

**JOBSTREET CORPORATION BERHAD (“the Company”)**  
**(Company No: 641378-W)**  
**Notes on the quarterly report - 31 March 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 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**

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.

On 28 March 2007, the Company offered 1,225,000 ESOS options at an exercise price of RM1.61 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 10%. All the eligible employees accepted the offer.

As at 31 March 2007, 3,248,000 options had lapsed, 45,000 options were forfeited, 2,065,000 options were exercised and 13,282,000 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**

The Company had on 16 November 2006 declared a tax-exempt interim dividend of 1.5 sen per share in respect of the financial year ended 31 December 2006 amounting to RM3.046 million. The dividend was paid on 10 January 2007.

## **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  
Philippines  
Others

## Cumulative Quarter Ended 31/3/2007

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	11,979	2,893	2,799	237	-	17,908
Inter-segment revenue	471	-	-	-	(471)	-
<b>Total revenue</b>	<b>12,450</b>	<b>2,893</b>	<b>2,799</b>	<b>237</b>	<b>(471)</b>	<b>17,908</b>
<b>Segment result</b>						
Results from operating activities	4,410	801	1,796	(175)	-	6,832
Finance income	146	18	58	1	-	223
Dividend income	-	-	-	-	-	-
Share of profit after tax and minority interest of associates and a jointly-controlled entity	213	(123)	-	-	-	90
Profit before taxation	4,769	696	1,854	(174)	-	7,145
Tax expense	(15)	(148)	(620)	-	-	(783)
<b>Profit for the period</b>	<b>4,754</b>	<b>548</b>	<b>1,234</b>	<b>(174)</b>	<b>-</b>	<b>6,362</b>
<b>Segment assets</b>	<b>57,991</b>	<b>15,085</b>	<b>7,806</b>	<b>678</b>	<b>-</b>	<b>81,560</b>
Unallocated assets					-	3,533
<b>Total assets</b>					<b>-</b>	<b>85,093</b>
<b>Segment liabilities</b>	<b>8,949</b>	<b>3,796</b>	<b>3,975</b>	<b>170</b>	<b>-</b>	<b>16,890</b>
Unallocated liabilities					-	600
<b>Total liabilities</b>					<b>-</b>	<b>17,490</b>
Capital expenditure	282	11	11	26	-	330
Depreciation	307	20	21	18	-	366

## Cumulative Quarter Ended 31/3/2006

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	10,335	2,442	2,030	824	-	15,631
Inter-segment revenue	120	-	-	-	(120)	-
<b>Total revenue</b>	<b>10,455</b>	<b>2,442</b>	<b>2,030</b>	<b>824</b>	<b>(120)</b>	<b>15,631</b>
<b>Segment result</b>						
Results from operating activities	3,025	1,024	1,302	6	(44)	5,313
Finance income	105	11	61	-	-	177
Dividend income	-	-	-	-	-	-
Profit before taxation	3,130	1,035	1,363	6	(44)	5,490
Tax expense	(30)	(207)	(469)	-	-	(706)
<b>Profit for the period</b>	<b>3,100</b>	<b>828</b>	<b>894</b>	<b>6</b>	<b>(44)</b>	<b>4,784</b>
<b>Segment assets</b>	<b>39,981</b>	<b>7,582</b>	<b>7,128</b>	<b>1,787</b>	<b>-</b>	<b>56,478</b>
Unallocated assets					-	4,615
<b>Total assets</b>					<b>-</b>	<b>61,093</b>
<b>Segment liabilities</b>	<b>5,937</b>	<b>2,645</b>	<b>1,936</b>	<b>715</b>	<b>-</b>	<b>11,233</b>
Unallocated liabilities					-	794
<b>Total liabilities</b>					<b>-</b>	<b>12,027</b>
Capital expenditure	697	28	59	7	-	791
Depreciation	150	24	15	12	-	201

## 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

On 7 February 2007, the Company announced that it had entered into a Conditional Subscription and Sale and Purchase Agreement with Recruit (BVI) Limited (“Recruit BVI”), Recruit Group Limited (“RGL”) and Recruit Holdings Limited (“the SSP Agreement”) for the following:-

- (i) subscription of 1,000 ordinary shares of USD1.00 each in RGL representing 10% of the enlarged share capital of RGL for a cash consideration of HKD 7,500,000; and
- (ii) purchase of 1,000 ordinary shares of USD1.00 each in RGL, representing 10% of the enlarged share capital of RGL, from Recruit BVI for a cash consideration of HKD7,500,000.

On 15 February 2007, the Company further announced that all the conditions as stated in the SSP Agreement have been fulfilled and completed.

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 8 May 2007 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

## 13. Capital Commitments

	<b>As at 31.3.2007 RM'000</b>
<b>Property and equipment</b>	
Authorised and contracted for	213
	=====

## 14. Review of performance for the quarter

For the quarter ended 31 March 2007, consolidated revenue amounted to RM17.9 million, approximately RM2.3 million or 14.6% higher than the RM15.6 million revenue for the corresponding quarter in the preceding financial year. This increase was mainly attributable to a 36.5% 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 RM7.1 million, an increase of RM1.6 million or 30.1% compared with RM5.5 million reported in the corresponding quarter in the preceding financial year. The higher sales during the quarter compared to Quarter 1, 2006 also yielded a higher gross profit margin due to higher revenue contribution from JobStreet ESSENTIAL. However, the higher gross profit margin was partially offset by proportionately higher professional fees, depreciation expenses and foreign

exchange loss. The net effect of these factors is still a higher pre-tax profit margin for the current quarter of 39.9% compared to the pre-tax profit margin of 35.1% in Quarter 1, 2006.

On an after-tax basis, the Group achieved a profit after taxation (“PAT”) of RM6.4 million, an increase of RM1.6 million or 33.0% compared with RM4.8 million reported in the corresponding quarter in 2006. The higher growth in PAT compared with PBT was mainly due to a lower effective tax rate in a subsidiary for the current quarter compared to the corresponding quarter in the preceding year and the relatively higher profit contribution from a tax-exempted subsidiary in Malaysia to the Group’s PAT.

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

	Q1 2007 <u>Current Quarter</u> RM'000	Q4 2006 <u>Preceding Quarter</u> RM'000
Revenue	17,908	15,639
Profit before taxation	7,145	8,021

For the current quarter under review, the Group recorded revenue of RM17.9 million representing a 14.5% increase compared with RM15.6 million recorded in the preceding quarter. The increase was mainly due to higher sales during the current quarter from JobStreet ESSENTIAL.

In terms of profitability, the gain on the deemed disposal of equity interest in JobStreet India of RM3.3 million contributed to the higher profit before taxation of RM8.0 million in the preceding quarter. Excluding the impact of this gain, profit before taxation for the current quarter is higher than the preceding quarter. As mentioned in Note 3, the Group’s performance is subject to seasonality towards year end and during major holidays.

#### **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 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. In February 2007, the Company had acquired a 20% equity interest in Recruit Group Limited (“RGL”) which is involved in the print recruitment advertising business in Hong Kong. As the RGL group of companies is already profitable, the investment in RGL 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:

	<b>Individual and Cumulative Quarter Ended</b>	
	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Estimated current tax payable	649	511
Deferred taxation	134	195
	<u>783</u>	<u>706</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 unrecognised 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 investments in quoted unit trusts as at 31 March 2007 are summarised below:

	<b>RM'000</b>
At cost	10,032
At carrying value/book value	10,032
At market value	<u>10,599</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 8 May 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) Heads of Agreement/ Shareholders’ 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 (“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 incorporation of JVCO is expected to be completed in 2007.

## **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 (formerly known as Tadcaster Holdings 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 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. On 18 April 2007, the Company 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 and Cumulative Quarter Ended	
	31.3.2007	31.3.2006
Net profit attributable to shareholders (RM'000)	5,960	4,468
Weighted average number of shares in issue ('000)	203,065	201,000
Basic earnings per share (sen)	2.94	2.22

### (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	
	31.3.2007	31.3.2006
Net profit attributable to shareholders (RM'000)	5,960	4,468
Weighted average number of shares in issue ('000)	203,065	201,000
Adjustments for share options ('000)	7,708	8,921
	210,773	209,921
Diluted earnings per share (sen)	2.83	2.13

## 27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 15 May 2007.