

JOBSTREET CORPORATION BERHAD (“the Company”)
(Company No: 641378-W)
Notes on the quarterly report – 30 June 2010

EXPLANATORY NOTES AND ADDITIONAL INFORMATION

1. Basis of preparation

This interim financial report is unaudited and has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting Standard (FRS) 134, *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 2009.

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 2009 except for the mandatory adoption of the following new and revised Financial Reporting (“FRS”) and Issues Committee Interpretations (“IC Int.”) effective on 1 January 2010:-

FRS 7, *Financial Instruments: Disclosures*

FRS 8, *Operating Segments*

FRS 101, *Presentation of Financial Statements (revised)*

FRS 123, *Borrowing Costs (revised)*

FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*

Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*

Amendments to FRS 7, *Financial Instruments: Disclosures*

Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 132, *Financial Instruments: Presentation*

Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*

Improvements to FRSs (2009)

IC Interpretation 9, *Reassessment of Embedded Derivatives*

IC Interpretation 10, *Interim Financial Reporting and Impairment*

IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions*

IC Interpretation 14, *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as discussed below:-

(a) FRS 8, Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 7). Under FRS 8, the Group will continue to present segment information in respect of its operating geographical segments. As a result, the standard does not have any impact on the financial position and results of the Group.

(b) FRS 101, Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labelled as total comprehensive income. In addition, the consolidated balance sheet was renamed as the consolidated statement of financial position in the interim financial report. The standard does not have any impact on the financial position and results of the Group.

(c) FRS 139, Financial Instruments: Recognition and Measurement

The new standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. In accordance with the adoption of this standard, long-term other investments were classified as available-for-sale financial investments and resulted in the restatement of comparative balances as follows:-

	Balance as at 1 January 2010 before the adoption of FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 January 2010 after the adoption of FRS 139 RM'000
Fair value reserve	-	5,951	5,951
Other investments (non-current)	65,755	(65,755)	-
Available-for-sale investments	-	71,706	71,706

2. 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.

3. Unusual items

During the current quarter, the Group's investment in 104 Corporation (Taiwan) ("104 Corp") was reclassified to Investment in Associates and Jointly-Controlled Entities. Consequently, the fair value reserve attributed to the Group's investment in 104 Corp amounting to RM29.0 million as at 31 March 2010 was reversed and this impacted Other Comprehensive Income during the current quarter.

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

4. Changes in estimates

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

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

During the current financial year, the Company repurchased its own shares on the Bursa Malaysia Securities Berhad as follows:-

Month	Number of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Aggregate price paid RM
May 2010	1,000	2.01	2.01	2,054
Total				<u>2,054</u>

The shares bought back are held as treasury shares. None of the treasury shares held were resold or cancelled during the current financial year.

Employee Share Option Scheme (“ESOS”)

Movements in the number of share options outstanding during the quarter under review are as follows:-

Grant No.	Date of Offer	Option Price	<i>Number of options over ordinary shares of RM0.20 each ('000)</i>				
			Balance at 1.4.2010	Granted	Exercised	Lapsed/ Forfeited	Balance at 30.6.2010
I	29.11.2004	RM0.36	4,530	-	(120)	-	4,410
II	23.02.2006	RM0.90	445	-	(3)	-	442
III	28.03.2007	RM1.08	612	-	(86)	-	526
IV	20.05.2008	RM1.53	1,165	-	(335)	-	830
V	11.01.2010	RM1.31	13,695	-	-	-	13,695
			<u>20,447</u>	<u>-</u>	<u>(544)</u>	<u>-</u>	<u>19,903</u>

6. Dividends paid

The shareholders of the Company had on 9 June 2010 approved the payment of a tax exempt final dividend of 1.5 sen per ordinary share of RM0.20 each in respect of the financial year ended 31 December 2009 amounting to RM4.725 million. The dividend was subsequently paid on 28 June 2010.

The Company had on 21 May 2010 declared a tax exempt first interim dividend of 1.25 sen per ordinary share for the financial year ending 31 December 2010 amounting to RM3.943 million. The dividend was paid on 28 June 2010.

7. Segmental information

The Group's reportable segments are based on geographical markets where the Group's operations are located. The Group provides similar products and services in each geographical segment.

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 comprise mainly goodwill 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

Hong Kong, Indonesia, Japan, British Virgin Islands and India ("Others")

The Group also has associates with operations in Malaysia and Taiwan and a jointly-controlled entity in Thailand.

Cumulative Quarter Ended 30/6/2010
(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	35,703	10,464	8,215	2,324	-	56,706
Dividends	658	-	-	-	-	658
Investment distribution income	4	-	-	-	-	4
Inter-segment revenue	2,672	-	-	-	(2,672)	-
Total revenue	39,037	10,464	8,215	2,324	(2,672)	57,368
Segment result						
Results from operating activities	18,237	4,741	3,642	80	-	26,700
Finance income	215	3	222	17	-	457
Finance costs	-	-	-	(7)	-	(7)
Gain on financial assets classified as fair value through profit or loss	47	-	-	-	-	47
Dividend income	-	3,057	-	-	(3,057)	-
Share of profit/(loss) after tax and minority interest of associates and jointly-controlled entities	1,254	(59)	-	-	-	1,195
Profit before taxation	19,753	7,742	3,864	90	(3,057)	28,392
Tax expense	(5,144)	(1,178)	(1,096)	(3)	-	(7,421)
Profit for the period	14,609	6,564	2,768	87	(3,057)	20,971
Segment assets	143,978	12,503	15,960	5,635	-	178,076
Unallocated assets					-	2,788
Total assets						180,864
Segment liabilities	12,639	5,269	7,677	2,373	-	27,958
Unallocated liabilities					-	5,006
Total liabilities						32,964
Capital expenditure	604	128	58	31	-	821
Depreciation	465	27	125	60	-	677

Cumulative Quarter Ended 30/6/2009

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	28,861	6,959	6,437	1,665	-	43,922
Dividends	702	-	-	-	-	702
Investment distribution income	20	-	-	-	-	20
Inter-segment revenue	2,190	-	-	-	(2,190)	-
Total revenue	31,773	6,959	6,437	1,665	(2,190)	44,644
Segment result						
Results from operating activities	11,513	1,723	2,650	(362)	-	15,524
Finance income	278	15	211	4	-	508
Finance costs	-	-	-	(10)	-	(10)
Gain on financial assets classified as fair value through profit or loss	22	-	-	-	-	22
Dividend income	-	275	-	-	(275)	-
Share of loss after tax and minority interest of associates and a jointly-controlled entity	(408)	(74)	-	-	-	(482)
Profit before taxation	11,405	1,939	2,861	(368)	(275)	15,562
Tax expense	(909)	(324)	(769)	(3)	-	(2,005)
Profit for the period	10,496	1,615	2,092	(371)	(275)	13,557
Segment assets	108,745	15,454	13,490	3,123	-	140,812
Unallocated assets					-	2,792
Total assets					-	143,604
Segment liabilities	10,258	4,548	5,722	1,723	-	22,251
Unallocated liabilities					-	1,426
Total liabilities					-	23,677
Capital expenditure	197	21	117	36	-	371
Depreciation	516	26	121	52	-	715

8. Subsequent events

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

9. Changes in the composition of the Group

On 12 April 2010, the Company announced that it had acquired 6,764,000 ordinary shares representing 20.0% of the issued and paid-up capital of 104 Corp for a consideration of RM64,389,417. This resulted in 104 Corp becoming an associate of the Group.

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

10. Changes in contingent assets and contingent liabilities

In 2008, the Company had provided a corporate guarantee for SGD 5.5 million to a financial institution for a treasury/foreign exchange facility granted to the Company's wholly-owned subsidiary, JobStreet.com Pte. Ltd.

Other than the above, there were no other material contingent liabilities or contingent assets as at 10 August 2010 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

11. Capital Commitments

	As at 30.6.2010 RM'000
Investment in a jointly-controlled entity	
Contracted but not provided for:	
Within one year	408
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12. Review of performance for the quarter

For the quarter ended 30 June 2010, consolidated revenue amounted to RM29.7 million, approximately RM6.8 million or 29.9% higher than RM22.9 million for the corresponding quarter in the preceding financial year. This increase reflected the ongoing economic recovery which resulted in higher revenues from JobStreet ESSENTIAL (online job posting service) by 58.3% year on year. The increase in revenue from JobStreet ESSENTIAL was partially offset by contraction of revenues from JobStreet IMPACT (career website management service) and JobStreet RESOURCE (provision of contract staffing services) by 29.7% and 16.4% respectively.

Results from operating activities rose 57.8% as a result of higher sales from JobStreet ESSENTIAL; gross profit margin also improved. Operating expenses increased by 15.6% due to higher staff costs with a partial offset from lower staff contracting costs. On a pre-tax basis, the Group's profit before taxation ("PBT") recorded growth of 78.5% to RM15.7 million compared with RM8.8 million reported in the corresponding quarter in the preceding financial year. During the current quarter, the Group equity accounted for its share of profit in an associate amounting to RM1.4 million which contributed to the improvement in profitability.

The Group's profit after taxation ("PAT") increased by 54.5% to RM11.6 million compared with RM7.5 million reported in the corresponding quarter in 2009. The lower rate of growth in PAT compared with PBT was mainly due to the expiry of pioneer tax-exemption status of a subsidiary effective from 27 May 2009.

13. Comparison with previous quarter's results

	Q2 2010 <u>Current Quarter</u> RM'000	Q1 2010 <u>Preceding Quarter</u> RM'000
Revenue	29,741	27,627
Profit before taxation	15,736	12,656

For the current quarter under review, the Group recorded revenue of RM29.7 million representing a 7.7% increase compared with RM27.6 million recorded in the preceding quarter. This increase was mainly due to higher sales from JobStreet ESSENTIAL coupled with the dividends received from the Group's quoted investments.

In terms of profitability, PBT in the current quarter rose by 24.3% mainly due to improving profit margins from JobStreet ESSENTIAL and share of profit in an associate, 104 Corp.

14. Prospects for the Year 2010

The Group will benefit from economic recovery in the region and the resumption of hiring activities by corporations to facilitate their future growth. The performance of the Group for the financial year ending 31 December 2010 continues to be clouded by uncertainties regarding global and regional economic conditions, the ability of the Group to take market share and the performance of the Group's investments.

In April 2010, the Company had accumulated 20% equity interest in 104 Corp (which is involved in the online recruitment services, contract employment, human resources consultancy services and online advertisement services in Taiwan and the People's Republic of China). As 104 Corp is already profitable, the investment is expected to contribute positively to the Group's consolidated earnings in 2010 through the equity accounting of the Group's share of 104 Corp's profits.

With the elevation of 104 Corp to associate status in April 2010, the Group's investment in 104 Corp was reclassified under Investment in Associates and Jointly-Controlled Entities. Consequently, the fair value reserve attributed to the Group's investment in 104 Corp amounting to RM29.0 million as at 31 March 2010 was reversed and this has impacted Other Comprehensive Income in the second quarter of 2010 accordingly.

15. Profit Forecast

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

16. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2010 RM'000	30.6.2009 RM'000	30.6.2010 RM'000	30.6.2009 RM'000
Estimated current tax payable	4,148	1,284	7,454	1,980
Deferred taxation	(62)	(6)	(33)	25
	<u>4,086</u>	<u>1,278</u>	<u>7,421</u>	<u>2,005</u>

The effective tax rate is higher than statutory tax rate of 25% mainly due to the effects of different tax rates in certain countries.

17. Unquoted Investments and/or Properties

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

18. Quoted Investments

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

	Individual Quarter Ended 30.6.2010 RM'000	Cumulative Quarter Ended 30.6.2010 RM'000
Quoted securities of associate companies		
Purchase consideration	259	259
Reclassification of investment in 104 Corp from Available-For-Sale Investments	64,362	64,362
Share of results and changes in equity in associates	(1,819)	(1,769)
Long term:		
Purchase consideration	200	13,880
Reclassification of investment in 104 Corp to Investment in Associates and Jointly-Controlled Entities	(64,362)	(64,362)
Reversal of fair value reserve attributable to 104 Corp	(29,025)	(29,025)
Changes in fair value	(1,475)	37,354
Short term:		
Purchase consideration	80	80

Quoted securities acquired during the current quarter under review which are classified as investments in associates and jointly-controlled entities comprise of quoted shares in 104 Corp.

Available-for-sale investments are measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

The Group's available-for-sale investments in quoted securities, investments in the quoted securities of associate companies and other short term investments in quoted securities as at 30 June 2010 are summarized below:

	RM'000
At cost	96,816
At carrying value/book value	101,045
At market value	110,011
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Other than the above, there was no purchase or disposal of quoted securities during the financial period under review.

19. Status of Corporate Proposals

(a) Proposed acquisition of additional ordinary shares in 104 Corporation (Taiwan)

At the Extraordinary General Meeting held on 6 January 2010, the Company's shareholders approved the following proposals:-

- (i) Proposed acquisition of additional ordinary shares of TWD 10 each in 104 Corp from the open market of the Taiwan Stock Exchange ("Proposed Acquisition");
- (ii) Proposed amendments to the existing Bye-Laws of the ESOS of the Company; and
- (iii) Proposed allocation of ESOS options to directors

The Proposed Acquisition is expected to be completed by 31 December 2011.

(b) Proposed disposal of ordinary shares in JS E-Recruitment Ltd

The Company had on 24 June 2009 entered into a Share Sale Agreement (the "SSA") with Daffodil Computers Limited, a company incorporated in Bangladesh with its registered office at 64/3 Lake Circus, Kelabagan, Dhaka 1205, Bangladesh ("Daffodil") for the disposal of 60,000 ordinary shares of BDT 10 each in the share capital of JS E-Recruitment Ltd. ("JSE") to Daffodil, representing 60% equity interest in the issued and paid-up share capital of JSE for a total cash consideration of USD1.00 (equivalent to RM3.549 based on the exchange rate as at 23 June 2009 of USD1:RM3.549) ("Proposed Disposal"). The Proposed Disposal is expected to be completed by 31 December 2010.

20. Group Borrowings and Debt Securities

The Group's borrowings are unsecured, denominated in Japanese Yen and classified as follows:-

	As at 30.6.2010 RM'000
Current	153
Non-current	436
Total	<u>589</u>

21. 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.

22. 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.

23. Dividend

The Company had on 17 August 2010 declared the second interim single tier dividend of 1.25 sen per ordinary share for the financial year ending 31 December 2010 amounting to RM3.945 million computed based on the issued and paid-up share capital (excluding treasury shares) as at 10 August 2010. The dividend entitlement and payment dates will be announced at a later date. During the previous corresponding period, the Company did not declare any dividend for the financial year ended 31 December 2009. The interim single tier dividend of 1.25 sen per share for the current quarter is in line with the financial performance of the Group and the revised dividend policy of the Company. With this, the total dividend for the current financial year is 2.50 sen.

24. 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	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Net profit attributable to shareholders (RM'000)	11,115	7,294	19,807	12,889
Weighted average number of shares in issue ('000)	315,086	311,580	314,222	311,224
Basic earnings per share (sen)	3.53	2.34	6.30	4.14

(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	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Net profit attributable to shareholders (RM'000)	11,115	7,294	19,807	12,889
Weighted average number of shares in issue ('000)	315,086	311,580	314,222	311,224
Adjustments for share options ('000)	9,185	4,448	8,142	4,640
	324,271	316,028	322,364	315,864
Diluted earnings per share (sen)	3.43	2.31	6.14	4.08

25. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 17 August 2010.