

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 2017.

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 2017 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 2018:

MFRS 9, *Financial Instruments (2014)*

MFRS 15, *Revenue from Contracts with Customers*

Clarifications to MFRS 15, *Revenue from Contracts with Customers*

IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

The adoption of the abovementioned standards, amendments and interpretations did not have any material impact to the current and prior periods financial statements upon their adoption except as mentioned in Note 2 “Changes in Accounting Policies”.

2. Changes in Accounting Policies

(a) MFRS 9 *Financial Instruments*

The Group has adopted MFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application on 1 January 2018.

The key changes to the Group’s accounting policies resulting from its adoption of MFRS 9 are summarized below.

(i) *Classification and measurement of financial assets and financial liabilities*

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets:

- Amortised Cost (“AC”)
- Fair Value through Other Comprehensive Income (“FVOCI”); and
- Fair Value through Profit or Loss (“FVTPL”).

In addition, at initial recognition of an equity investment that is not held for trading, an entity may irrevocably elect to present in other comprehensive income (“OCI”) subsequent changes in its fair value. Under this option:-

- the impairment requirements in MFRS 9 are not applicable;
- all foreign exchange differences are recognised in OCI; and
- amounts recognised in OCI are never reclassified to profit or loss; and
- only dividend income is recognised in profit or loss.

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity (“HTM”), Loans and Receivables (“L&R”) and Available-for-Sale (“AFS”).

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

(ii) *Impairment*

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This requires considerable judgment about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. Under MFRS 9, credit losses are recognised earlier than under MFRS 139.

The new impairment model is applied to financial assets measured at AC or FVOCI, except for investments in equity instruments.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within 12 months after the reporting date; and
- *Lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date.

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MFRS 9 prescribes a simplified impairment approach for trade receivables, contract assets and lease receivables where impairment or loss allowance is measured using lifetime ECL.

(iii) Transition upon the adoption of MFRS 9

The general requirement in MFRS 9 is that an entity must apply MFRS 9 at the date of initial adoption retrospectively in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, MFRS 9 provides an exception from the requirement to restate comparative information. Where comparative information is not restated, any difference between the previous carrying amount and the carrying amount at the beginning of the annual period that includes the date of initial application (“DIA”) in the opening retained earnings or other component of equity of the annual reporting period that includes the DIA.

(iv) Effect of initial application

The following table summarises the reclassification and measurement of the Group’s financial assets as at 1 January 2018:-

	Note	Measurement category		Carrying amount as at 1 January 2018	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	New (MFRS 9)
				RM’000	RM’000
Other investments (non-current)	(a)	AFS	FVOCI	59,191	59,515
Other investments (current)	(b)	FVTPL	FVTPL	48,580	48,580
Trade receivables, other receivables and other assets (excluding prepayment)	(c)	L&R	Amortised cost	1,318	1,318
Deposits with licensed banks	(c)	L&R	Amortised cost	44,110	44,110
Cash and cash equivalents	(c)	L&R	Amortised cost	41,775	41,775

Notes

- (a) The Group elected to present in other comprehensive income the changes in the fair value of its investments in quoted and unquoted shares previously classified as AFS, as these investments are not held for trading. The increase in the carrying value of these investments to RM59.52 million resulted from the remeasurement of unquoted equity investments to fair value.
- (b) Investments in money market unit trust funds are neither equity instruments and do not meet the sole payments of principal and interest criterion, and thus are required to be classified as fair value through profit or loss under MFRS 9. The measurement of these investments under MFRS 9 did not differ from the measurement under MFRS 139 previously.
- (c) Trade receivables, other receivables, other assets (excluding prepayments), deposits with licensed banks and cash and cash equivalents that have previously been classified as loans and receivables are now classified at amortised cost. The Group intends to hold these assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

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The following table summarises the impact of the transition to MFRS 9 on the opening fair value reserve and retained earnings. There is no impact on other components of equity.

	Impact of adopting MFRS 9 at 1.1.2018 RM'000
Fair value reserve	
Closing balance under MFRS 139 at 31 December 2017	31,499
Reclassification of cumulative losses on investment in quoted shares from retained earnings (Note)	(2,570)
Remeasurement of unquoted equity investments to fair value	325
Opening balance under MFRS 9 at 1 January 2018	29,254
Retained earnings	
Closing balance under MFRS 139 at 31 December 2017	77,659
Reclassification of cumulative losses on investment in quoted shares to fair value reserves (Note)	2,570
Opening balance under MFRS 9 at 1 January 2018	80,229

Note

Under MFRS 139, the losses resulting from the decrease in the fair value of an investment in quoted shares previously classified as Available-for-Sale has been recognised in profit or loss, owing to the significant and prolonged decline in its fair value below cost. This is no longer a requirement under MFRS 9.

(b) MFRS 15 Revenue from Contracts with Customers

The Group has adopted MFRS 15 which is applied retrospectively from 1 January 2018. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption of this Standard resulted in changes in accounting policies for revenue recognition and barring any material change to the Group’s operations, the adoption of MFRS 15 is not expected to have any material financial impact other than the additional disclosures to be made in the Group’s financial statements.

3. 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.

4. 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.

5. 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.

6. 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.

7. Dividends Paid

The shareholders of the Company had on 28 May 2018 approved the payment of final single tier dividend of 4.5 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM6.268 million. The dividend was subsequently paid on 28 June 2018.

8. 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 30/6/2018
(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	141	461	-	602
Inter-segment revenue	2	-	(2)	-
Dividends	2,054	-	-	2,054
Interest income	1,199	-	-	1,199
Investment distribution income	768	-	-	768
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Revenue for the year	4,164	461	(2)	4,623
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	1,121	(33)	24	1,112
Loss on disposal of investment in a joint venture	(86)	-	-	(86)
Loss on financial assets classified as fair value through profit or loss	(32)	-	-	(32)
Gain on accretion in associate	21	-	-	21
Share of profit of equity-accounted associates	4,253	-	-	4,253
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Profit before tax	5,277	(33)	24	5,268
Income tax expense	(1,454)	(4)	-	(1,458)
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Profit for the year	3,823	(37)	24	3,810
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Segment assets	336,789	604	(14,069)	323,324
<i>Included in the measure of segment assets are:</i>				
Investment in associates	112,746	-	-	112,746
Non-current assets other than financial instruments and deferred tax assets	20,186	-	-	20,186
Additions to non-current assets other than financial instruments and deferred tax assets	65	-	-	65
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Other segment information				
Depreciation of property and equipment	52	1	-	53
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Cumulative Quarter Ended 30/6/2017

	Investment holding RM’000	Others RM’000	Eliminations RM’000	Consolidated RM’000
Segment revenue				
Revenue from external customers	892	484	-	1,376
Inter-segment revenue	139	-	(139)	-
Dividends	1,813	-	-	1,813
Interest income	189	-	-	189
Investment distribution income	1,543	-	-	1,543
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Revenue for the year	4,576	484	(139)	4,921
Segment profit/(loss)				
Operating loss for reportable segments	(244)	(60)	-	(304)
Interest income	-	5	-	5
Gain on financial assets classified as fair value through profit or loss	5	-	-	5
Gain on accretion in associate	26	-	-	26
Share of profit of equity-accounted associates	4,717	-	-	4,717
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Profit before tax	4,504	(55)	-	4,449
Income tax expense	(1,598)	(4)	-	(1,602)
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Profit for the year	2,906	(59)	-	2,847
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Segment assets	347,770	635	(1,242)	347,163
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<i>Included in the measure of segment assets are:</i>				
Investment in associates	119,940	-	-	119,940
Non-current assets other than financial instruments and deferred tax assets	20,525	2	-	20,527
Additions to non-current assets other than financial instruments and deferred tax assets	19	-	-	19
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Other segment information				
Depreciation of property and equipment	55	1	-	56
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9. 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.

10. Changes in the Composition of the Group

On 20 June 2018, the Company had received RM75,242 from JobStreet Recruitment (Thailand) Co., Ltd. (“JobStreet Thailand”), a joint venture which the Group participates, being proceeds returned to shareholders following its liquidation. The Group had subsequently derecognised the investment in JobStreet Thailand in the current quarter.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

11. Changes in contingent assets and contingent liabilities

There were no material contingent liabilities or contingent assets as at 22 August 2018 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

12. Capital Commitments

	As at 30.6.2018 RM'000
Investment in unquoted shares	
Contracted but not provided for:	1,061
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13. Review of Performance for the Quarter

For the quarter ended 30 June 2018, consolidated revenue amounted to RM3.15 million, which is 6.4% lower than the revenue in the corresponding quarter in the preceding year of RM3.37 million. The decrease was mainly due to lower rental income following the expiry of the tenancy agreements for the office space in Wisma JcbNext in January 2018.

Foreign exchanges gains amounting to RM0.90 million during the current quarter consist mainly of unrealised foreign exchange gains on the Group’s US and Singapore dollar denominated bank deposits as the Ringgit weakened from USD1:RM3.8655 and SGD1:RM2.9468 at the end of March 2018 to USD1:RM4.0350 and SGD1:RM2.9600 at the end of June 2018.

The decrease in operating expenses by 24.1% year-over-year to RM1.48 million in the current quarter from RM1.95 million in the corresponding quarter in the previous year was mainly due to lower staff costs and reversal of provision for bonuses during the quarter under review.

On a pre-tax basis, the Group’s profit before tax (“PBT”) increased by 38.6% to RM5.03 million compared with RM3.63 million in the corresponding quarter in the previous year mainly attributable to the unrealised foreign exchange gains on Group’s US and Singapore dollar denominated bank deposits and lower staff costs as mentioned above. In Q2 2017, the Group’s PBT was negatively impacted by the forex exchanges losses of RM1.04 million as the Ringgit strengthened from USD1:RM4.424 and the end of March 2017 to USD1:RM4.295 at the end of June 2017.

Our share of profit from equity accounted associates decreased by 18.3% to RM2.54 million compared with RM3.11 million in Q2 2017. 104 Corporation posted a 5.1% decrease in net

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profit attributable to shareholders to NT\$81.94 million in Q2 2018 from NT\$86.34 million in Q2 2017. The decrease was mainly due to an increase in operating expenses related to improving existing services and new product development, as well as higher tax expenses following the increase in the corporate tax rate effective 1 January 2018. Despite the lower net profit, 104 Corporation recorded a higher revenue of NT\$415 million in Q2 2018 compared with NT\$395 million in Q2 2017. Our another associate, Innity Corporation Berhad reported a lower net profit for the current quarter under review of RM0.19 million compared with RM1.32 million in Q2 2017.

14. Comparison with previous quarter's results

	Q2 2018 <u>Current Quarter</u> RM'000	Q1 2018 <u>Preceding Quarter</u> RM'000
Revenue	3,149	1,461
Profit before tax	5,031	237

For the current quarter under review, the Group recorded a higher revenue of RM3.15 million compared with RM1.46 million posted in the preceding quarter mainly due to dividends received during the quarter from Lion Rock Group Limited amounting to RM1.77 million.

Apart from the receipt of dividends from Lion Rock Group Limited, PBT in the current quarter was also positively impacted by foreign exchange gains of RM0.90 million compared with foreign exchange losses of RM1.48 million in Q1. In addition, the higher share of profit from associates of RM2.54 million compared with RM1.72 million in the preceding quarter had contributed to the higher PBT in the current quarter.

15. 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 JcbNext 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.

16. Profit Forecast

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

17. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	1,313	1,575	1,357	1,608
Deferred taxation	95	(11)	101	(6)
	<u>1,408</u>	<u>1,564</u>	<u>1,458</u>	<u>1,602</u>

18. Investments

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

	Individual Quarter Ended 30.6.2018	Cumulative Quarter Ended 30.6.2018
	RM'000	RM'000
Associate companies		
Share of results and changes in equity in associates and exchange differences	(7,256)	(9,078)
	<u> </u>	<u> </u>
Long term:		
Purchase consideration	386	450
Sale proceeds	-	-
Changes in fair value	(16)	(5,679)
Gain on disposal	-	-
Exchange differences	9	(1)
	<u> </u>	<u> </u>
Short term:		
Purchase consideration	2,630	2,630
Sale proceeds	(501)	(10,130)
Changes in fair value	13	(32)
	<u> </u>	<u> </u>

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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 30 June 2018 are summarized below:

	RM’000
At cost	158,289
At carrying value/book value	207,755 [^]
At market value	291,022

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.

19. 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).

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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Net profit attributable to owners of the Company (RM’000)	3,618	2,054	3,794	2,821
Weighted average number of shares in issue (‘000)	139,290	139,857	139,358	139,857
Basic earnings per share (sen)	2.60	1.47	2.72	2.02

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM’000	RM’000	RM’000	RM’000
Profit for the period is arrived at after (charging)/ crediting:-				
Interest income	634	107	1,199	194
Depreciation	(27)	(28)	(53)	(56)
Reversal/ impairment (loss) on trade receivables	-	-	-	(4)
Loss on disposal of investment in a joint venture	(86)	-	(86)	-

* 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 on 29 August 2018.