

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 2019.

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 2019 except for the mandatory adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”) that have been issued by MASB effective for annual periods beginning on or after 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

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

Cumulative Quarter Ended 31/03/2020
(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	239	234	-	473
Inter segment revenue	1	-	(1)	-
Dividends	39	-	-	39
Interest income	521	-	-	521
Investment distribution income	369	-	-	369
Revenue for the year	<u>1,169</u>	<u>234</u>	<u>(1)</u>	<u>1,402</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	747	3	(167)	583
Interest expense	(2)	(1)	-	(3)
Gain on financial assets classified as fair value through profit or loss	2	-	-	2
Share of profit of equity-accounted associates	1,202	-	-	1,202
Profit before tax	<u>1,949</u>	<u>2</u>	<u>(167)</u>	<u>1,784</u>
Income tax expense	(8)	(2)	-	(10)
Profit for the year	<u>1,941</u>	<u>-</u>	<u>(167)</u>	<u>1,774</u>
Segment assets	<u>347,974</u>	<u>935</u>	<u>(24,434)</u>	<u>324,475</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	126,891	-	-	126,891
Non-current assets other than financial instruments and deferred tax assets	19,179	112	-	19,291
Additions to non-current assets other than financial instruments and deferred tax assets	8	128	-	136
Other segment information				
Depreciation of property and equipment	17	-	-	17
Depreciation of right-of-use assets	14	16	-	30

Cumulative Quarter Ended 31/03/2019

	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
Revenue for the year	1,499	284	-	1,783
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
Profit before tax	1,353	(8)	46	1,391
Income tax expense	(18)	(2)	-	(20)
Profit for the year	1,335	(10)	46	1,371
Segment assets	348,420	769	(14,050)	335,139
<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
Other segment information				
Depreciation of property and equipment	27	-	-	27

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 16 June 2020 (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 31.3.2020 RM'000
Investment in unquoted shares	
Contracted but not provided for:	521
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12. Review of Performance for the Quarter

For the quarter ended 31 March 2020, consolidated revenue amounted to RM1.40 million, which is 21.4% lower than the revenue in the corresponding quarter in the preceding year of RM1.78 million. The decrease was mainly due to lower dividend and investment distribution income from investments in quoted shares and money market unit trust funds respectively.

Foreign exchange gains amounting to RM0.71 million consist mainly of unrealised foreign exchange gains on the Group’s US dollar denominated bank deposits as the Ringgit weakened from USD1:RM4.096 at the end of December 2019 to USD1:RM4.3075 at the end of March 2020.

The Group’s profit before tax (“PBT”) increased by 28.3% to RM1.78 million from RM1.39 million in the corresponding quarter in the previous year mainly attributable to the foreign exchange gains of RM0.71 million in the current quarter as mentioned above compared with foreign exchange losses of RM0.49 million in Q1 2019.

Our share of profit from equity accounted associates decreased by 22.7% year-on-year to RM1.20 million from RM1.55 million in Q1 2019. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, reported a higher net profit attributable to shareholders of NT\$61.88 million in Q1 2020 compared with NT\$58.23 million in the corresponding quarter in the preceding year mainly due to its revenue growth of 5.2% to NT\$396.92 million from NT\$377.44 million in Q1 2019. Our other associate, Innity Corporation Berhad (“Innity”) recorded a higher net loss of RM3.68 million in the current quarter under review compared with RM1.04 million in Q1 2019 on the back of a decrease in revenue from RM25.22 million in Q1 2019 to RM21.31 million in Q1 2020.

13. Comparison with previous quarter's results

	Q1 2020 <u>Current Quarter</u> RM'000	Q4 2019 <u>Preceding Quarter</u> RM'000
Revenue	1,402	1,419
Profit before tax	1,784	1,376

For the current quarter under review, the Group’s revenue of RM1.40 million is comparable with the revenue of RM1.42 million recorded in the preceding quarter.

PBT increased by 29.6% to RM1.78 million in Q1 2020 from RM1.38 million in Q4 2019 mainly due to foreign exchange gains of RM0.71 million in the current quarter compared with foreign exchange losses of RM0.30 million in Q4 2019. However, share of results from equity accounted associates is lower by RM1.07 million in the current quarter compared with Q4 2019 due to the higher losses reported by Innity. PBT in Q4 2019 was also partly impacted by the decrease in fair value of investment properties of RM0.50m.

14. Prospects for the Year 2020

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 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. The COVID-19 coronavirus outbreak which has already been declared a global pandemic on 11 March 2020, has resulted in significant disruptions to businesses and everyday life as we know it. With the ensuing slowdown in economic activities, many countries have already reported contractions in their economies for Q1 as a result of the pandemic. The International Monetary Fund forecasted a contraction of 3% for the global economy in 2020.

On a positive note in 2020, the Group will be able to derive rental income from the tenant of Wisma JcbNext that has moved into the premises in Q4 2019. However, following a request from the tenant, the Group has agreed to a partial deferment of rent for six months beginning June 2020, with the deferred rent to be paid over 12 months in 2021. The rental deferment is not expected to have any material financial impact to the Group.

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	
	31.3.2020	31.3.2019
	RM’000	RM’000
Estimated current tax payable	22	49
Deferred taxation	(12)	(29)
	10	20

17. Investments

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

	Individual and Cumulative Quarter Ended 31.3.2020 RM’000
Associate companies	
Share of results and changes in equity in associates and exchange differences	5,946
Long term:	
Purchase consideration	451
Sale proceeds	-
Changes in fair value	(8,695)
Short term:	
Purchase consideration	370
Sale proceeds	(56,268)
Changes in fair value	2

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 2020 are summarized below:

	RM’000
At cost	119,967
At carrying value/book value	168,765 [^]
At market value	200,566

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	
	31.3.2020	31.3.2019
Net profit attributable to owners of the Company (RM’000)	1,766	1,359
Weighted average number of shares in issue (‘000)	134,931	137,426
Basic earnings per share (sen)	1.31	0.99

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 and Cumulative Quarter Ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Profit for the period is arrived at after (charging)/ crediting:-		
Interest income	518	451
Depreciation of property and equipment	(17)	(27)
Depreciation of right-of-use assets	(30)	-
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 23 June 2020.