

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

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review except for the following:-

(a) Corporate exercises

The Company had on 28 December 2007 completed the following:

- (i) Increase in the 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) Bonus issue of 409,612,800 JCB Shares on the basis of 2 Bonus Shares for every JCB Share held on an entitlement date to be determined (“Bonus Issue”);
- (iii) Consolidation of 2 JCB Shares after the Bonus Issue into 1 new ordinary share of RM0.20 each in JCB (“Consolidation”); and
- (iv) Transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of RM61,441,920 comprising 307,209,600 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.

(b) Employee Share Option Scheme (“ESOS”)

On 29 November 2004, the Company offered 14,890,000 ESOS options at an exercise price of RM0.54 per share (“Grant I”) 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%) (“Grant II”) 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%) (“Grant III”) to eligible employees of the Group. All the eligible employees accepted the offer.

As at 26 December 2007, 4,052,350 options had lapsed, 45,000 options were forfeited, 3,806,400 options were exercised and 10,986,250 options remained unexercised. On 27 December 2007, following the alteration in the capital structure of the Company as a result of the Bonus Issue and Consolidation, the remaining options have been adjusted in accordance to Paragraph 15 of the provisions of the Company’s ESOS Bye-Laws as follows:-

Grant	Adjusted no. of options	Adjusted exercise price
I	12,732,000	RM0.36
II	2,014,875	RM0.90
III	1,732,500	RM1.08
Total	16,479,375	

The adjusted outstanding balance of 16,479,375 options remained unexercised as at 31 December 2007.

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, Indonesia, Japan and British Virgin Islands ("Others")

The Group also has associates with operations in Hong Kong and Singapore and a jointly-controlled entity in India.

Cumulative Quarter Ended 31/12/2007
(The figures have not been audited)

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	53,163	13,861	11,903	3,477	-	82,404
Inter-segment revenue	17,982	-	-	-	(17,982)	-
Total revenue	71,145	13,861	11,903	3,477	(17,982)	82,404
Segment result						
Results from operating activities	21,016	4,306	6,620	(862)	228	31,308
Finance income	1,328	153	319	(4)	-	1,796
Dividend income	15,072	11,160	-	-	(26,232)	-
Impairment loss in respect of goodwill	-	(598)	-	-	-	(598)
Share of profit after tax and minority interest of associates and a jointly-controlled entity	1,610	(458)	-	-	-	1,152
Profit before taxation	39,026	14,563	6,939	(866)	(26,004)	33,658
Tax expense	(140)	(908)	(2,316)	(41)	-	(3,405)
Profit for the period	38,886	13,655	4,623	(907)	(26,004)	30,253
Segment assets	78,174	19,571	10,694	3,081	-	111,520
Unallocated assets						2,837
Total assets						114,357
Segment liabilities	14,728	4,802	4,849	1,569	-	25,948
Unallocated liabilities						1,953
Total liabilities						27,901
Capital expenditure	975	18	166	178	-	1,337
Depreciation	1,184	79	105	88	-	1,456

Cumulative Quarter Ended 31/12/2006

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	45,697	9,971	7,940	2,136	-	65,744
Inter-segment revenue	27,986	-	-	-	(27,986)	-
Total revenue	73,683	9,971	7,940	2,136	(27,986)	65,744
Segment result						
Results from operating activities	15,806	2,347	4,383	(1,652)	(20)	20,864
Finance income	371	133	292	5	-	801
Gain on deemed disposal of a subsidiary and an associate	-	25	-	3,294	-	3,319
Dividend income	26,098	24,186	-	-	(50,284)	-
Share of profit/ (loss) after tax and minority interest of an associate and a jointly-controlled entity	-	12	-	(101)	-	(89)
Profit before taxation	42,275	26,703	4,675	1,546	(50,304)	24,896
Tax expense	(103)	(621)	(1,546)	3	-	(2,268)
Profit for the period	42,172	26,082	3,129	1,549	(50,304)	22,628
Segment assets	50,347	15,792	7,616	813	-	74,568
Unallocated assets						3,680
Total assets						78,248
Segment liabilities	10,054	2,991	2,913	88	-	16,046
Unallocated liabilities						826
Total liabilities						16,872
Capital expenditure	2,509	45	94	331	-	2,979
Depreciation	873	91	116	81	-	1,161

9. Valuation of Property and Equipment

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

10. 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.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review except for the following:-

(a) Subscription of new shares in JobStreet Kabushiki Kaisha (“JobStreet Japan”)

On 18 July 2007, the Company announced that it had on the same date entered into a Subscription of Shares and Shareholders’ Agreement with Asian Commission Corporation (“ACC”), a company incorporated in Japan, to cooperate and implement a joint venture in Japan via JobStreet Japan 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) JobStreet Japan 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 JobStreet Japan to carry out its business and operations.

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

The subscription of shares in JobStreet Japan by the Company was completed on 1 November 2007.

(b) Incorporation of JS Overseas Holdings Limited (“JSOH”)

On 1 October 2007, the Company announced that it has, on 25 September 2007, incorporated JSOH, a new wholly-owned subsidiary, in the British Virgin Islands. The proposed principal activities of JSOH is investment holding and it was set up to facilitate further expansion of the Group’s business overseas by holding shares in subsidiaries and/or investments to be identified. The issued and paid-up share capital of JSOH is USD10,000 divided into 10,000 ordinary shares of USD1.00 each. The allotment of new shares in JSOH to JCB was completed on 1 October 2007.

12. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at 18 February 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

13. Capital Commitments

	As at 31.12.2007 RM'000
Property and equipment	
Authorised and contracted for	20
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14. Review of performance for the quarter

For the quarter ended 31 December 2007, consolidated revenue amounted to RM22.5 million, approximately RM6.9 million or 43.9% higher than the RM15.6 million revenue for the corresponding quarter in the preceding financial year. This increase was mainly attributed to 57.9% quarter on quarter growth in the demand for the Group's core product of JobStreet ESSENTIAL (online job posting service) and the consolidation of revenue from JobStreet Japan which provides niche staff contracting services, in the fourth quarter of 2007.

In terms of profitability, the Group achieved a profit before taxation ("PBT") of RM7.6 million, compared with RM8.0 million reported in the corresponding quarter in the preceding financial year. During the fourth quarter of 2006, the Group recorded a substantial gain on the deemed disposal of equity interests in a subsidiary and an associate amounting to RM3.3 million. Excluding the effect of this non-recurring gain, results from operating activities during the current quarter under review of RM7.0 million marks an increase of 64.8% compared to the corresponding quarter in 2006. This increase is attributed to overall higher sales during the quarter as well as improvement in the gross profit margin due to a higher revenue contribution from JobStreet ESSENTIAL.

On an after-tax basis, the Group achieved a profit after taxation ("PAT") of RM7.0 million, a decrease of 8.6% compared with the PAT reported in the corresponding quarter in 2006. The effective tax rate for the current quarter appears higher than the rate in the corresponding quarter in 2006 mainly due to the distortion caused by gain on the deemed disposal of equity interests recorded in 2006, as explained above, which is a non-taxable group-level adjustment.

For the year ended 31 December 2007, the Group's revenue and profit before taxation amounted to RM82.4 million and RM33.7 million respectively, or an increase of 25.8% and 35.2% respectively compared with the preceding financial year. In general, the growth during the year ended 31 December 2007 was mainly attributed to increased profit contributions from the Group's subsidiaries in Malaysia, Singapore and Philippines as well as share of profit from its associate in Hong Kong, Recruit Group Limited.

15. Comparison with previous quarter's results

	<u>Q4 2007</u> <u>Current Quarter</u> RM'000	<u>Q3 2007</u> <u>Preceding Quarter</u> RM'000
Revenue	22,509	21,753
Profit before taxation	7,602	10,555

For the current quarter under review, the Group recorded revenue of RM22.5 million representing a 3.5% increase compared with RM21.8 million recorded in the preceding quarter. This increase was mainly due to revenue contribution from JobStreet Japan which was consolidated into the group during the quarter. The additional revenue contribution from JobStreet Japan was offset by lower revenue from JobStreet ESSENTIAL during the quarter as a result of seasonality factors mentioned in Note 3.

In terms of profitability, profit before taxation decreased by 28.0% to RM7.6 million in the 4th quarter of 2007 compared with RM10.6 million in the previous quarter due to the following reasons:-

- (i) Lower gross profit margins due to higher revenues from contracting staff services from JobStreet Japan and lower JobStreet ESSENTIAL sales;
- (ii) Higher staff costs;
- (iii) Withholding tax on inter-company dividends from JobStreet.com Philippines, Inc;
- (iv) Impairment loss on goodwill related to JobStreet.com India Pvt Limited and Blurbme Holdings Pte Ltd; and
- (v) Provisions for diminution in value of investment in quoted securities.

16. Prospects for the Year 2008

In 2008, the Group will continue to leverage on its strengths and experience in the Malaysia, Singapore and Philippines markets to build and grow its operations in newer markets such as Indonesia, Bangladesh and Japan. Global financial uncertainties, volatile oil prices and inflationary pressures may ultimately affect business confidence in the region and consequently result in a slow-down in recruitment activities. While this may negatively impact our performance, the Group believes that the high value propositions and lower cost of online recruitment advertising should appeal to hiring companies in such an environment and this may mitigate the adverse impact somewhat. The Group will also continue on its strategy of investing for the future by strengthening its R&D capabilities, investing into its brand and expanding into selective new markets in the region with potential for the e-recruitment industry while maintaining attractive margins.

Amidst such a backdrop, the performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2008.

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	
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
Estimated current tax payable	572	142	2,838	1,666
Deferred taxation	69	208	567	602
	<u>641</u>	<u>350</u>	<u>3,405</u>	<u>2,268</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 investments or properties during the financial period under review.

20. 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:-

	Individual Quarter Ended 31.12.2007 RM’000	Cumulative Quarter Ended 31.12.2007 RM’000
Purchases	5,767	18,780
Sales	5,000	7,000
	<hr/>	<hr/>

The Group’s investments in quoted securities as at 31 December 2007 are summarized below:

	RM’000
At cost	21,802
At carrying value/book value	21,575
At market value	21,759
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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 18 February 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

22. Group Borrowings and Debt Securities

There are no borrowings or debts securities in the Group.

23. Off Balance Sheet Financial Instruments

- (a) Forward contracts

The Group has entered into short-term foreign exchange forward contracts to manage its exposure to currency fluctuations on certain trade receivables denominated in United States Dollar (“USD”).

The outstanding contract amount and maturity profile of the foreign exchange forward contracts as at 18 February 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report) are as follows:-

	Maturity (months)	Contract Amount (USD'000)	Equivalent to (RM'000)
Foreign exchange forward contracts	1	97	318

This amount represents future cash flows under the contract to sell USD at various maturity dates.

The Group views the forward contracts as a risk management tool and does not intend to use it for trading or speculative purposes. The transactions under the foreign exchange forward contracts are booked in at their contracted rates. Any exchange gain or loss relating to the foreign exchange forward contracts is recognised in the income statement upon expiry of the contracts.

The Group is of the opinion that the exposures to credit risk and market risk are minimal because these contracts are executed with established and credit worthy financial institutions in Malaysia.

(b) Call option granted to E-18 Limited (“E-18”)

Pursuant to the Subscription and Shareholders’ Agreement dated 10 July 2006, JobStreet.com Pte Ltd (“JobStreet Singapore”) has granted an option to 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”) (“E-18 Call Option”). The E-18 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 shall be:

- (i) 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
- (ii) 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.

(c) Call option granted to Recruit Holdings Limited (“RHL”)

Pursuant to the Agreement for the Subscription and Sale and Purchase of Certain Shares in Recruit Group Limited dated 7 February 2007, the Company has granted an option to RHL (“RHL Call Option”) to require the Company to sell 2,000 shares in Recruit Group Limited (“Resale Shares”) to RHL (or any of its affiliates) (“Resale”). The RHL Call Option is exercisable by RHL at any time during the period of 6 months commencing from the first anniversary of the Completion Date (i.e. 6 months from 15 February 2008).

The consideration for the Resale shall be the higher of :

- (i) HK\$15,000,000; and
- (ii) such sum as may be agreed between the Company and RHL within 21 days of the date of RHL's notice exercising the option or (in default of agreement between them) such sum as the Specified Experts (being the auditors of RGL or such other firm of accountants as is nominated by the President of the Hong Kong Institute of Certified Public Accountants) may certify to be, in their opinion, the fair value of the Resale Shares.

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

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

The Company had on 27 December 2007 declared a tax exempt interim dividend of 1.5 sen per ordinary share of RM0.20 each for the financial year ended 31 December 2007 amounting to RM4.608 million which was subsequently paid on 28 January 2008. In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 17 January 2008. The Company had declared a tax exempt interim dividend of 1.5 sen per ordinary share of RM0.10 each during the quarter ended 31 December 2006 amounting to RM3.046 million.

The Board of Directors recommends the payment of a tax exempt final dividend of 2.0 sen per ordinary share of RM0.20 each in respect of the current financial year amounting to RM6,144,192 based on the issued and paid-up share capital as at 31 December 2007, subject to the approval of shareholders at the forthcoming annual general meeting. The dividend entitlement and payment dates will be announced at a later date. No final dividend was paid for the financial year ended 31 December 2006.

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 of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net profit attributable to shareholders of the Company (RM'000)	6,693	7,555	28,870	21,709
Weighted average number of shares in issue ('000)	306,951	304,598*	305,847	303,574*
Basic earnings per share (sen)	2.18	2.48*	9.44	7.15*

(b) Fully diluted earnings per share

The fully diluted earnings per share is calculated by dividing the net profit attributable to shareholders of the Company 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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net profit attributable to shareholders of the Company (RM'000)	6,693	7,555	28,870	21,709
Weighted average number of shares in issue ('000)	306,951	304,598	305,847	303,574
Adjustments for share options ('000)	12,669	13,863	12,366	13,863
	319,620	318,461*	318,213	317,437*
Diluted earnings per share (sen)	2.09	2.37*	9.07	6.84*

* Pursuant to FRS 133, Earnings Per Share, the comparative earnings per share for the quarter and year ended 31 December 2006 have been adjusted for the bonus issue of two new shares for every one ordinary share of RM0.10 each held, and the share consolidation of two ordinary shares of RM0.10 each held after the bonus issue into one new ordinary share of RM0.20 each in the Company completed on 28 December 2007, as if these events had occurred since 1 January 2006.

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 25 February 2008.