

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 2020.

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 2020 except for the mandatory adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”) that have been issued by MASB.

Amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

Amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

The Group and the Company do not plan to apply MFRS 4, *Insurance Contracts – Interest Rate Benchmark Reform – Phase 2* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

The shareholders of the Company had on 16 June 2021 approved the payment of a final single tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM3.965 million. The dividend was subsequently paid on 21 July 2021.

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 30/09/2021
(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	917	236	-	1,153
Inter segment revenue	3	-	(3)	-
Dividends	12,157	-	(8,909)	3,248
Interest income	589	-	-	589
Investment distribution income	466	-	-	466
Revenue for the year	<u>14,132</u>	<u>236</u>	<u>(8,912)</u>	<u>5,456</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	12,089	(202)	(8,421)	3,466
Interest expense	(5)	(1)	-	(6)
Loss on financial assets classified as fair value through profit or loss	(2)	-	-	(2)
Gain on changes of interest in associates	13	-	-	13
Share of profit of equity-accounted associates	<u>9,722</u>	<u>-</u>	<u>-</u>	<u>9,722</u>
Profit before tax	21,817	(203)	(8,421)	13,193
Income tax expense	(1,504)	(10)	-	(1,514)
Profit for the year	<u>20,313</u>	<u>(213)</u>	<u>(8,421)</u>	<u>11,679</u>
Segment assets	<u>401,691</u>	<u>452</u>	<u>(61,227)</u>	<u>340,916</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	131,887	-	-	131,887
Non-current assets other than financial instruments and deferred tax assets	18,520	15	-	18,535
Additions to non-current assets other than financial instruments and deferred tax assets	73	-	-	73
Other segment information				
Depreciation of property and equipment	34	-	-	34
Depreciation of right-of-use assets	43	46	-	89

Cumulative Quarter Ended 30/09/2020

	Investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment revenue				
Revenue from external customers	789	302	-	1,091
Inter segment revenue	3	-	(3)	-
Dividends	11,325	-	(9,365)	1,960
Interest income	1,367	-	-	1,367
Investment distribution income	803	-	-	803
Revenue for the year	<u>14,287</u>	<u>302</u>	<u>(9,368)</u>	<u>5,221</u>
Segment profit/(loss)				
Operating profit/(loss) for reportable segments	10,928	(261)	(9,364)	1,303
Interest expense	(6)	(2)	-	(8)
Gain on financial assets classified as fair value through profit or loss	2	-	-	2
Share of profit of equity-accounted associates	5,252	-	-	5,252
Profit before tax	<u>16,176</u>	<u>(263)</u>	<u>(9,364)</u>	<u>6,549</u>
Income tax expense	(1,534)	(6)	-	(1,540)
Profit for the year	<u>14,642</u>	<u>(269)</u>	<u>(9,364)</u>	<u>5,009</u>
Segment assets	<u>343,736</u>	<u>660</u>	<u>(27,191)</u>	<u>317,205</u>
<i>Included in the measure of segment assets are:</i>				
Investment in associates	122,541	-	-	122,541
Non-current assets other than financial instruments and deferred tax assets	19,127	80	-	19,207
Additions to non-current assets other than financial instruments and deferred tax assets	14	128	-	142
Other segment information				
Depreciation of property and equipment	47	-	-	47
Depreciation of right-of-use assets	42	48	-	90

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 17 November 2021 (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 30.9.2021 RM’000
Investment in unquoted shares	
Contracted but not provided for:	327
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12. Review of Performance for the Quarter

For the quarter ended 30 September 2021, consolidated revenue amounted to RM2.43 million, which is 154.2% higher than the revenue in the corresponding quarter in the preceding year of RM0.88 million. The increase was mainly due to higher dividend income from quoted investments.

The Group posted foreign exchange gains of RM0.61 million in the current quarter compared with foreign exchange losses of RM0.89 million in Q3 2020. The foreign exchange gains consist mainly of realised foreign exchange gains from the conversion of the Group’s Singapore Dollar and US Dollar denominated bank deposits as well as the conversion of the dividend from 104 Corporation into Hong Kong Dollars. In Q3 2020, the foreign exchange losses consist mainly of unrealised foreign exchange losses on the Group’s US Dollar and Singapore Dollar denominated bank deposits.

The Group’s profit before tax (“PBT”) increased by 236.0% from RM1.40 million in Q3 2020 to RM13.19 million in Q3 2021 mainly attributable to the higher dividend income and foreign exchange gains as mentioned above in addition to higher share of profit from associates in the current quarter. Our share of profit from equity accounted associates increased by 16.2% year-on-year to RM3.27 million from RM2.81 million in Q3 2020. Our associate, 104 Corporation, a leading provider of integrated human resource services in Taiwan, registered a higher net profit attributable to shareholders of NT\$85.42 million in Q3 2021 compared with NT\$81.46 million in the corresponding quarter in the preceding year as the company’s job posting business benefited from the strong performance of the Taiwan economy buoyed by the global demand for the country’s tech products. Our other associate, Innity Corporation Berhad similarly posted a higher net profit of RM1.47 million in the current quarter under review compared with RM0.58 million in Q3 2020 on the back of an increase in revenue from RM25.35 million in Q3 2020 to RM32.10 million in Q3 2021.

13. Comparison with previous quarter's results

	Q3 2021 <u>Current Quarter</u> RM'000	Q2 2021 <u>Preceding Quarter</u> RM'000
Revenue	2,243	2,434
Profit before tax	4,690	4,596

For the current quarter under review, the Group registered a lower revenue of RM2.24 million compared with RM2.43 million reported in the preceding quarter mainly due to lower dividend income in Q3 2021 amounting to RM1.53 million compared with RM1.69 million in the previous quarter.

Despite the lower revenue, profit before tax in the current quarter was comparable with previous quarter mainly due to higher foreign exchange gains of RM0.61 million in Q3 2021 compared with RM0.18 million in the previous quarter.

14. Prospects for the Year 2021

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, dividend income from its quoted investments and rental income from its investment properties. 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.

The COVID-19 pandemic has resulted in significant disruptions to businesses and everyday life as we know it. The global recovery continues, but momentum has weakened, stumbled by the pandemic. Pandemic outbreaks in critical links of global supply chains have resulted in major supply disruptions, further feeding inflation in many countries. The marked spread of the Delta variant and the threat of new variants make the future path of the pandemic highly uncertain. Risks to economic prospects have increased and policy trade-offs have become more complex, confronting multidimensional challenges—subdued employment growth, rising inflation, food insecurity, the setback to human capital accumulation, and climate change. The International Monetary Fund (“IMF”) has revised down its global growth projection for 2021 slightly to 5.9% in October 2021 from 6% in July 2021. The downward revision for 2021 reflects more difficult near-term prospects for the advanced economies, in part due to supply disruptions, and for low-income developing countries, mostly due to worsening pandemic dynamics. Employment is expected to continue lagging the recovery in output. The divergences in growth prospects across countries remains a major concern. These economic divergences are a consequence of large disparities in vaccine access and in policy support.

The IMF cautioned that the balance of risks for growth over both the near and medium term, is tilted to the downside. Some of the risk factors include the emergence of more transmissible and deadlier variants; persistent pandemic-induced supply-demand mismatches leading to sustained price pressures and rising inflation expectations and faster than anticipated monetary normalisation in advanced economies; financial market volatility; a smaller than expected US fiscal package; more adverse climate shocks; and escalation of geopolitical tensions notably between the United States and China.

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 Quarter Ended		Cumulative Quarter Ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM’000	RM’000	RM’000	RM’000
Estimated current tax payable	238	142	1,470	1,510
Deferred taxation	27	17	44	30
	<u>265</u>	<u>159</u>	<u>1,514</u>	<u>1,540</u>

17. Investments

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

	Individual Quarter Ended 30.9.2021	Cumulative Quarter Ended 30.9.2021
	RM’000	RM’000
Associate companies		
Share of results and changes in equity in associates and exchange differences	4,454	6,796
	<u> </u>	<u> </u>
Long term:		
Purchase consideration	29,523	43,013
Sale proceeds	-	-
Changes in fair value	2,101	4,285
	<u> </u>	<u> </u>
Short term:		
Purchase consideration	11,140	49,467
Sale proceeds	(8,923)	(53,461)
Changes in fair value	4	2
	<u> </u>	<u> </u>

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 September 2021 are summarized below:

	RM’000
At cost	209,270
At carrying value/book value	269,651 [^]
At market value	361,280
	<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. Borrowings

The Group’s borrowings as at 30 September 2021 are as follows:

	As at 30.9.2021 RM'000
Non-current	
Term loan - unsecured	187
Current	
Term loan - unsecured	-
Total	<u><u>187</u></u>

The borrowings are denominated in Japanese Yen.

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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Net profit attributable to owners of the Company (RM’000)	4,434	1,276	11,722	5,082
Weighted average number of shares in issue (‘000)	132,118	134,313	132,621	134,591
Basic earnings per share (sen)	3.36	0.95	8.84	3.78

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	
	30.9.2021 RM’000	30.9.2020 RM’000	30.9.2021 RM’000	30.9.2020 RM’000
Profit for the period is arrived at after (charging)/ crediting: -				
Interest income	183	315	583	1,360
Depreciation of property and equipment	(11)	(15)	(34)	(47)
Depreciation of right-of-use assets	(30)	(30)	(89)	(90)

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 24 November 2021.