

JOBSTREET CORPORATION BERHAD
(Company No: 641378-W)
Notes on the quarterly report – 31 December 2005

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation

The interim unaudited financial statements have been prepared in compliance with Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those adopted in the audited financial statements for the period ended 31 December 2004.

A2. Auditors’ report

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial period/year ended 31 December 2004.

A3. 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.

A4. 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.

A5. 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.

A6. 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.

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. As at 31 December 2005, 955,000 options had lapsed and 13,935,000 options still remained unexercised.

A7. Dividends paid

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

A8. 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 31/12/2005

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue from external customers	38,671	8,693	7,632	-	54,996
Inter-segment revenue	702	-	-	(702)	-
Total revenue	39,373	8,693	7,632	(702)	54,996
Segment result					
Operating profit	11,750	2,162	1,971	(27)	15,856
Interest income	518	27	193	-	738
Dividend income	3,500	3,565	-	(7,065)	-
Profit before taxation	15,767	5,754	2,164	(7,091)	16,594
Tax expense	(139)	1,134	(618)	-	377
Minority interests	-	-	(600)	-	(600)
Net profit for the period	15,628	6,888	946	(7,091)	16,371
Segment assets	35,802	6,243	6,847	-	48,892
Unallocated assets				-	4,803
Total assets				-	53,695
Segment liabilities	5,263	2,329	1,778	-	9,370
Unallocated liabilities				-	316
Total liabilities				-	9,686
Capital expenditure	11,043	125	207	-	11,375
Depreciation	491	73	112	-	676

Cumulative Quarter Ended 31/12/2004

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue from external customers	25,549	4,147	5,235	-	34,931
Inter-segment revenue	370	-	-	(370)	-
Total revenue	25,919	4,147	5,235	(370)	34,931
Segment result					
Operating profit	7,978	1,027	1,435	(2)	10,438
Interest income	150	4	130	-	284
Interest expense	-	(629)	(1)	-	(630)
Profit before taxation	8,128	402	1,564	(2)	10,092
Tax expense	17	-	(419)	-	(402)
Minority interests	-	-	(407)	-	(407)
Net profit for the period	8,145	402	738	(2)	9,283
Segment assets	26,404	3,392	3,833	-	33,629
Unallocated assets				-	3,583
Total assets				-	37,212
Segment liabilities	4,280	1,604	2,036	-	7,920
Unallocated liabilities				-	260
Total liabilities				-	8,180
Capital expenditure	122	81	11	-	214
Depreciation	103	12	27	-	142

A9. Valuation of Property, Plant and Equipment

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

A10. Subsequent events

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.

A11. Changes in the composition of the Group

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

A12. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at 14 February 2006 (the latest practicable date not earlier than 7 days from date of issue of this financial results).

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

B1. Review of performance for the quarter

For the quarter ended 31 December 2005, unaudited revenue amounted to RM14.3 million, approximately RM4.8 million or 50.2% higher than the RM9.5 million revenue for the corresponding quarter in the preceeding financial year. This increase is mainly attributed to growth in the demand for the Group's core products of JobStreet ESSENTIAL (online job posting service) and JobStreet RESOURCE (outsourcing staff service).

In terms of profitability, the Group achieved an unaudited profit before taxation and minority interests of RM3.4 million, an increase of RM0.8 million or 31.2% compared with RM2.6 million reported in the corresponding quarter in the preceeding financial year. The increase in profit before taxation and minority interests is proportionately lower than the increase in revenue mainly due to the following:-

- i. Grant income of approximately RM184,000 was recognized in the corresponding quarter in 2004. The grant was completely disbursed by June 2005;
- ii. Full provision for diminution in value of an unquoted investment of approximately RM113,000 was made during the 4th quarter of 2005; and
- iii. Certain fixed assets namely office installations with a net book value of approximately RM136,000 were written off during the 4th quarter of 2005.

On an after-tax basis, the Group achieved an unaudited profit after taxation and minority interest of RM4.4 million, an increase of RM2.0 million or 80.5% compared with RM2.5 million reported in the corresponding quarter in 2004. The higher increase is due to tax income of approximately RM1.1 million arising from the recognition of deferred tax assets on unutilised tax losses in a subsidiary company previously not recognized.

For the year ended 31 December 2005, the Group's unaudited revenue and profit before taxation amounted to RM55.0 million and RM16.6 million respectively, or an increase of 57.4% and 64.4% respectively over the corresponding period of the last financial year. The strong performance during the quarter and year ended 31 December 2005 reflected the general improvement in the regional economic conditions and an increased level of acceptance of the Group's products and services.

B2. Comparison with previous quarter's results

	Q4 2005 <u>Current Quarter</u> RM'000	Q3 2005 <u>Preceding Quarter</u> RM'000
Revenue	14,338	15,105
Profit before taxation	3,371	4,833
Profit after taxation and minority interests	4,434	4,322

For the current quarter under review, the Group recorded revenue of RM14.3 million representing a 5.1% decrease compared with RM15.1 million recorded in the preceding quarter. As mentioned in Note A3, the Group's performance is subject to seasonality towards year-end and during major holidays. Several major festivals during the quarter resulted in long holidays which contributed to the decrease in revenue. In terms of profitability, the decrease in profit before taxation by 30.2% to RM3.4 million compared with RM4.8 million in the previous quarter was due to:-

- i. Lower sales during the current quarter particularly from JobStreet ESSENTIAL;
- ii. Full provision for diminution in value of an unquoted investment of RM113,000;
- iii. Fixed assets written off amounting to RM136,000; and
- iv. Provision for bonus for its subsidiary in Singapore was charged during the current quarter.

The recognition of deferred tax assets on tax losses in the 4th quarter as mentioned in Note B1 resulted in a marginally higher profit after taxation and minority interests compared with the preceding quarter.

B3. Prospects for the Year 2006

Growth in the Group's existing regional operations is expected to contribute to the Group's profitability in the year 2006. The performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2006. The proposed acquisition of an eight (8) storey freehold office building as explained in Note A4 is not likely to have a material impact on the financial performance of the Group.

B4. Profit Forecast

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

B5. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Estimated current tax payable	87	92	837	491
Overprovision of taxation in prior year	-	(49)	-	(50)
Deferred taxation	(1,196)	(17)	(1,214)	(39)
	<u>(1,109)</u>	<u>26</u>	<u>(377)</u>	<u>402</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 has been renewed for another five years up to 27 May 2009;
- (ii) Recognition of deferred tax assets from tax losses previously not recognized in a subsidiary company; and
- (iii) The effects of different tax rates in certain countries.

B6. Sale of Unquoted Investments and/or Properties

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

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement except for the proposed acquisition by a subsidiary company of three contiguous parcels of freehold commercial lots in Kuala Lumpur together with an eight storey office block from Mayban General Assurance Berhad for a cash consideration of RM10,000,000.00. The proposed acquisition was approved by shareholders of the Company at an extraordinary general meeting held on 15 November 2005. On the same date, the acquisition was approved by the Federal Territory Land and Mine Department. With the receipt of all approvals for the acquisition, the Sale and Purchase Agreement became unconditional and hence, the subsidiary company had on 6 December 2005 paid the balance purchase consideration of RM9,000,000 to the vendor and recognized land and buildings on its balance sheet. The title document to the property is pending registration at the relevant Land Registry/Office.

B9. Status of Utilisation of Listing Proceeds

The Company raised RM9.72 million during its Initial Public Offering exercise in November 2004 and the details of the utilization of proceeds up to 31 December 2005 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	227	6,993
(iii) Listing Expenses	1,500	1,768	(268)*
Total	9,720	1,995	7,725

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

B10. Group Borrowings and Debt Securities

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

B11. Off Balance Sheet Financial Instruments

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

B12. Material Litigation

The Company's subsidiaries, JobStreet.com Sdn Bhd and JobStreet.com Pte Ltd, had on 29 December 2005 commenced legal proceedings against a company, its executive chairman and its managing director for infringement of copyright (please refer to the Company's announcement on 29 December 2005). All the defendants have entered appearance to defend the suit. Among the remedies claimed are injunction, damages and cost. The suit is not expected to have any material adverse financial impact or material losses on the Group.

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.

B13. Dividend

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

B14. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares of RM0.10 each (2004 – RM1.00 each) in issue during the period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profit attributable to shareholders (RM'000)	4,434	2,457	16,371	2,413*
Weighted average number of shares in issue ('000)	201,000	189,261	201,000	52,764
Basic earnings per share (sen)	2.21	1.30	8.14	4.57*

* After deducting pre-acquisition profit

(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 share options pursuant to ESOS.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profit attributable to shareholders (RM'000)	4,434	2,457	16,371	2,413*
Weighted average number of shares in issue ('000)	201,000	189,261	201,000	52,764
Adjustments for share options ('000)	8,234	3,005	8,010	838
	209,234	192,266	209,010	53,602
Diluted earnings per share (sen)	2.12	1.28	7.83	4.50

* After deducting pre-acquisition profit