accounted associates decreased by 38.8% year-over-year to RM2.57 million from RM4.20 million in Q1 2022. 104 Corporation, a leading provider of integrated human resource services in Taiwan, posted a slight increase in its revenue to NT\$530.56 million in Q1 2023 from NT\$520.27 million in Q1 2022. Despite the higher revenue, its net profit attributable to shareholders for Q1 2023 had decreased to NT\$94.64 million compared with NT\$122.78 million in Q1 2022 as a result of higher operating costs and operating expenses. Our other associate, Innity Corporation Berhad registered a net loss of RM1.90 million in the current quarter under review compared with a net profit of RM0.24 million in Q1 2022 on the back of a decrease in revenue from RM32.71 million in Q1 2022 to RM28.26 million in Q1 2023.

As a result of the above-mentioned factors, the Group's profit before tax ("PBT") increased marginally by 2.9% to RM6.26 million in Q1 2023 compared with RM6.08 million in the corresponding quarter of 2022.

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

	Q1 2023 <u>Current Quarter</u> RM'000	Q4 2022 <u>Preceding Quarter</u> RM'000
Revenue	900	1,104
Profit before tax	6,258	2,739

For the current quarter under review, the Group posted a lower revenue of RM0.90 million compared with RM1.10 million reported in the preceding quarter mainly due to lower dividend income from quoted investments in Q1 2023.

Despite the lower revenue, the Group reported a higher PBT in the current quarter mainly due to the higher gains on disposal of shares in an associate amounting to RM3.78 million compared with RM0.87 million in Q4 2022, higher share of profit from associates of RM2.57 million compared with RM2.24 million in the previous quarter and foreign exchange gains of RM0.03 million compared with foreign exchange losses of RM0.25 million in Q4 2022.

**14. Prospects for the Year 2023**

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 economy continues to recover from the unprecedented upheavals of the last three years, and the recent banking turmoil has increased uncertainties. Debt levels remain high, limiting the ability of fiscal policymakers to respond to new challenges. Commodity prices that rose sharply following Russia’s invasion of Ukraine have moderated, but the war continues, and geopolitical tensions are high. Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard—most notably China—appear to be recovering, easing supply-chain disruptions. Although inflation has declined as central banks have raised interest rates and food and energy prices have subsided, underlying price pressures are proving sticky, with labor markets tight in a number of economies. The International Monetary Fund’s (“IMF”) has revised downwards its 2023 global growth forecast to 2.8% in April 2023 from 2.9% in January 2023.

Risks are still heavily tilted to the downside with the increased uncertainty from the recent financial sector turmoil. Most prominently, recent banking system turbulence could result in a sharper and more persistent tightening of global financial conditions. The simultaneous rate hikes across countries could have more contractionary effects than expected, especially as debt levels are at historical highs. The war in Ukraine could intensify and lead to more food and energy price spikes, pushing inflation up. Core inflation could turn out more persistent than anticipated, necessitating further monetary tightening.

**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 and Cumulative Quarter Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
Estimated current tax payable	2	76
Deferred taxation	2	(2)
	<u>4</u>	<u>74</u>

## 17. Investments

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

	<b>Individual and Cumulative Quarter Ended 31.03.2023 RM’000</b>
Associate companies	
Share of results and changes in equity in associates and exchange differences	3,337
Sales proceeds	(6,485)
Gain on disposal of shares	3,777
	<u>          </u>
Long term:	
Purchase consideration	287
Sale proceeds	-
Changes in fair value	5,382
	<u>          </u>
Short term:	
Purchase consideration	25,964
Sale proceeds	(400)
Changes in fair value	255
	<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 March 2023 are summarized below:

	<b>RM’000</b>
At cost	259,635
At carrying value/book value	317,335 <sup>^</sup>
At market value	413,783
	<u>          </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. Borrowings**

The Group’s borrowings as at 31 March 2023 are as follows:

	<b>As at 31.03.2023 RM’000</b>
<b>Non-current</b>	
Term loan - unsecured	155
<b>Current</b>	
Term loan - unsecured	11
<b>Total</b>	<u>166</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.

	<b>Individual and Cumulative Quarter Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
Net profit attributable to owners of the Company (RM’000)	6,256	6,019
Weighted average number of shares in issue (‘000)	132,030	132,030
Basic earnings per share (sen)	4.74	4.56

**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**

	<b>Individual Quarter Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
Profit for the period is arrived at after (charging)/crediting:-		
Interest income	226	163
Depreciation of property and equipment	(9)	(10)
Depreciation of right-of-use assets	(15)	(15)

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.