

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

The shareholders of the Company had on 20 June 2023 approved the payment of a final single tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM7.922 million. The dividend was subsequently paid on 25 July 2023.

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 30/09/2023
(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	1,005	201	-	1,206
Inter segment revenue	3	-	(3)	-
Dividends	20,401	-	(12,900)	7,501
Interest income	923	-	-	923
Revenue for the year	<u>22,332</u>	<u>201</u>	<u>(12,903)</u>	<u>9,630</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	21,156	(118)	(13,155)	7,883
Interest expense	(8)	-	-	(8)
Changes in fair value of investment properties	412	-	-	412
Gain on disposal of a subsidiary	88	-	-	88
Gain on disposal of investment in an associate	12,793	-	-	12,793
Gain on financial assets classified as fair value through profit or loss	1,070	-	-	1,070
Share of profit of equity-accounted associates	10,415	-	-	10,415
Profit before tax	<u>45,926</u>	<u>(118)</u>	<u>(13,155)</u>	<u>32,653</u>
Income tax expense	(5,393)	(3)	-	(5,396)
Profit for the year	<u>40,533</u>	<u>(121)</u>	<u>(13,155)</u>	<u>27,257</u>
Segment assets	<u>471,493</u>	<u>157</u>	<u>(103,698)</u>	<u>367,952</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	113,920	-	-	113,920
Non-current assets other than financial instruments and deferred tax assets	18,905	-	-	18,905
Other segment information				
Depreciation of property and equipment	23	-	-	23
Depreciation of right-of-use assets	46	-	-	46

Cumulative Quarter Ended 30/09/2022

	Investment holding RM’000	Others RM’000	Eliminations RM’000	Consolidated RM’000
Segment revenue				
Revenue from external customers	926	276	-	1,202
Inter segment revenue	3	-	(3)	-
Dividends	18,836	-	(12,146)	6,690
Interest income	481	-	-	481
Investment distribution income	54	-	-	54
Revenue for the year	<u>20,300</u>	<u>276</u>	<u>(12,149)</u>	<u>8,427</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	18,846	(98)	(12,758)	5,990
Interest expense	(6)	(1)	-	(7)
Gain on disposal of investment in an associate	4,166	-	-	4,166
Gain on financial assets classified as fair value through profit or loss	304	-	-	304
Share of profit of equity-accounted associates	12,408	-	-	12,408
Profit before tax	<u>35,718</u>	<u>(99)</u>	<u>(12,758)</u>	<u>22,861</u>
Income tax expense	(2,003)	(5)	-	(2,008)
Profit for the year	<u>33,715</u>	<u>(104)</u>	<u>(12,758)</u>	<u>20,853</u>
Segment assets	<u>440,220</u>	<u>373</u>	<u>(96,775)</u>	<u>343,818</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	126,685	-	-	126,685
Non-current assets other than financial instruments and deferred tax assets	18,556	-	-	18,556
Additions to non-current assets other than financial instruments and deferred tax assets	133	-	-	133
Other segment information				
Depreciation of property and equipment	31	-	-	31
Depreciation of right-of-use assets	44	-	-	44

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 14 November 2023 (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 30.09.2023 RM'000
Investment in unquoted shares	
Contracted but not provided for:	311
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12. Review of Performance for the Quarter

For the quarter ended 30 September 2023, consolidated revenue amounted to RM4.30 million, which was slightly higher than the revenue in the corresponding quarter in the preceding year of RM4.14 million. The increase was mainly due to higher interest income from the Group’s bank deposits.

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 RM3.67 million, an increase of 215.7% compared with RM1.16 million in the corresponding quarter of 2022. Following the disposals, the Company continued to hold 19.58% equity interest in 104 Corporation as at 30 September 2023.

Our share of profit from equity accounted associates increased by 10.5% year-on-year to RM4.16 million from RM3.77 million in Q3 2022. 104 Corporation, a leading provider of integrated human resource services in Taiwan, posted a 25.1% year-on-year increase in net profit attributable to shareholders to NT\$150.54 million in the current quarter compared with NT\$120.76 million in Q3 2022 mainly due to an increase in its revenue from NT\$581.53 million in Q3 2022 to NT\$628.78 million in Q3 2023. Our other associate, Innity Corporation Berhad reported a net loss of RM1.27 million in the current quarter under review compared with RM0.79 million in Q3 2022 on the back of higher operating expenses in Q3 2023. Despite the higher net loss, its revenue had increased from RM26.51 million in Q3 2022 to RM28.31 million in the current quarter.

The Group’s profit before tax (“PBT”) increased by 44.3% to RM12.11 million in Q3 2023 from RM8.39 million in Q3 2022 mainly attributable to the higher revenue, higher share of profit from associates and gains on disposal of shares as mentioned above. In addition, gains on financial asset classified as fair value through profit or loss of RM0.37 million and gains on fair value of investment properties of RM0.41 million recorded in Q3 2023 had also contributed to the higher PBT in the current quarter under review.

13. Comparison with previous quarter's results

	Q3 2023 <u>Current Quarter</u> RM'000	Q2 2023 <u>Preceding Quarter</u> RM'000
Revenue	4,296	4,434
Profit before tax	12,105	14,290

For the current quarter under review, the Group reported a lower revenue of RM4.30 million compared with RM4.43 million posted in the preceding quarter mainly due to lower dividend income from Lion Rock Group Limited that was partially mitigated by higher interest income.

Apart from the lower revenue, the Group recorded a lower PBT in the current quarter mainly due to the lower gains on disposal of shares in an associate amounting to RM3.67 million compared with RM5.35 million in Q2 2023 and lower foreign exchange gains of RM0.46 million compared with RM1.27 million in the previous quarter.

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. The Group will derive income primarily from 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 from the COVID-19 pandemic and Russia’s invasion of Ukraine continues to be sluggish and uneven. Despite there has been economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year’s peaks, it is premature to feel completely at ease. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geoeconomic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. The International Monetary Fund’s (“IMF”) has maintained its 2023 global growth forecast at 3.0% in October 2023, which is unchanged from their projection in July 2023.

Risks are currently more balanced compared to six months ago. This shift is attributed to the resolution of US debt ceiling tensions and the decisive actions taken by Swiss and US authorities to manage and mitigate financial instability. The probability of a severe economic downturn has diminished, but the overall risk balance for global growth still leans towards the downside. China’s property sector crisis could deepen. Near-term inflation expectations have risen and could contribute—along with tight labor markets—to core inflation pressures persisting and requiring higher policy rates than expected. More climate and geopolitical shocks could cause additional food and energy price spikes. Intensifying geoeconomic fragmentation could constrain the flow of commodities across markets, causing additional price volatility and complicating the green transition. Amid rising debt service costs, more than half of low-income developing countries are in or at high risk of debt distress.

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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Net profit attributable to owners of the Company (RM’000)	8,615	8,099	27,261	20,852
Weighted average number of shares in issue (‘000)	132,030	132,030	132,030	132,030
Basic earnings per share (sen)	6.53	6.13	20.65	15.79

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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after (charging)/ crediting: -				
Interest income	460	179	915	474
Depreciation of property and equipment	(6)	(11)	(23)	(31)
Depreciation of right-of-use assets	(15)	(15)	(46)	(44)

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.