

JCBNEXT BERHAD (FORMERLY KNOWN AS JOBSTREET CORPORATION BERHAD) (“the Company”)

(Company No: 641378-W)

Notes on the quarterly report – 30 September 2016

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 2015.

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 2015 except for the mandatory adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) and Issues Committee Interpretations (“IC Int.”) effective for annual periods beginning on or after 1 January 2016:-

MFRS 14, *Regulatory Deferral Accounts*

Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*

Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*

Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*

Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

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 30/9/2016

(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	1,665	1,202	-	2,867
Inter-segment revenue	16	-	(16)	-
Dividends	9,723	-	(7,758)	1,965
Investment distribution income	1,284	-	-	1,284
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Revenue for the year	12,688	1,202	(7,774)	6,116
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	6,773	(118)	(7,758)	(1,103)
Interest income	1,342	13	-	1,355
Loss on financial assets classified as fair value through profit or loss	(781)	-	-	(781)
Share of profit of equity-accounted associates	11,107	-	-	11,107
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Profit before tax	18,441	(105)	(7,758)	10,578
Income tax expense	(1,898)	(22)	-	(1,920)
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Profit for the year	16,543	(127)	(7,758)	8,658
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Segment assets	322,583	845	(1,900)	321,528
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<i>Included in the measure of segment assets are:</i>				
Investment in associates	118,697	-	-	118,697
Non-current assets other than financial instruments and deferred tax assets	20,589	3	-	20,592
Additions to non-current assets other than financial instruments and deferred tax assets	74	-	-	74
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Other segment information				
Depreciation of property and equipment	101	3	-	104
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Cumulative Quarter Ended 30/9/2015

(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	1,525	1,359	-	2,884
Inter-segment revenue	16	-	(16)	-
Dividends	9,079	-	(6,742)	2,337
Investment distribution income	409	-	-	409
Revenue for the year	<u>11,029</u>	<u>1,359</u>	<u>(6,758)</u>	<u>5,630</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	9,016	(575)	(6,742)	1,699
Interest income	2,510	7	-	2,517
Gain on financial assets classified as fair value through profit or loss	1,542	-	-	1,542
Gain on disposal of quoted investments	12,461	-	-	12,461
Share of profit of equity-accounted associates	7,648	-	-	7,648
Profit before tax	<u>33,177</u>	<u>(568)</u>	<u>(6,742)</u>	<u>25,867</u>
Income tax expense	(1,518)	(61)	-	(1579)
Profit for the year	<u>31,659</u>	<u>(629)</u>	<u>(6,742)</u>	<u>24,288</u>
Segment assets	<u>307,888</u>	<u>1,097</u>	<u>(3,799)</u>	<u>305,186</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	114,376	-	-	114,376
Non-current assets other than financial instruments and deferred tax assets	14,617	10	-	14,627
Additions to non-current assets other than financial instruments and deferred tax assets	50	4	-	54
Other segment information				
Depreciation of property and equipment	198	3	-	201

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8. Subsequent Events

On 25 November 2016, Chang Mun Kee (“Mark Chang”) had acquired 28,205,314 ordinary shares of RM0.50 each in JcbNext Berhad (“JcbNext Shares”) representing approximately 20.17% of the issued and paid-up capital of the Company for a total cash consideration of RM33.8 million or RM1.20 per JcbNext Share from SEEK International Pty Ltd, which was effected via a direct business transaction (“Shares Acquisition”).

Following the Shares Acquisition, the shareholding of Mark Chang in the Company had increased from approximately 21.96% to 42.13%. Mark Chang also has an indirect equity interest of approximately 3.36% in the Company. In addition, the collective shareholding of the Joint Offerors being Mark Chang and Wong Siew Hui and persons acting in concert with them, namely Gregory Charles Poarch, JPOS Trust, Lim Chao Li, Ng Kay Yip, Suresh A/L Thirugnanam and Voyager Assets Limited (collectively, the “PACs”), had increased from approximately 37.96% to approximately 58.13%.

The Company had on 25 November 2016 received a notice of unconditional mandatory take-over offer (“Notice”) from AmInvestment Bank Berhad, on behalf of the Joint Offerors in accordance with Section 218(2) of the Capital Markets and Services Act, 2007 and Paragraph 4.01 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, to acquire all the remaining JcbNext Shares (excluding treasury shares) not already owned by the Joint Offerors and the PACs (“Offer Shares”) for a cash offer price of RM1.20 per Offer Share.

An announcement on the receipt of the Notice has been made by the Company on 25 November 2016. A copy of the Notice will be posted to shareholders of the Company within seven (7) days from the date of receipt of the Notice.

Apart from the above, 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 November 2016 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

11. Review of Performance for the Quarter

For the quarter ended 30 September 2016, consolidated revenue amounted to RM2.41 million, which is 40.5% higher than the revenue in the corresponding quarter in the preceding year of RM1.71 million. The increase was mainly due to higher investment distribution income following additional placements of funds into short term money market funds amounting to RM59.90 million in Q2 2016 and RM12.00 million in Q3 2016.

Other operating expenses of RM0.57 million during the current quarter was wholly attributable to foreign exchange losses. In the corresponding quarter in the previous year, other operating income of RM1.89 million comprised of foreign exchange gain to RM1.03 million, income from the provision of transition services to SEEK Asia Investments Pte Ltd (“SEEK Asia”) of RM0.34

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million as well as the receipt of RM0.52 million from SEEK Asia being the final payment for the sale of the online job portal business.

The decrease in operating expenses by 21.5% to RM1.82 million in the current quarter from RM2.32 million in the corresponding quarter in the previous year was mainly due to lower bonus expense and lower costs associated with transition services provided by SEEK Asia.

On a pre-tax basis, the Group’s profit before tax (“PBT”) decreased to RM2.99 million compared with RM16.02 million in the corresponding quarter in the previous year partly due to the aforementioned factors. In addition, during the third quarter of 2015, the Group had realised a gain of RM9.96 million on the disposal of its investment in Cinderella Media via the acceptance of the mandatory unconditional cash offer for the shares of Cinderella Media. PBT in Q3 2015 was also positively impacted by an increase in the fair value of the Group’s equity investment in Asiatravel.com Holdings Ltd (“Asiatravel”). The Group’s associates, namely 104 Corporation and Innity Corporation Berhad, continued to report healthy profits during the current quarter. 104 Corporation reported slightly higher net profit of TWD88.44 million compared with TWD82.18 million in the corresponding quarter in the previous year.

12. Comparison with previous quarter's results

	Q3 2016 <u>Current Quarter</u> RM'000	Q2 2016 <u>Preceding Quarter</u> RM'000
Revenue	2,406	2,377
Profit before tax	2,985	4,233

For the current quarter under review, the Group recorded a marginally higher revenue of RM2.41 million compared with RM2.38 million recorded in the preceding quarter.

In terms of profitability, the Group achieved a lower PBT of RM2.99 million during the current quarter compared with RM4.23 million achieved in the preceding quarter mainly due to foreign exchange losses of RM0.57 million. In addition, PBT in the current quarter was also negatively impacted by a further decline in the fair value of the Group’s investment in Asiatravel amounting to RM0.42 million.

13. Prospects for the Year 2016

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, and operating activities, including Autoworld, in Malaysia. The Group will derive income primarily from the provision of website advertising services on Autoworld, dividend income from its quoted investments and rental of office space. 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. Subsequent to the disposal of the online job portal business, the Group has a healthy cash position and does not have any material debt.

Uncertain economic conditions may however affect the performance of the Group’s existing businesses, associated companies and investments. Additionally, the acquisition of suitable new businesses and/or assets will take time. After taking the abovementioned factors into consideration, the performance of the Group for the financial year ending 31 December 2016 is expected to remain satisfactory.

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14. Profit Forecast

No profit forecast was announced hence there is no comparison between actual results and forecast.

15. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	604	(601)	1,898	1,579
Deferred taxation	(23)	-	22	-
	<u>581</u>	<u>(601)</u>	<u>1,920</u>	<u>1,579</u>

16. Quoted Investments

The Group's dealings in quoted securities during the current quarter and financial year-to-date are as follows:-

	Individual Quarter Ended 30.9.2016	Cumulative Quarter Ended 30.9.2016
	RM'000	RM'000
Quoted securities of associate companies		
Share of results and changes in equity in associates and exchange differences	9,400	4,828
	<u> </u>	<u> </u>
Long term:		
Purchase consideration	-	-
Sale proceeds	-	-
Gain on disposal of quoted securities	-	-
Changes in fair value	3,919	5,797
Exchange differences	2	(9)
	<u> </u>	<u> </u>
Short term:		
Purchase consideration	12,847	73,184
Sale proceeds	(401)	(1,499)
Changes in fair value	26	29
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During the current quarter, the Company had invested RM12.8 million into highly liquid short term money market funds with the objective of increasing new yields on the Group’s cash.

The Group’s available-for-sale investments in quoted securities, investments in the quoted securities of associate companies and other short term investments in quoted securities as at 30 September 2016 are summarized below:

	RM’000
At cost	207,103
At carrying value/book value	230,912
At market value	305,217

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

17. Status of Corporate Proposals

(a) 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 with its registered office at 64/3 Lake Circus, Kelabagan, Dhaka 1205, 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).

18. Group Borrowings and Debt Securities

The Group’s borrowings are unsecured, denominated in Japanese Yen and classified as follows:-

	As at 30.9.2016 RM’000
Current	170*
Non-current	-
Total	<u>170</u>

* A director of a subsidiary advanced JPY3.1 million to the subsidiary for the settlement of a legal suit.

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.

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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.

During the previous corresponding period, the Company had declared a third interim single tier dividend of 0.625 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2015, amounting to RM0.874 million.

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	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
Net profit attributable to owners of the Company (RM’000)	2,385	16,688	8,625	24,469
Weighted average number of shares in issue (‘000)	139,858	139,938	139,858	139,979
Basic earnings per share (sen)	1.70	11.93	6.17	17.48

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. Comparative figures

In the corresponding quarter and period in the previous financial year, rental income from the lease of office space was classified as Other Operating Income, prior to the transfer of the Group’s properties from Property and Equipment to Investment Properties at the end of 2015. The effects of the restatement of comparative figures are disclosed below:

	Individual Quarter Ended 30.9.2015		Cumulative Quarter Ended 30.9.2015	
	As restated RM’000	As previously stated RM’000	As restated RM’000	As previously stated RM’000
Revenue	1,713	1,206	5,630	4,105
Other operating income/ (expenses)	1,889	2,396	3,700	5,225

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23. Realised and Unrealised Profits/losses

	Group As at 30.9.2016	Group As at 31.12.2015
Total retained earnings of the Company and its subsidiaries:		
- Realised	35,717,730	32,113,068
- Unrealised	316,825	887,748
Total share of retained earnings of associated companies:		
- Realised	12,387,942	9,300,863
- Unrealised	159,238	(102,411)
Total share of accumulated losses of joint venture:		
- Realised	(3,155,674)	(3,155,674)
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	46,426,061	39,043,594
Add: Consolidation adjustments	26,516,424	26,547,633
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Total retained profits	71,942,485	65,591,227
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24. Profit for the Period

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
Profit for the period is arrived at after (charging)/ crediting:-				
Depreciation	(30)	(70)	(104)	(201)
Foreign exchange gain/(loss)	(573)	1,031	(851)	1,319
Reversal/ impairment (loss) on trade receivables	34	(16)	53	(15)
Bad debts recovered/(written off)	-	-	-	(1)
Gain on disposal of quoted investments	-	9,961	-	12,461

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.

25. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.