

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 upon their adoption.

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

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Cumulative Quarter Ended 31/3/2019
(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	13	284	-	297
Dividends	460	-	-	460
Interest income	451	-	-	451
Investment distribution income	575	-	-	575
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Revenue for the year	1,499	284	-	1,783
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Segment profit/(loss)				
Operating profit/(loss) for reportable segments	(188)	(8)	46	(150)
Loss on financial assets classified as fair value through profit or loss	(13)	-	-	(13)
Share of profit of equity-accounted associates	1,554	-	-	1,554
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Profit before tax	1,353	(8)	46	1,391
Income tax expense	(18)	(2)	-	(20)
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Profit for the year	1,335	(10)	46	1,371
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Segment assets	348,420	769	(14,050)	335,139
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<i>Included in the measure of segment assets are:</i>				
Investment in associates	119,090	-	-	119,090
Non-current assets other than financial instruments and deferred tax assets	19,668	-	-	19,668
Additions to non-current assets other than financial instruments and deferred tax assets	7	-	-	7
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Other segment information				
Depreciation of property and equipment	27	-	-	27
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Cumulative Quarter Ended 31/3/2018

	Investment holding RM’000	Others RM’000	Eliminations RM’000	Consolidated RM’000
Segment revenue				
Revenue from external customers	128	236	-	364
Inter-segment revenue	1	-	(1)	-
Dividends	123	-	-	123
Interest income	565	-	-	565
Investment distribution income	422	-	-	422
Revenue for the year	<u>1,239</u>	<u>236</u>	<u>(1)</u>	<u>1,474</u>
Segment profit/(loss)				
Operating loss for reportable segments	(1,617)	5	156	(1,456)
Loss on financial assets classified as fair value through profit or loss	(45)	-	-	(45)
Gain on accretion in an associate	21	-	-	21
Share of profit of equity-accounted associates	1,717	-	-	1,717
Profit before tax	<u>76</u>	<u>5</u>	<u>156</u>	<u>237</u>
Income tax expense	(48)	(2)	-	(50)
Profit for the year	<u>28</u>	<u>3</u>	<u>156</u>	<u>187</u>
Segment assets	<u>340,452</u>	<u>541</u>	<u>(13,910)</u>	<u>327,083</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	120,002	-	-	120,002
Non-current assets other than financial instruments and deferred tax assets	20,189	-	-	20,189
Additions to non-current assets other than financial instruments and deferred tax assets	41	-	-	41
Other segment information				
Depreciation of property and equipment	26	-	-	26

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 21 May 2019 (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 31.3.2019 RM’000
Investment in unquoted shares	
Contracted but not provided for:	807
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12. Review of Performance for the Quarter

For the quarter ended 31 March 2019, consolidated revenue amounted to RM1.78 million, which is 20.9% higher than the revenue in the corresponding quarter in the preceding year of RM1.47 million. The increase was mainly due to higher dividend and investment distribution income from investments in quoted shares and money market respectively.

Foreign exchange losses amounting to RM0.49 million consist mainly of unrealised foreign exchange losses on the Group’s US and Singapore dollar denominated bank deposits as the Ringgit strengthened from USD1:RM4.1395 and SGD1:RM3.0305 at the end of December 2018 to USD1:RM4.0795 and SGD1:RM3.0085 at the end of March 2019.

Our share of profit from equity accounted associates decreased by 9.5% year-over-year to RM1.55 million from RM1.72 million in the corresponding quarter in the preceding year. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, posted a net profit attributable to shareholders of NT\$58.23 million in Q1 2019 compared with NT\$63.05 million in Q1 2018. The lower net profit was mainly due to an increase in staff costs for enhancing the competitiveness of products and services by optimizing job matching and recommendation mechanism, upgrading websites and developing the next generation of HR management solution. Despite the lower net profit, 104 Corporation’s revenue grew 2.81% to NT\$377.44 million from NT\$367.12 million in Q1 2018. Our other associate, Innity Corporation Berhad (“Innity”) recorded a net loss for the current quarter under review of RM1.04 million, comparable with the net loss of RM1.05 million in the previous year’s corresponding quarter. Innity’s revenue grew 2.85% to RM25.2 million this quarter from RM24.5 million in Q1 2018.

On a pre-tax basis, the Group’s profit before tax (“PBT”) rose to RM1.39 million from RM0.24 million in the preceding year’s corresponding quarter. The increase was mainly attributable to the lower foreign exchange losses of RM0.49 million in the current quarter compared with RM1.48 million in Q1 2018.

13. Comparison with previous quarter's results

	Q1 2019 <u>Current Quarter</u> RM'000	Q4 2018 <u>Preceding Quarter</u> RM'000
Revenue	1,783	1,715
Profit before tax	1,391	2,073

For the current quarter under review, the Group posted a minimal increase in revenue of RM1.78 million compared with RM1.72 million recorded in Q4 2018 mainly due to higher dividend income from investments in quoted shares in the current quarter.

PBT in Q1 2019 decreased by 32.9% to RM1.39 million from RM2.07 million in Q4 2018 mainly attributable to lower share of profit from associates of RM1.55 million compared with RM2.52 million in the preceding quarter. The decrease in PBT was partially cushioned by a lower loss on financial assets classified as fair value through profit or loss of RM0.01 million in the current quarter compared with RM0.27 million in Q4 2018.

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 has negatively impacted the Group’s revenue in 2018. The Group has, on 26 February 2019 signed an agreement with a tenant who will take up a majority of the space in Wisma JcbNext beginning 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:

	Individual and Cumulative Quarter Ended	
	31.3.2019	31.3.2018
	RM’000	RM’000
Estimated current tax payable	49	44
Deferred taxation	(29)	6
	20	50

17. Investments

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

	Individual and Cumulative Quarter Ended 31.3.2019 RM’000
Associate companies	
Share of results and changes in equity in associates and exchange differences	(880)
	-
Long term:	
Purchase consideration	-
Sale proceeds	(9,015)
Changes in fair value	5,902
Gain on disposal	985
Exchange differences	(3)
	-
Short term:	
Purchase consideration	31,575
Sale proceeds	(32,622)
Changes in fair value	(13)
	-

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 2019 are summarized below:

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	RM’000
At cost	172,771
At carrying value/book value	234,250 [^]
At market value	302,283

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 and Cumulative Quarter Ended	
	31.3.2019	31.3.2018
Net profit attributable to owners of the Company (RM’000)	1,359	176
Weighted average number of shares in issue (‘000)	137,426	139,427
Basic earnings per share (sen)	0.99	0.13

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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	
	31.3.2019	31.3.2018
	RM’000	RM’000
Profit for the period is arrived at after (charging)/ crediting:-		
Interest income	451	565
Depreciation	(27)	(26)
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 on 28 May 2019.