

**JOBSTREET CORPORATION BERHAD (“the Company”)**  
**(Company No: 641378-W)**  
**Notes on the quarterly report - 30 June 2007**

**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) 134<sub>2004</sub>, *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 2006.

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 2006.

**2. 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 2006.

**3. Seasonality or cyclical nature 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.

**4. 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.

**5. 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.

**6. 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 (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%) to eligible employees of the Group. All the eligible employees accepted the offer.

On 28 March 2007, the Company offered 1,475,000 ESOS options at an exercise price of RM1.61 (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 10%) to eligible employees of the Group. All the eligible employees accepted the offer.

As at 30 June 2007, 3,585,250 options had lapsed, 45,000 options were forfeited, 3,431,000 options were exercised and 11,828,750 options remained unexercised.

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.

#### **7. Dividends paid**

No dividend was paid during the quarter.

#### **8. 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. A secondary format is not presented as the Group's activities in each geographical location is similar.

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 investments and related revenue, corporate assets and head office expenses, tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

#### ***Geographical segments***

The Group comprises the following main geographical segments:

Malaysia  
Singapore  
Philippines  
Bangladesh and Indonesia ("Others")

**Cumulative Quarter Ended 30/6/2007**  
**(The figures have not been audited)**

<b>Geographical segments</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Philippines RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	26,030	6,301	5,361	451	-	38,143
Inter-segment revenue	1,260	-	-	-	(1,260)	-
<b>Total revenue</b>	<b>27,290</b>	<b>6,301</b>	<b>5,361</b>	<b>451</b>	<b>(1,260)</b>	<b>38,143</b>
<b>Segment result</b>						
Results from operating activities	9,687	2,142	3,337	(588)	-	14,578
Finance income	277	52	99	1	-	429
Dividend income	8,018	7,316	-	-	(15,334)	-
Share of profit after tax and minority interest of associates and a jointly-controlled entity	713	(218)	-	-	-	495
Profit before taxation	18,695	9,292	3,436	(587)	(15,334)	15,502
Tax expense	(63)	(431)	(1,151)	-	-	(1,645)
<b>Profit for the period</b>	<b>18,632</b>	<b>8,861</b>	<b>2,285</b>	<b>(587)</b>	<b>(15,334)</b>	<b>13,857</b>
<b>Segment assets</b>						
Unallocated assets						3,238
<b>Total assets</b>						<b>92,339</b>
<b>Segment liabilities</b>						
Unallocated liabilities						840
<b>Total liabilities</b>						<b>16,651</b>
Capital expenditure	403	18	27	89	-	537
Depreciation	598	40	34	37	-	709

**Cumulative Quarter Ended 30/6/2006**  
**(The figures have not been audited)**

<b>Geographical segments</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Philippines RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	22,304	4,989	4,331	1,432	-	33,056
Inter-segment revenue	1,110	-	-	-	(1,110)	-
<b>Total revenue</b>	<b>23,414</b>	<b>4,989</b>	<b>4,331</b>	<b>1,432</b>	<b>(1,110)</b>	<b>33,056</b>
<b>Segment result</b>						
Results from operating activities	7,384	1,224	2,642	(326)	(55)	10,869
Finance income	160	38	116	2	-	316
Dividend income	-	965	-	-	(965)	-
Profit before taxation	7,544	2,227	2,758	(324)	(1,020)	11,185
Tax expense	(55)	(281)	(793)	-	-	(1,129)
<b>Profit for the period</b>	<b>7,489</b>	<b>1,946</b>	<b>1,965</b>	<b>(324)</b>	<b>(1,020)</b>	<b>10,056</b>
<b>Segment assets</b>	<b>43,959</b>	<b>9,435</b>	<b>6,134</b>	<b>2,680</b>	<b>-</b>	<b>62,208</b>
Unallocated assets						4,561
<b>Total assets</b>						<b>66,769</b>
<b>Segment liabilities</b>	<b>8,344</b>	<b>2,662</b>	<b>1,669</b>	<b>903</b>	<b>-</b>	<b>13,578</b>
Unallocated liabilities						580
<b>Total liabilities</b>						<b>14,158</b>
Capital expenditure	1,627	35	60	170	-	1,892
Depreciation	370	47	31	25	-	473

## 9. Valuation of Property and Equipment

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

## 10. Subsequent events

Other than the corporate proposals disclosed in Note 21, 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.

## 11. Changes in the composition of the Group

On 4 May 2006, the Company announced that it had entered into a Heads of Agreement with Daffodil Computers Ltd 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 allotment of shares in JVCO (named JS E-Recruitment Limited) to the Company was completed on 29 June 2007.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

## 12. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at 9 August 2007 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

## 13. Capital Commitments

### Property and equipment

Authorised and contracted for

As at  
30.6.2007  
RM’000

175

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#### 14. Review of performance for the quarter

For the quarter ended 30 June 2007, consolidated revenue amounted to RM20.2 million, approximately RM2.8 million or 16.1% higher than the RM17.4 million revenue for the corresponding quarter in the preceding financial year. This increase was mainly attributed to 38.4% quarter on quarter growth in the demand for the Group's core product of JobStreet ESSENTIAL (online job posting service).

In terms of profitability, the Group achieved a profit before taxation ("PBT") of RM8.4 million, an increase of RM2.7 million or 46.8% compared with RM5.7 million reported in the corresponding quarter in the preceding financial year. This is due to higher sales during the quarter compared to Quarter 2, 2006 and higher gross profit margin arising from higher revenue contribution from JobStreet ESSENTIAL. However, the higher gross profit margin was partially offset by proportionately higher staff costs, depreciation expenses, foreign exchange losses and preliminary expenses incurred in respect of JS E-Recruitment Limited. The net effect of these factors is still a higher pre-tax profit margin for the current quarter of 41.3% compared to the pre-tax profit margin of 32.7% in Quarter 2, 2006.

On an after-tax basis, the Group achieved a profit after taxation ("PAT") of RM7.5 million, an increase of RM2.2 million or 42.2% compared with RM5.3 million reported in the corresponding quarter in 2006. The lower growth in PAT compared with PBT was mainly due to a higher effective tax rate in a subsidiary for the current quarter compared to the corresponding quarter in the preceding year and 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.

#### 15. Comparison with previous quarter's results

	Q2 2007 <u>Current Quarter</u> RM'000	Q1 2007 <u>Preceding Quarter</u> RM'000
Revenue	20,235	17,908
Profit before taxation	8,358	7,145

For the current quarter under review, the Group recorded revenue of RM20.2 million representing a 13.0% increase compared with RM17.9 million recorded in the preceding quarter. This increased was mainly due to higher sales during the current quarter from JobStreet ESSENTIAL.

In terms of profitability, higher staff cost, withholding tax and preliminary expenses (in respect of JS E-Recruitment Limited) partially offset the contribution from the higher revenue and share of profit from associates, resulting in an increase in profit before taxation by 17.0% to RM8.4 million compared with RM7.1 million in the previous quarter.

#### 16. Prospects for the Year 2007

The Group's profitability in 2007 should continue to be driven by growth in the Group's existing regional operations in Malaysia, Singapore and Philippines. In all its markets, the Group will continue to pursue its strategy of building its customer base through a range of advertising, branding and marketing activities. Efforts will also be directed towards increasing average revenue per customer and improving productivity levels.

The Group will also continue to allocate resources to establish its presence in new markets such as Indonesia and Bangladesh while evaluating opportunities to further diversify into new geographical markets. The Company's investment of 20% equity interest in Recruit Group Limited which is involved in the print recruitment advertising business in Hong Kong, is expected to contribute positively to the consolidated earnings of the Group in 2007.

The performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2007.

#### 17. Profit Forecast

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

#### 18. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2007 RM'000	30.6.2006 RM'000	30.6.2007 RM'000	30.6.2006 RM'000
Estimated current tax payable	573	364	1,221	876
Deferred taxation	289	59	424	253
	<u>862</u>	<u>423</u>	<u>1,645</u>	<u>1,129</u>

The effective tax rate is lower than statutory tax rate of 27% 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.

#### 19. Sale of Unquoted Investments and/or Properties

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

#### 20. Purchase and Disposal of Quoted Securities

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

	Individual Quarter Ended 30.6.2007	Cumulative Quarter Ended 30.6.2007
	RM'000	RM'000
Purchases	10,010	10,020

The Group's investments in quoted securities as at 30 June 2007 are summarized below:

	<b>RM'000</b>
At cost	20,041
At carrying value/book value	20,041
At market value	<u>20,783</u>

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

## **21. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 9 August 2007 (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) The Company had on 20 June 2007 announced the following:
- (i) Proposed increase in authorised share capital of the Company from RM50 million to RM100 million by the creation of an additional 500 million ordinary shares of RM0.10 each in the Company ("JCB Shares");
  - (ii) Proposed bonus issue of up to 432,944,000 JCB Shares ("Bonus Shares") on the basis of 2 Bonus Shares for every JCB Share held on an entitlement date to be determined ("Proposed Bonus Issue");
  - (iii) Proposed consolidation of 2 JCB Shares after the Proposed Bonus Issue into 1 new ordinary share of RM0.20 each in JCB; and
  - (iv) Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of up to RM64,941,600 comprising up to 324,708,000 ordinary shares of RM0.20 each in JCB from the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the Main Board of Bursa Securities ("Proposed Transfer")
- (collectively referred to as "Proposals")
- (b) Subscription of Shares and Shareholders' Agreement between JCB and Asian Commission Corporation ("New ACC")

The Company had on 18 July 2007 announced that it had entered into a Subscription of Shares and Shareholders' Agreement with New ACC, a company recently incorporated in Japan, to establish a joint venture company in Japan via the existing Asian Commission Corporation ("ACC") to carry out search and selection, staffing, career consultancy and related activities solely for the Japanese market.

The completion of the subscription of shares shall be conditional upon the following:

- (i) ACC having a book value of not less than JPY9,900,000 including a minimum cash balance of JPY9,900,000.
- (ii) All licenses and approvals for staffing and placement services shall be in place to enable ACC to carry out its business and operations.



Upon the completion of the above, JCB will subscribe for 360 new shares resulting in JCB holding 60% of the enlarged issued and paid-up share capital of ACC, for a subscription price of JPY18,000,000 to be paid in cash. New ACC will further subscribe for 42 new shares resulting in New ACC holding 40% of the enlarged issued and paid-up share capital of ACC, for a subscription price of JPY2,100,000 to be paid in cash.

(c) Proposed Amendment

The Company had on 20 July 2007 announced that in conjunction with the Proposed Transfer, the Company proposes to amend its Articles of Association (“Proposed Amendment”). The Proposed Amendment and the Proposals are inter-conditional.

## **22. Group Borrowings and Debt Securities**

There are no borrowings or debts securities in the Group.

## **23. Off Balance Sheet Financial Instruments**

Pursuant to the Subscription and Shareholders’ Agreement dated 10 July 2006, JobStreet.com Pte Ltd (“JobStreet Singapore”) has granted an option to E-18 Limited (“E-18”) to require JobStreet Singapore (along with its affiliates), to sell to E-18 (or any of its affiliates) such number of ordinary shares of JobStreet.com India Pvt Limited (“JobStreet India”) corresponding to 20% of the enlarged equity share capital of JobStreet India (“Option Shares”) (“Call Option”). The Call Option is exercisable by E-18 at any time during the Option Period (being 3 years from the date falling 3 months after the completion of the subscription by E-18 of new ordinary shares of JobStreet India corresponding to 50% of the enlarged equity capital of the company (“the Subscription”)) and may only be exercised in full.

The price payable for the Option Shares (“Option Price”) shall be:

- (a) USD3.25 million, subject to applicable taxes and statutory levies (if any), if the Call Option is exercised prior to the lapsing of 2 years from the date falling 3 months after the completion of the Subscription (“First Period”); and
- (b) USD4 million, subject to applicable taxes and statutory levies (if any), if the Call Option is exercised after the First Period but prior to the last date of the Option Period.

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

## **24. Material Litigation**

Reference is made to the announcement dated 19 March 2007 with respect to the legal proceedings commenced by the Company’s subsidiaries, JobStreet.com Sdn. Bhd. and JobStreet.com Pte Ltd against a company and its directors for infringement of copyright. During the quarter, the Company had on 18 April 2007 announced that the legal suit has been withdrawn against the company with no order to costs and a consent agreement has been entered against the directors.

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.

## 25. Dividend

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

## 26. 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	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Net profit attributable to shareholders (RM'000)	7,265	4,880	13,224	9,349
Weighted average number of shares in issue ('000)	203,440	202,371	203,254	201,689
Basic earnings per share (sen)	3.57	2.41	6.51	4.64

### (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	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Net profit attributable to shareholders (RM'000)	7,265	4,880	13,224	9,349
Weighted average number of shares in issue ('000)	203,440	202,371	203,254	201,689
Adjustments for share options ('000)	7,057	8,255	6,903	7,725
	210,497	210,626	210,157	209,414
Diluted earnings per share (sen)	3.45	2.32	6.29	4.46

## 27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 16 August 2007.