

## **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 2016.

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 2016 except for the following:

- (a) 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 2017:

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)

- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

- (b) Classification of interest income as Revenue

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

**JCBNEXT BERHAD (“the Company”)**  
**(Company No: 641378-W)**  
**Notes on the quarterly report – 31 December 2017**

**Cumulative Quarter Ended 31/12/2017**  
**(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	1,758	928	-	2,686
Inter-segment revenue	271	-	(271)	-
Dividends	14,974	-	(11,666)	3,308
Interest income	1,168	-	-	1,168
Investment distribution income	2,702	-	-	2,702
Revenue for the year	<u>20,873</u>	<u>928</u>	<u>(11,937)</u>	<u>9,864</u>
<b>Segment profit/(loss)</b>				
Operating loss for reportable segments	15,859	(123)	(17,109)	(1,373)
Interest income	2	5	-	7
Gain on financial assets classified as fair value through profit or loss	(412)	-	-	(412)
Changes in fair value of investment properties	(300)	-	-	(300)
Gain on accretion in associate	52	-	-	52
Gain on disposal of quoted investments	138	-	-	138
Share of profit of equity-accounted associates	10,639	-	-	10,639
<b>Profit before tax</b>	<u>25,978</u>	<u>(118)</u>	<u>(17,109)</u>	<u>8,751</u>
Income tax expense	(1,969)	(8)	-	(1,977)
<b>Profit for the year</b>	<u>24,009</u>	<u>(126)</u>	<u>(17,109)</u>	<u>6,774</u>
<b>Segment assets</b>	<u>350,857</u>	<u>596</u>	<u>(14,025)</u>	<u>337,428</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	121,970	-	-	121,970
Non-current assets other than financial instruments and deferred tax assets	20,473	1	-	20,474
Additions to non-current assets other than financial instruments and deferred tax assets	20	-	-	20
<b>Other segment information</b>				
Depreciation of property and equipment	108	2	-	110

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	<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	2,183	1,487	-	3,670
Inter-segment revenue	22	-	(22)	-
Dividends	9,723	-	(7,758)	1,965
Investment distribution income	2,208	-	-	2,208
Revenue for the year	<u>14,136</u>	<u>1,487</u>	<u>(7,780)</u>	<u>7,843</u>
<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	9,632	(53)	(7,758)	1,821
Interest income	1,388	13	-	1,401
Loss on financial assets classified as fair value through profit or loss	(1,777)	-	-	(1,777)
Loss on dilution of interest in an associate	(786)	-	-	(786)
Impairment loss on amounts due from subsidiaries	(3,119)	-	3,119	-
Share of profit of equity-accounted associates	12,686	-	-	12,686
<b>Profit before tax</b>	<u>18,024</u>	<u>(40)</u>	<u>(4,639)</u>	<u>13,345</u>
Income tax expense	(1,905)	(25)	-	(1,930)
<b>Profit for the year</b>	<u>16,119</u>	<u>(65)</u>	<u>(4,639)</u>	<u>11,415</u>
<b>Segment assets</b>	<u>332,574</u>	<u>907</u>	<u>(58)</u>	<u>333,423</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	125,165	-	-	125,165
Non-current assets other than financial instruments and deferred tax assets	20,561	3	-	20,564
Additions to non-current assets other than financial instruments and deferred tax assets	74	-	-	74
<b>Other segment information</b>				
Depreciation of property and equipment	129	4	-	133

**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 15 February 2018 (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 31.12.2017 RM'000</b>
<b>Investment in unquoted shares</b>	
Contracted but not provided for:	1,334
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**12. Review of Performance for the Quarter**

For the quarter ended 31 December 2017, consolidated revenue amounted to RM2.27 million, which is 31.5% higher than the revenue in the corresponding quarter in the preceding year of RM1.73 million. The increase was mainly due to higher dividend income from investments in quoted shares.

Foreign exchanges losses amounting to RM1.61 million during the current quarter consist mainly of unrealised foreign exchange losses on the Group’s US and Singapore dollar denominated bank deposits as the Ringgit strengthened from USD1: RM4.2265 and SGD1:RM3.1108 at the end of September 2017 to USD1:RM4.0585 and SGD1:RM3.0368 at the end of December 2017. The unrealised foreign exchange losses in the current quarter and for the year ended 31 December 2017 are mainly a reversal of the unrealised foreign exchange gain of RM3.27 million recorded in the fourth quarter of 2016.

On a pre-tax basis, the Group’s profit before tax (“PBT”) decreased by 44.2% to RM1.54 million compared with RM2.77 million in the corresponding quarter in the previous year. The negative impact of foreign exchange losses of RM1.61 million compared with foreign exchange gains of RM3.30 million in the corresponding quarter in the previous year was partly cushioned by higher share of profit from equity-accounted associates of RM3.16 million in the current quarter compared with RM1.58 million in Q4 2016, and lower loss on financial assets classified as fair value through profit or loss of RM0.28 million compared with RM1.0 million in Q4 2016. In addition, the Group had recognised a loss of RM0.79 million in Q4 2016 arising from the dilution of the Group’s equity interest in 104 Corporation (TSE:3130) as a result of share-based compensation implemented in the associate. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, reported a profit before tax of NT\$ 84.19 million in Q4 2017 compared with NT\$ 53.36 million in Q4 2016 which is a 57.8% increase year-over-year. This was achieved on operating revenue of NT\$ 381.45 million which marked a 8.6% year-over-year increase. Our other associate, Innity Corporation Berhad reported a net profit attributable to shareholders for the current quarter under review of RM4.69 million compared with a net profit of RM0.75 million in the corresponding quarter in the previous year, driven by

improvement in margins in the Malaysia and Hong Kong/China markets as well as growth in the Taiwan market.

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

	Q4 2017 <u>Current Quarter</u> RM'000	Q3 2017 <u>Preceding Quarter</u> RM'000
Revenue	2,271	2,672
Profit before tax	1,544	2,758

For the current quarter under review, the Group recorded a lower revenue of RM2.27 million compared with RM2.67 million recorded in the preceding quarter due to lower dividend income from investments in quoted shares and lower investment distribution income.

Apart from the lower revenue, higher foreign exchange losses during the current quarter under review of RM1.61 million compared with RM0.69 million in the preceding quarter, and a decrease in the fair value of investment properties by RM0.3 million had contributed to the decrease in PBT by 44.0% to RM1.54 million compared with RM2.76 million in the preceding quarter.

**14. Prospects for the Year 2018**

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 2017 with lower profits from our associated companies. Additionally, the acquisition of suitable new businesses and/or assets will take time. The tenants for Wisma JobStreet.com who are the operators of the JobStreet.com business have moved out at the end of their tenancy on 31 January 2018 and this will negatively impact the Group’s revenue in 2018. The Group has already engaged the services of real estate agents to procure new tenants.

**15. Profit Forecast**

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

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**16. Taxation**

The taxation charge for the current quarter includes the following:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Estimated current tax payable	200	92	2,015	1,990
Deferred taxation	(42)	(82)	(38)	(60)
	<u>158</u>	<u>10</u>	<u>1,977</u>	<u>1,930</u>

**17. Investments**

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

	<b>Individual Quarter Ended 31.12.2017</b>	<b>Cumulative Quarter Ended 31.12.2017</b>
	<b>RM’000</b>	<b>RM’000</b>
Associate companies		
Share of results and changes in equity in associates and exchange differences	1,190	(3,195)
	<u>                    </u>	<u>                    </u>
Long term:		
Purchase consideration	3,605	4,822
Sales proceeds	(586)	(1,135)
Changes in fair value	485	2,293
Gain on disposal	138	138
Exchange differences	(8)	(21)
	<u>                    </u>	<u>                    </u>
Short term:		
Purchase consideration	411	2,646
Sale proceeds	(2,000)	(48,371)
Changes in fair value	(23)	(74)
	<u>                    </u>	<u>                    </u>

The Group’s available-for-sale investments in quoted securities, investments in the quoted securities of associate companies and other short term investments as at 31 December 2017 are summarized below:

	<b>RM’000</b>
At cost	162,362
At carrying value/book value	224,812 <sup>^</sup>
At market value	294,021
	<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. Group Borrowings and Debt Securities**

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

	<b>As at 31.12.2017 RM’000</b>
Current	24*
Non-current	-
Total	<u>24</u>

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

**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 Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Net profit attributable to owners of the Company (RM’000)	1,378	2,727	6,727	11,352
Weighted average number of shares in issue (‘000)	139,724	139,858	139,439	139,858
Basic earnings per share (sen)	0.99	1.95	4.82	8.12

**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>Cumulative Quarter Ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Profit for the period is arrived at after (charging)/ crediting:-				
Interest income	537	46	1,175	1,401
Depreciation	(27)	(29)	(110)	(133)
Reversal/ impairment (loss) on trade receivables	-	10	6	63

\* Interest income has been classified as Revenue with effect from 1 January 2017.

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 in accordance with a resolution of the Directors.