

JOBSTREET CORPORATION BERHAD (“the Company”)
(Company No: 641378-W)
Notes on the quarterly report – 30 June 2006

EXPLANATORY NOTES AND ADDITIONAL INFORMATION

1. Basis of preparation

This interim financial report is unaudited and has been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and Financial Reporting Standard (FRS) 134₂₀₀₄, *Interim Financial Reporting*.

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 2005.

2. Changes in accounting policies

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements. Other than as disclosed below, the adoption of the following new or revised Financial Reporting Standards (FRS) effective for the financial period beginning on 1 January 2006 does not have any significant financial impact on the Group:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets

The principal effects of the changes in accounting policies resulting from adoption of the new/revised FRSs are discussed below.

(a) Summary of the effect of changes in accounting policies

(i) Effect on profit after taxation for the six months ended 30 June 2006 (estimated) and 30 June 2005

The following table provides estimates of the extent to which the profits for the period are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

<i>Effect of changes in accounting policies (increase/(decreased)) (RM'000)</i>	6 months ended 30 June 2006			6 months ended 30 June 2005		
	Shareholders of the Company	Minority interests	Total	Shareholders of the Company	Minority interests	Total
FRS 2						
Equity settled share-based transactions	(146)	-	(146)	-	-	-
Effect on EPS						
- Basic EPS (sen)	(0.07)		(0.07)			
- Diluted EPS (sen)	(0.07)		(0.07)			

(ii) Effect on amounts recognized as capital transactions with owners for the six months ended 30 June 2006 (estimated) and 30 June 2005 (as adjusted)

The following table provides estimates of the extent to which the amounts recorded as capital transactions with owners are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

<i>Effect of changes in accounting policies (increase/(decreased)) (RM'000)</i>	6 months ended 30 June 2006			6 months ended 30 June 2005		
	Shareholders of the Company	Minority interests	Total	Shareholders of the Company	Minority interests	Total
FRS 2						
Equity settled share-based transactions						
- effect recognized in capital reserve	146	-	146	-	-	-

(a) Employee share option scheme (FRS 2, Share-based Payment)

In prior years, no amounts were recognized when employees (which term includes directors) were granted share options over shares in the Company. If the employees exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2006, FRS 2 requires the fair value of such share options to be recognized as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognized in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the fair value of the options granted are recognized over the vesting period. Otherwise, the fair value is recognized in the period in which the options are granted.

The Group has applied the transitional provisions set out in paragraph 53 of FRS 2 under which the new recognition and measurement policies will not be applicable in the following situations:-

- (i) all options granted to employees on or before 31 December 2004; and
- (ii) all options granted to employees after 31 December 2004 but which had vested before 1 January 2006.

The amount charged to the income statement as a result of the change of policy increased operating expenses for the six months ended 30 June 2006 by RM146,000 (six months ended 30 June 2005: Nil), with the corresponding amounts credited to the capital reserve. No adjustments to the opening balances as at 1 January 2006 are required as no options were granted between 31 December 2004 and 31 December 2005.

The fair value of share options granted during the quarter is estimated as at date of grant using a trinomial model, taking into account the terms and conditions upon which the options were granted.

Details of the employee share option scheme can be found in the Company's financial statements for the year ended 31 December 2005.

(b) Amortisation of positive and negative goodwill (*FRS 3, Business Combinations and FRS 136, Impairment of Assets*)

With effect from 1 January 2006, in accordance with FRS 3 and FRS 136, amortization of positive goodwill is no longer allowed. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognized when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

In addition, FRS 3 requires that if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognized immediately in the income statement as it arises.

The new policies pursuant to FRS 3 and FRS 136 have no impact on the Group as the Group's accounting policy on goodwill is consistent with the requirements of FRS 3 and FRS 136.

(c) Changes in presentation (*FRS 101, Presentation of Financial Statements and FRS 127, Consolidated and Separate Financial Statements*) – *Minority Interests*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders of the Company.

With effect from 1 January 2006, in order to comply with FRS 101 and FRS 127, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or

loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interest in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

(d) Foreign Currency (*FRS 121, The Effects of Changes in Foreign Exchange Rates*)

Items included in the financial statements of each of the Group' entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

In addition, with effect from 1 January 2006, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are now treated as assets and liabilities of the foreign operation and translated at the closing rate. In accordance with the transitional provisions of FRS 121, this change is applied prospectively. Goodwill acquired in business combinations prior to 1 January 2006 and fair value adjustments arising on those acquisitions are deemed to be assets and liabilities of the parent company and were translated using the exchange rate at the dates of acquisitions.

The adoption of FRS 121 has no impact on the Group as the Group's accounting policy on foreign currency is consistent with FRS 121 and there were no acquisitions of foreign operations during the quarter.

3. Auditors' report

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2005.

4. Seasonality or cyclicity 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.

5. 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.

6. 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.

7. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

On 29 November 2004, the Company offered 14,890,000 ESOS options at an exercise price of RM0.54 per share to the directors and eligible employees of the Group, of which all the directors and eligible employees accepted the offer.

On 23 February 2006, the Company offered 2,525,000 ESOS options at an exercise price of RM1.35 to eligible employees of the Group, being the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of approximately 9%. All the eligible employees accepted the offer.

As at 30 June 2006, 2,346,000 options had lapsed, 2,065,000 options were exercised and 13,004,000 options remained unexercised.

During the quarter ended 30 June 2006, the Company issued 2,065,000 new ordinary shares of RM0.10 each pursuant to the exercise of ESOS options at the option price of RM0.54 per share.

Other than the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review.

8. Dividends paid

The Company had on 26 May 2006 declared a tax-exempt final dividend of 1.25 sen per share in respect of the financial year ended 31 December 2005 amounting to RM2,538,312. The dividend was paid on 5 July 2006. The total dividend paid for the financial year ended 31 December 2005 amounted to 2.75 sen per share.

9. 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

Cumulative Quarter Ended 30/6/2006

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue from external customers	22,304	4,989	5,763	-	33,056
Inter-segment revenue	1,110	-	-	(1,110)	-
Total revenue	23,414	4,989	5,763	(1,110)	33,056
Segment result					
Operating profit	7,384	1,224	2,316	(55)	10,869
Interest income	160	38	118	-	316
Dividend income	-	965	-	(965)	-
Profit before taxation	7,544	2,227	2,434	(1,020)	11,185
Tax expense	(55)	(281)	(793)	-	(1,129)
Profit for the period	7,489	1,946	1,641	(1,020)	10,056
Segment assets	43,959	9,435	8,814	-	62,208
Unallocated assets				-	4,561
Total assets				-	66,769
Segment liabilities	8,344	2,662	2,572	-	13,578
Unallocated liabilities	-	-	-	-	580
Total liabilities				-	14,158
Capital expenditure	1,627	35	230	-	1,892
Depreciation	370	47	56	-	473

Cumulative Quarter Ended 30/6/2005

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue from external customers	18,017	3,950	3,585	-	25,552
Inter-segment revenue	181	-	-	(181)	-
Total revenue	18,198	3,950	3,585	(181)	25,552
Segment result					
Operating profit	5,760	1,102	1,176	31	8,069
Interest income	256	6	77	-	339
Dividend income	3,500	3,604	-	(7,104)	-
Profit before taxation	9,516	4,712	1,253	(7,073)	8,408
Tax expense	(60)	(19)	(380)	-	(459)
Profit for the period	9,456	4,693	873	(7,073)	7,949
Segment assets	29,434	5,221	5,021	-	39,676
Unallocated assets				-	3,598
Total assets				-	43,274
Segment liabilities	4,800	2,019	1,562	-	8,381
Unallocated liabilities				-	309
Total liabilities				-	8,690
Capital expenditure	655	33	181	-	869
Depreciation	236	30	57	-	323

10. Valuation of Property and Equipment

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

11. Subsequent events

Other than the corporate proposals disclosed in Note 22, there were no material events subsequent to the end of current quarter under review that have not been reflected in the financial statements for the current quarter.

12. Changes in the composition of the Group

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

13. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at 17 August 2006 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

14. Capital Commitments

	As at
	30.06.2006
	RM'000
Property, plant and equipment	
Authorised and contracted for	310
	=====

15. Review of performance for the quarter

For the quarter ended 30 June 2006, consolidated revenue amounted to RM17.4 million, approximately RM3.7 million or 26.9% higher than the RM13.7 million revenue for the corresponding quarter in the preceeding financial year. This increase was mainly attributed to growth in the demand for the Group's core products of JobStreet ESSENTIAL (online job posting service) and JobStreet IMPACT (career website management service) as shown below:-

	QOQ	YOY
	% Growth	% Growth
JobStreet ESSENTIAL	48.0	46.5
JobStreet IMPACT	83.4	131.5

In terms of profitability, the Group achieved a profit before taxation ("PBT") of RM5.7 million, an increase of RM1.2 million or 26.9% compared with RM4.5 million reported in the corresponding quarter in the preceeding financial year. Although certain expenditure such as staff costs, office, rental and utilities, finance and telecommunication expenses were proportionately lower than in Quarter 2, 2005, the benefits of such economies of scale were negated by lower interest income and grant income and higher foreign exchange losses during the current quarter. With these factors, pre-tax profit margin for the current quarter of 32.7% remained consistent with the pre-tax profit margin in Quarter 2, 2005.

On an after-tax basis, the Group achieved a profit after taxation ("PAT") of RM5.3 million, an increase of RM1.0 million or 24.2% compared with RM4.2 million reported in the corresponding quarter in 2005. The lower growth in PAT compared with PBT was mainly due to higher deferred tax expense during the current quarter as a result of the realization of tax benefits from unutilized tax losses recognized in a subsidiary.

For the 6-month period ended 30 June 2006, the Group's revenue and profit before taxation amounted to RM33.1 million and RM11.2 million respectively, or an increase of 29.4% and 33.0% respectively compared with the corresponding period of the last financial year. In general, the growth during the quarter and 6-month period ended 30 June 2006 was mainly attributed to increased profit contributions from the Group's subsidiaries in Singapore and Philippines and a reflection of an increased level of acceptance of the Group's products and services among corporate recruiters and jobseekers.

16. Comparison with previous quarter's results

	Q2 2006 <u>Current Quarter</u> RM'000	Q1 2006 <u>Preceding Quarter</u> RM'000
Revenue	17,424	15,631
Profit before taxation	5,695	5,490

For the current quarter under review, the Group recorded revenue of RM17.4 million representing a 11.5% increase compared with RM15.6 million recorded in the preceding quarter. This increase was mainly due to higher sales during the current quarter from JobStreet ESSENTIAL and JobStreet SELECT. However, higher expenditure on advertising and promotion and staff costs during the current quarter partially offset the contribution from the higher revenue, resulting in a marginal increase in profit before taxation by 3.7% to RM5.7 million compared with RM5.5 million in the previous quarter.

17. Prospects for the Year 2006

Growth in the Group's existing regional operations especially in Singapore and Philippines is expected to contribute to the Group's profitability in the year 2006. The Group will continue to pursue its strategy of building its jobseeker database through a range of marketing activities including increasing marketing and sales activities focusing on the Small Medium Industry/Small Medium Enterprise sectors while diversifying into new geographical markets.

The Group commenced operations in Indonesia in the previous quarter. In addition, as disclosed in Note 22, the Group has on 8 August 2006 entered into a Shareholders' Agreement with the Daffodil Computers Limited in Bangladesh to establish a joint venture company to enter the online recruitment market in that country. We will be incurring losses in these new markets in 2006, as the focus for the rest of the year will be on building the brandname and developing the markets in these countries.

As far as the entry of the TV18 group of companies as a new shareholder in JobStreet.com India Private Limited ("JobStreet India") is concerned, we had on 10 July 2006 entered into a conditional Subscription and Shareholders' Agreement with TV18 and its subsidiary, Tadcaster Holdings Limited. The proposed subscription was approved by the shareholders of the Company on 24 August 2006. The entry of the TV18 group of companies will result in the deconsolidation of JobStreet India from the Group. However, the quantum of the reduction in earnings as a result of the deconsolidation is not expected to be material. As the proposed subscription by the TV18 group is only expected to be completed by the end of September 2006, any benefits accruing to JobStreet India from the strategic alliance with the TV18 group may not be immediately apparent in 2006.

The performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2006.

18. Profit Forecast

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

19. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2006 RM'000	30.6.2005 RM'000	30.6.2006 RM'000	30.6.2005 RM'000
Estimated current tax payable	364	238	876	455
Deferred taxation	59	(12)	253	(15)
Withholding tax	-	19	-	19
	<u>423</u>	<u>245</u>	<u>1,129</u>	<u>459</u>

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 have been renewed for another five years up to 27 May 2009;
- (ii) Utilisation of previously unrecognized tax losses; and
- (iii) The effects of different tax rates in certain countries.

20. Sale of Unquoted Investments and/or Properties

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

21. Purchase and Disposal of Quoted Securities

The Group's dealings in quoted securities during the current quarter and financial year to date are as follows:-

The Group's investment in quoted unit trusts as at 30 June 2006 are summarized below:

	RM'000
At cost	10,002
At carrying value/book value	10,002
At market value	<u>10,036</u>

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

22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 17 August 2006 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report), except for the following:-

(a) Proposed Subscription by Television Eighteen India Limited (“TV18”)/ Tadcaster Holdings Limited (“Tadcaster”) of New Ordinary Shares in JobStreet.com India Private Limited (“JobStreet India”) Corresponding to 50% of the Enlarged Equity Capital of JobStreet India on Infusion of the Rupee Equivalent of USD2 million into JobStreet India (“the Proposed Subscription”)

On 4 April 2006, the Company announced that JobStreet.com Pte Ltd (“JobStreet Singapore”), a wholly-owned subsidiary of the Company, and JobStreet India, a wholly-owned subsidiary of JobStreet Singapore had entered into a MOU with TV18 in relation to the Proposed Subscription subject to the terms and conditions as stipulated in the MOU.

On 10 July 2006, the Company announced that TV18, Tadcaster, a subsidiary of TV18, JobStreet Singapore and JobStreet India had, on the same date, entered into a conditional Subscription and Shareholders’ Agreement in relation to the proposed subscription by Tadcaster of 424,500 new ordinary shares of Rs10 each in JobStreet India representing 50% of the enlarged equity share capital of JobStreet India for a total subscription amount of the rupee equivalent of USD2,000,031.75. In addition, JobStreet Singapore will grant an option to Tadcaster to require JobStreet Singapore (along with its affiliates) to sell to Tadcaster (or any of its affiliates) such number of JobStreet India shares corresponding to 20% of the enlarged equity share capital of JobStreet India (“Call Option”). Please refer to the announcement made on 10 July 2006 for further details on the Proposed Subscription.

The Proposed Subscription has been approved by the shareholders of the Company on 24 August 2006 and it is expected to be completed by end September 2006.

(b) Heads of Agreement/ Shareholders’ Agreement between the Company and Daffodil Computers Ltd (“Daffodil”)

On 4 May 2006, the Company announced that it had entered into a Heads of Agreement with Daffodil to establish a joint venture company (“JVCO”) in Bangladesh to carry out the business of marketing and distribution of online job posting, search and selection, recruitment software and all related necessary and ancillary activities (“the Business”).

On 8 August 2006, the Company announced that it had on the same date entered into a Shareholders’ Agreement (the “Agreement”) with Daffodil to establish JVCO in Bangladesh to carry out the Business. At the date of incorporation, JVCO shall have an authorised and issued paid-up share capital of BDT 1,000,000 divided into 100,000 ordinary shares of BDT 10 each with an issue price of BDT 70 per share (“JVCO Shares”). The Company and Daffodil will subscribe for 60,000 and 40,000 JVCO Shares respectively. The total subscription amount to be paid in cash by the Company is BDT 4,200,000 (equivalent to RM223,625 computed based on the exchange rates of BDT 1 : USD0.0145 and USD1 : RM3.672 as at 17 August 2006).

The incorporation of JVCO is expected to be completed by 31 August 2006 or such later date as the Company and Daffodil may agree.

23. 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 30 June 2006 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	959	6,261
(iii) Listing Expenses	1,500	1,768	(268)*
Total	9,720	3,727	5,993

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

24. Group Borrowings and Debt Securities

There are no borrowings or debts securities in the Group.

25. 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.

26. Material Litigation

Reference is made to the announcement dated 29 December 2005 with respect to the legal proceedings commenced by the Company's subsidiaries, JobStreet.com Sdn. Bhd. and JobStreet.com Pte Ltd against a company, its executive chairman and its managing director for infringement of copyright. The hearing for the application for interim injunction by the Company's said subsidiaries has been postponed to 30 November 2006.

Other than the above, 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.

27. Dividend

No dividend has been proposed or declared during the current quarter.

28. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares of RM0.10 each in issue during the period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Net profit attributable to shareholders (RM'000)	4,880	4,082	9,349	7,615
Weighted average number of shares in issue ('000)	202,371	201,000	201,689	201,000
Basic earnings per share (sen)	2.41	2.03	4.64	3.79

(b) Fully diluted earnings per share

The fully diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue adjusted for dilutive potential shares issueable in respect of outstanding ESOS options granted by the Company.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Net profit attributable to shareholders (RM'000)	4,880	4,082	9,349	7,615
Weighted average number of shares in issue ('000)	202,371	201,000	201,689	201,000
Adjustments for share options ('000)	8,255	7,898	7,725	8,608
	210,626	208,898	209,414	209,608
Diluted earnings per share (sen)	2.32	1.95	4.46	3.63

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 24 August 2006.