JOBSTREET CORPORATION BERHAD ("the Company")
(Company No: 641378-W)
Notes on the quarterly report – 31 March 2006

EXPLANATORY NOTES AND ADDITIONAL INFORMATION

1. Basis of preparation

This interim unaudited financial report has been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and Financial Reporting Standard (FRS) 134_{2004}, *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 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 three months ended 31 March 2006 (estimated) and 31 March 2005 (as adjusted)

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.

Effect of changes in accounting policies (increase/(decreased)) (RM'000)	**3 months ended 31 March 2006**			**3 months ended 31 March 2005**		
	Shareholders of the Company	**Minority interests**	**Total**	**Shareholders of the Company**	**Minority interests**	**Total**
FRS 2						
Equity settled share-based transactions	(77)	-	(77)	-	-	-
Effect on EPS						
- Basic EPS (sen)	(0.04)		(0.04)			
- Diluted EPS (sen)	(0.04)		(0.04)			

(ii) Effect on amounts recognized as capital transactions with owners for the three months ended 31 March 2006 (estimated) and 31 March 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.

Effect of changes in accounting policies (increase/(decreased)) (RM'000)	**3 months ended 31 March 2006**			**3 months ended 31 March 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	77	-	77	-	-	-

(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 three months ended 31 March 2006 by RM77,000 (three months ended 31 March 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 period/year ended 31 December 2005.

4. Seasonality or cyclicality 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

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.

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 31 March 2006, 1,270,000 options had lapsed and 16,145,000 options remained unexercised.

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. 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 31/3/2006

Geographical segments	**Malaysia RM'000**	**Singapore RM'000**	**Others RM'000**	**Eliminations RM'000**	**Group RM'000**
Revenue from external customers	10,335	2,442	2,854	-	15,631
Inter-segment revenue	120	-	-	(120)	-
Total revenue	10,455	2,442	2,854	(120)	15,631
Segment result					
Operating profit	3,025	1,024	1,308	(44)	5,313
Interest income	105	11	61	-	177
Dividend income	-	-	-	-	-
Profit before taxation	3,130	1,035	1,369	(44)	5,490
Tax expense	(30)	(207)	(469)	-	(706)
Profit for the period	3,100	828	900	(44)	4,784
Segment assets	39,981	7,582	8,915	-	56,478
Unallocated assets				-	4,615
Total assets				-	61,093
Segment liabilities	5,937	2,645	2,651	-	11,233
Unallocated liabilities				-	794
Total liabilities				-	12,027
Capital expenditure	697	28	66	-	791
Depreciation	150	24	27	-	201

Cumulative Quarter Ended 31/3/2005

Geographical segments	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue from external customers	8,317	1,714	1,790	-	11,821
Inter-segment revenue	88	-	-	(88)	-
Total revenue	8,405	1,714	1,790	(88)	11,821
Segment result					
Operating profit	2,747	369	623	16	3,755
Interest income	122	2	41	-	165
Dividend income	3,476	3,501	-	(6,977)	-
Profit before taxation	6,345	3,872	664	(6,961)	3,920
Tax expense	(25)	-	(189)	-	(214)
Profit for the period	6,320	3,872	475	(6,961)	3,706
Segment assets	28,803	4,295	5,109	-	38,207
Unallocated assets				-	3,587
Total assets				-	41,794
Segment liabilities	4,253	1,986	1,808	-	8,047
Unallocated liabilities				-	191
Total liabilities				-	8,238
Capital expenditure	252	14	145	-	411
Depreciation	100	15	28	-	143

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 20, 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.

11. Changes in the composition of the Group

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 May 2006 (the latest practicable date not earlier than 7 days from date of issue of this interim financial report).

13. Review of performance for the quarter

For the quarter ended 31 March 2006, unaudited revenue amounted to RM15.6 million, approximately RM3.8 million or 32.2% higher than the RM11.8 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), JobStreet RESOURCE (outsourcing staff service) and JobStreet IMPACT (career website management service).

In terms of profitability, the Group achieved an unaudited profit before taxation (“PBT”) of RM5.5 million, an increase of RM1.6 million or 40.0% compared with RM3.9 million reported in the corresponding quarter in the preceeding financial year. Pre-tax profit margin for the current quarter is 35.1% compared to 33.2% in Quarter 1, 2005. This improvement is mainly due to overall growth in sales which positively impacted the bottom line, and changes in sales mix. The bulk of the increase in revenue is attributable to revenue from JobStreet ESSENTIAL and JobStreet IMPACT which have higher gross margins.

On an after-tax basis, the Group achieved an unaudited profit after taxation (“PAT”) of RM4.8 million, an increase of RM1.1 million or 29.1% compared with RM3.7 million reported in the corresponding quarter in 2005. The lower growth in PAT compared to PBT is 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.

14. Comparison with previous quarter's results

	Q1 2006 Current Quarter RM’000	Q4 2005 Preceding Quarter RM’000
Revenue	15,631	14,338
Profit before taxation	5,490	3,371
Profit after taxation	4,784	4,480

For the current quarter under review, the Group recorded revenue of RM15.6 million representing a 9.0% increase compared with RM14.3 million recorded in the preceding quarter. As mentioned in Note 4, the Group’s performance is subject to seasonality towards year-end and during major holidays. Several major festivals during the preceeding quarter resulted in long holidays which contributed to a lower revenue. In terms of profitability, the increase in profit before taxation by 62.9% to RM5.5 million compared with RM3.4 million in the previous quarter was due to:-

i. Higher sales during the current quarter particularly from JobStreet ESSENTIAL; and

ii. Full provision for diminution in value of an unquoted investment of RM113,000 and fixed assets written off amounting to RM136,000 was charged in the preceeding quarter.

The recognition of deferred tax assets on tax losses in the preceeding quarter contributed positively to that quarter's bottom line. Taking this into consideration, profit after tax improved marginally by 6.8% compared to the higher growth in profit before tax of 62.9%.

15. 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 Group's subsidiary in Indonesia has recently commenced operations by successfully organizing its first job fair in Jakarta on 27 to 29 March 2006. In addition, the Group plans to enter the Bangladesh recruitment market in the near future as disclosed in Note 20. Although the expansion to these new markets may not contribute positively to the Group's bottom line in 2006, these investments are a step towards building sustainable growth and long-term shareholder value.

In relation to the Group's announcement on 4 April 2006 on the Memorandum of Understanding with Television Eighteen India Limited ("TV18"), the Group believes that a strategic alliance with TV18 will benefit the Group's subsidiary in India by leveraging on TV18's resources to increase the visibility of the JobStreet.com brand and scale its operations.

Finally, the Malaysian Ringgit has appreciated against the US dollar from 3.78 at the beginning of the year to 3.58 at the date of this report. Although this may impact the Group's earnings because of the translation of the overseas' subsidiaries' results into the Malaysian Ringgit, the management will monitor the situation to ensure that foreign currency risk, if any, is managed and mitigated.

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

16. Profit Forecast

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

17. Taxation

The taxation charge for the current quarter includes the following:

	Individual and Cumulative Quarter Ended	
	31.3.2006 RM'000	**31.3.2005 RM'000**
Estimated current tax payable	511	217
Deferred taxation	195	(3)
	706	214

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.

18. Sale of Unquoted Investments and/or Properties

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

19. Purchase and Disposal of Quoted Securities

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

20. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement except the following:-

(a) Memorandum of Understanding ("MOU") between JobStreet.com Pte Ltd ("JobStreet Singapore"), JobStreet.com India Private Ltd ("JobStreet India") and Television Eighteen India Limited ("TV18")

On 4 April 2006, the Company announced that 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 by TV18 of new ordinary shares of JobStreet India, corresponding to 50% of the fully diluted equity capital of the company, on infusion of the rupee equivalent of USD2 million into JobStreet India subject to the terms and conditions as stipulated in the MOU.

(b) Heads of 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 in Bangladesh to carry out the business of marketing and distribution of online job posting, search and selection, recruitment software, career fair, career consultancy, career information services and related activities.

21. 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 March 2006 are as follows:-

	Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i)	Capital Expenditure	1,000	697	303
(ii)	Working Capital	7,220	227	6,993
(iii)	Listing Expenses	1,500	1,768	(268)*
	Total	9,720	2,692	7,028

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

22. Group Borrowings and Debt Securities

There are no borrowings or debts securities in the Group.

23. 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.

24. 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.

25. Dividend

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

Subsequent to the end of the current quarter, the Board of Directors of the Company has recommended the payment of a final dividend of 1.25 sen per share tax exempt in respect of the financial year ended 31 December 2005 amounting to approximately RM2,528,975 computed based on the issued and paid up share capital of the Company as at the date of this report (previous corresponding period: nil). The entitlement and payment dates for the proposed final dividend will be determined and announced at a later date. With this, the total dividend for the financial year ended 31 December 2005 is 2.75 sen per share.

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 and Cumulative Quarter Ended	
	31.3.2006	**31.3.2005**
Net profit attributable to shareholders (RM'000)	4,468	3,533
Weighted average number of shares in issue ('000)	201,000	201,000
Basic earnings per share (sen)	2.22	1.76

(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 and Cumulative Quarter Ended	
	31.3.2006	**31.3.2005**
Net profit attributable to shareholders (RM'000)	4,468	3,533
Weighted average number of shares in issue ('000)	201,000	201,000
Adjustments for share options ('000)	8,921	9,187
	209,921	210,187
Diluted earnings per share (sen)	2.13	1.68

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 16 May 2006.