

## **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 2021.

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 2021 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 April 2021**

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

#### **Amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

The Group and the Company do not plan to apply MFRS 1 and MFRS 141 that are effective for annual periods beginning on or after 1 January 2022 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**

Other than the disposal of 104 Corporation shares as mentioned in Note 12, 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 22 June 2022 approved the payment of a final single tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2021 amounting to RM4.621 million. The dividend was subsequently paid on 27 July 2022.

**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 30/09/2022**  
**(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	926	276	-	1,202
Inter segment revenue	3	-	(3)	-
Dividends	18,836	-	(12,146)	6,690
Interest income	481	-	-	481
Investment distribution income	54	-	-	54
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Revenue for the year	20,300	276	(12,149)	8,427
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<b>Segment profit/(loss)</b>				
Operating profit/(loss) for reportable segments	18,846	(98)	(12,758)	5,990
Interest expense	(6)	(1)	-	(7)
Gain on disposal of investment in an associate	4,166	-	-	4,166
Gain on financial assets classified as fair value through profit or loss	304	-	-	304
Share of profit of equity-accounted associates	12,408	-	-	12,408
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<b>Profit before tax</b>	35,718	(99)	(12,758)	22,861
Income tax expense	(2,003)	(5)	-	(2,008)
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<b>Profit for the year</b>	33,715	(104)	(12,758)	20,853
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<b>Segment assets</b>	440,220	373	(96,775)	343,818
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<i>Included in the measure of segment assets are:</i>				
Investment in associates	126,685	-	-	126,685
Non-current assets other than financial instruments and deferred tax assets	18,556	-	-	18,556
Additions to non-current assets other than financial instruments and deferred tax assets	133	-	-	133
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<b>Other segment information</b>				
Depreciation of property and equipment	31	-	-	31
Depreciation of right-of-use assets	44	-	-	44
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**Cumulative Quarter Ended 30/09/2021**

	<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	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>
<b>Segment profit/(loss)</b>				
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 an associate	13	-	-	13
Share of profit of equity-accounted associates	9,722	-	-	9,722
<b>Profit before tax</b>	21,817	(203)	(8,421)	13,193
Income tax expense	(1,504)	(10)	-	(1,514)
<b>Profit for the year</b>	<u>20,313</u>	<u>(213)</u>	<u>(8,421)</u>	<u>11,679</u>
<b>Segment assets</b>	<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
<b>Other segment information</b>				
Depreciation of property and equipment	34	-	-	34
Depreciation of right-of-use assets	43	46	-	89

**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 November 2022 (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 30.9.2022 RM'000</b>
<b>Investment in unquoted shares</b>	
Contracted but not provided for:	362
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**12. Review of Performance for the Quarter**

For the quarter ended 30 September 2022, consolidated revenue amounted to RM4.14 million, which was 84.3% higher than the revenue in the corresponding quarter in the preceding year of RM2.24 million. The increase was mainly due to higher dividend income from quoted investments, in part due to a larger portfolio of investments at the end of the quarter this year compared with the portfolio at the end of Q3 2021.

The Group’s profit before tax (“PBT”) increased by 78.9% to RM8.39 million in Q3 2022 from RM4.69 million in Q3 2021 mainly attributable to the increase in revenue, the gain on disposal of shares in an associate amounting to RM1.16 million and higher share of profit from associates of RM3.77 million during the quarter compared with RM3.27 million in Q3 2021. During the quarter under review, the Company had disposed a very small portion of its shares in an associate, 104 Corporation, in the open market and in the process, the Group recorded gains on disposal of the said shares amounting to RM1.16 million. Following the disposals, the Company continued to hold 21.89% equity interest in 104 Corporation as at 30 September 2022.

Our share of profit from equity accounted associates increased by 15.3% year-on-year to RM3.77 million from RM3.27 million in Q3 2021. 104 Corporation, a leading provider of integrated human resource services in Taiwan, registered a higher net profit attributable to shareholders of NT\$120.76 million in the current quarter compared with NT\$85.42 million in Q3 2021 due to its strong revenue growth of 26.6% from NT\$459.43 million in Q3 2021 to NT\$581.53 million in Q3 2022 contributed by its job posting business. Our other associate, Innity Corporation Berhad posted a net loss of RM0.49 million in the current quarter under review compared with a net profit of RM1.47 million in Q3 2021 on the back of a decrease in revenue from RM32.10 million in Q3 2021 to RM26.51 million in Q3 2022.

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

	Q3 2022 <u>Current Quarter</u> RM'000	Q2 2022 <u>Preceding Quarter</u> RM'000
Revenue	4,135	3,540
Profit before tax	8,393	8,384

For the current quarter under review, the Group reported a higher revenue of RM4.14 million compared with RM3.54 million posted in the preceding quarter mainly due to higher dividend income from quoted investments in Q3 2022.

Despite the higher revenue, the Group's PBT in the current quarter was comparable with previous quarter mainly attributable to lower share of profit from associates of RM3.77 million compared with RM4.44 million in Q2 2022.

**14. Prospects for the Year 2022**

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 global economy continues to face steep challenges, shaped by the persistent effects of three factors: the Russian invasion of Ukraine; a cost-of-living crisis caused by persistent and broadening inflation pressures; and the slowdown in China. The International Monetary Fund's ("IMF") 2022 global growth forecast remained unchanged at 3.2% in October 2022 with growth slowing to 2.7% in 2023. The IMF added that more than a third of the global economy will contract this year or next, while the three largest economies—the United States, the European Union, and China—will continue to stall. Persistent and widening inflationary pressures have led to a rapid and synchronised tightening of monetary conditions, along with a sharp appreciation of the US dollar against most other currencies. The strong appreciation of the US dollar adds significantly to domestic price pressures and to the cost-of-living crisis for emerging market and developing economies.

Risks remain exceptionally high and on the downside. Monetary policy could miscalculate the right stance to reduce inflation. Policy paths in the largest economies could continue to diverge, leading to further US dollar appreciation and cross-border tensions. More energy and food price shocks might cause inflation to persist for longer. Global tightening in financing conditions could trigger widespread emerging market debt distress. Halting gas supplies by Russia could depress output in Europe. A resurgence of COVID-19 or new fears for global health could further dampen growth. A worsening of China's property sector crisis could spill over to the domestic banking sector and weigh heavily on the country's growth, with negative cross-border effects. And geopolitical fragmentation could hinder trade and capital flows, further hampering co-operation on climate policy.

**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:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Estimated current tax payable	342	238	1,965	1,470
Deferred taxation	(49)	27	43	44
	<u>293</u>	<u>265</u>	<u>2,008</u>	<u>1,514</u>

**17. Investments**

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

	<b>Individual Quarter Ended 30.9.2022</b>	<b>Cumulative Quarter Ended 30.9.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
Associate companies		
Share of results and changes in equity in associates and exchange differences	1,875	(4,228)
Sales proceeds	(1,955)	(7,181)
Gain on disposal of shares	1,163	4,166
	<u>          </u>	<u>          </u>
Long term:		
Purchase consideration	562	35,124
Sale proceeds	-	(266)
Changes in fair value	(13,926)	(14,691)
	<u>          </u>	<u>          </u>
Short term:		
Purchase consideration	8,031	43,040
Sale proceeds	(13,098)	(20,619)
Changes in fair value	56	304
	<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 2022 are summarized below:

	<b>RM’000</b>
At cost	232,355
At carrying value/book value	275,026 <sup>^</sup>
At market value	362,269

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

<sup>^</sup> 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 2022 are as follows:

	<b>As at 30.9.2022 RM’000</b>
<b>Non-current</b>	
Term loan - unsecured	156
<b>Current</b>	
Term loan - unsecured	5
<b>Total</b>	<u><u>161</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	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
Net profit attributable to owners of the Company (RM’000)	8,099	4,434	20,852	11,722
Weighted average number of shares in issue (‘000)	132,030	132,118	132,030	132,621
Basic earnings per share (sen)	6.13	3.36	15.79	8.84

### 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	
	30.9.2022 RM’000	30.9.2021 RM’000	30.9.2022 RM’000	30.9.2021 RM’000
Profit for the period is arrived at after (charging)/ crediting: -				
Interest income	179	183	474	583
Depreciation of property and equipment	(11)	(11)	(31)	(34)
Depreciation of right-of-use assets	(15)	(30)	(44)	(89)

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.