JOBSTREET CORPORATION BERHAD
(Company No: 641378-W)
Notes on the quarterly report – 31 December 2004

A. EXPLANATORY NOTES AS PER MASB 26

A1. Basis of preparation

The interim unaudited financial statements have been prepared in compliance with the Malaysian Accounting Standards Board ("MASB") Standard No. 26 "Interim Financial Reporting" and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market. As the Company was incorporated as a public limited company on 6 February 2004, no comparative figures are presented.

A2. Summary of significant accounting policies

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to this statement and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiary excluded on these grounds is accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Equipment are depreciated on a straight-line basis to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Leasehold improvements	10% - 33 1/3%
Computers	25% - 33 1/3%
Furniture and fittings	10% - 20%
Office equipment	14% - 33 1/3%

(d) Intangible asset

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated impairment loss (refer Note A2(j)).

(e) Investments

Long term investments in subsidiaries are stated at cost in the Company, less impairment loss where applicable.

(f) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(g) Employee benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(iii) Equity and equity-related compensation benefits

The share option program allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

(h) Liabilities

Borrowings and trade and other payables are stated at cost.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(k) Income tax

Tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(l) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the period. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM3.80
1SGD	RM2.33
100 PHP	RM6.74
100 INR	RM8.60

(m) Revenue

(i) Services rendered

Revenue is recognised in the income statement upon performance of services, net of discounts and allowances.

The amount of unearned income from services to be rendered in future financial periods is disclosed as deferred income.

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(n) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

(o) Government grants

Grants from the government are recognised where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grant income relating to costs is recognised in the income statement during the period necessary to match them with the costs they are intended to compensate.

Government grant income relating to purchase of assets is deferred and credited to the income statement on the straight line basis over the expected lives of the related assets.

(p) Finance cost

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred.

A3. Significant Events

The Group made an Initial Public Offering of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.54 per ordinary share by way of public issue payable in full on application comprising: 3,000,000 new ordinary shares of RM0.10 each available for application by the public; 6,000,000 new ordinary shares of RM0.10 each available for application by the eligible directors and employees and/or other persons and companies; and 9,000,000 new ordinary shares of RM0.10 each available for placement to identified investors in conjunction with its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. The public issue was fully subscribed and all the shares were allotted on 9 November 2004. The Company was successfully listed on the MESDAQ Market on 29 November 2004.

A4. Auditors' report

There was no auditors' report on JobStreet for the preceding financial year as the Company was only incorporated on 6 February 2004. There were no audit qualifications on the annual financial statements of the Company's subsidiaries for the financial year ended 31 December 2003.

A5. Seasonality or cyclicality of interim operations

In general, recruitment activities tend to slow down towards year-end and during major holidays. Typically, this results in sequentially lower results in the last quarter of the year.

A6. Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A7. Changes in estimates

There were no changes in the nature and amount of estimates reported that have a material effect in the quarter under review.

A8. 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 in JobStreet during the quarter under review other than the issue of 18,000,000 ordinary shares of RM0.10 each at an issue price of RM0.54 per share in conjunction with the Company's Initial Public Offering exercise.

A9. Dividends paid

No dividend has been declared or paid during the quarter under review.

A10. Segmental reporting

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

The Group comprises the following main geographical segments:

Malaysia
Singapore
Others

Geographical segments	Malaysia RM‘000	Singapore RM‘000	Others RM’000	Eliminations RM’000	Group RM‘000
Revenue from external customers	25,549	4,147	5,235	-	34,931
Inter-segment revenue	370	-	-	(370)	-
Total revenue	25,919	4,147	5,235	(370)	34,931
Segment result					
Operating profit	7,977	1,022	1,435	(1)	10,433
Interest income	150	4	129	-	283
Interest expense	-	(624)	-	-	(624)
Profit before taxation	8,127	402	1,564	(1)	10,092
Tax expense	17	-	(419)	-	(402)
Minority interests	-	-	(407)	-	(407)
Net profit for the period	8,144	402	738	(1)	9,283
Segment assets	26,392	3,392	3,833	-	33,617
Unallocated assets				-	3,583
Total assets				-	37,200

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Segment liabilities	4,268	1,604	2,036	-	7,908
Unallocated liabilities				-	260
Total liabilities				-	8,168
Capital expenditure	444	97	50	-	591
Depreciation	405	48	87	-	540

A11. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment.

A12. Subsequent events

There were no other material events subsequent to the end of current quarter under review that have not been reflected in the financial statements for the current quarter.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A14. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at 21 February 2005 (the latest practicable date not earlier than 7 days from date of issue of this financial results).

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 7A OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET

B1. Review of performance for the quarter and year-to-date

For the quarter ended 31 December 2004, the Group achieved a revenue and profit after taxation and minority interest of RM9.5 million and RM2.5 million respectively. For the year ended 31 December 2004, the Group achieved a revenue and profit after taxation and minority interest of RM34.9 million and RM9.3 million respectively. The strong performance during the year is a reflection of an improvement in the general economy and an increased level of acceptance of the Group's products and services.

The acquisitions of JobStreet's operating subsidiaries were completed on 30 September 2004 and as such, the profits generated by the aforesaid operating subsidiaries for the 9-month period ended 30 September 2004 are pre-acquisition profits.

B2. Comparison with previous quarter's results

	Q4 2004 Current Quarter RM'000	Q3 2004 Preceding Quarter RM'000
Revenue	9,543	9,218
Profit before taxation	2,569	3,028

For the current quarter under review, the Group recorded revenue of RM9.5 million representing a 3.5% increase compared to RM9.2 million recorded in the preceding quarter. However, profit before taxation for the current quarter decreased by 15.2% to RM2.6 million as compared to RM3.0 million for the preceding quarter. The decrease in profit before taxation for the current quarter was mainly due to an increase in advertising expenses, provision for doubtful debts and a reduction in gross profit margin as a result of higher revenue contribution from JobStreet RESOURCE which has a lower gross profit margin compared to other products and services.

B3. Prospects for the Year 2005

Growth in the Group's existing regional operations is expected to contribute to the Group's profitability in the year 2005. The performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2005.

B4. Profit Forecast

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

B5. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended 31.12.2004 RM'000	Cumulative Quarter Ended 31.12.2004 RM'000
Estimated current tax payable	92	493
Overprovision of taxation in prior year	(49)	(49)
Deferred taxation	(17)	(42)
	26	402

The effective tax rate is lower than statutory tax rate of 28% mainly due to the following:-

(i) Tax exempt income of a subsidiary company which has been granted the Multimedia Super Corridor ("MSC") status and pioneer status for a period of 5 years commencing from 28 May 1999. The MSC status along with the pioneer status has been renewed for another five years up to 27 May 2009;

(ii) Utilisation of previously unrecognized tax losses;

(iii) Overprovision of taxation in prior year; and

(iv) The effects of different tax rates in certain countries.

B6. Sale of Investments and/or Properties

There was no disposal of investment or properties during the financial period under review.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial period under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B9. Status of Utilisation of Listing Proceeds

The Company raised RM9.72 million during its Initial Public Offering exercise in November 2004 and the details of the utilization of proceeds up to 31 December 2004 are as follows:-

	Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i)	Capital Expenditure	1,000	-	1,000
(ii)	Working Capital	7,220	-	7,220*
(iii)	Listing Expenses	1,500	1,768	(268)*
	Total	9,720	1,768	7,952

* *The excess expense will be adjusted against working capital.*

B10. Group Borrowings and Debt Securities

There are no other borrowings or debts securities in the Group.

B11. Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risk as at the date of this report.

B12. 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.

B13. Dividend

No dividend has been declared or paid during the quarter under review.

B14. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share for the period 6 February 2004 (date of incorporation) to 31 December 2004 is calculated by dividing the Group's net profit attributable to shareholders of RM2,413,146 by the weighted average number of ordinary shares of RM0.10 each in issue of 52,763,651.

(b) Fully diluted earnings per share

The fully diluted earnings per share for the current year to date is calculated by dividing the net profit attributable to shareholders of RM2,413,146 by the weighted average number of ordinary shares in issue adjusted for dilutive potential shares issuable in respect of share options pursuant to ESOS of 53,601,374 ordinary shares of RM0.10 each. The adjusted weighted average number of ordinary shares was computed as follows:-

Weighted average number of shares (‘000)	52,764
Effects of ESOS Options (‘000)	837
Adjusted weighted average number of shares (‘000)	53,601

(c) Proforma earnings per share

For illustration purposes, the proforma basic earnings per share for the quarter ended 31 December 2004 and for the year ended 31 December 2004 is calculated by dividing the Group’s profit after taxation and minority interests of RM2,456,961 and RM9,283,044 respectively by the number of shares of RM0.10 each in issue after the completion of the acquisition of JobStreet.com Pte Ltd and the public issue, of 201,000,000. The proforma fully diluted earnings per share for the quarter ended 31 December 2004 and for the year ended 31 December 2004 is calculated by dividing the Group’s profit after taxation and minority interests of RM2,456,961 and RM9,283,044 respectively by the number of shares of RM0.10 each in issue after the completion of the acquisition of JobStreet.com Pte Ltd and the public issue adjusted for dilutive potential shares issuable in respect of share options pursuant to ESOS of 209,639,024.