

JOBSTREET CORPORATION BERHAD (“the Company”)
(Company No: 641378-W)
Notes on the quarterly report – 30 September 2008

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) 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 2007.

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 2007.

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

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review.

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 1.7.2008	Granted	Exercised	Lapsed/ Forfeited	Balance at 30.9.2008
I	29.11.2004	RM0.36	9,537	-	-	-	9,537
II	23.02.2006	RM0.90	1,566	-	-	-	1,566
III	28.03.2007	RM1.08	1,366	-	-	(15)	1,351
IV	20.05.2008	RM1.53	2,380	-	-	-	2,380
			14,849	-	-	(15)	14,834

6. Dividends paid

No dividend was paid during the quarter.

7. 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 two associates with operations in Malaysia and Singapore respectively and a jointly-controlled entity in India.

Cumulative Quarter Ended 30/9/2008
(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	49,985	13,460	11,717	4,934	-	80,096
Inter-segment revenue	3,862	-	-	-	(3,862)	-
Total revenue	53,847	13,460	11,717	4,934	(3,862)	80,096
Segment result						
Results from operating activities	25,327	5,584	5,967	212	-	37,090
Finance income	597	71	318	4	-	990
Dividend income	-	1,694	-	-	(1,694)	-
Finance costs	-	-	-	(14)	-	(14)
Reversal of diminution in value of investments	38	-	-	-	-	38
Loss on disposal of an associate	(1,312)	-	-	-	-	(1,312)
Share of profit/(loss) after tax and minority interest of associates and a jointly-controlled entity	319	(789)	-	-	-	(470)
Profit before taxation	24,969	6,560	6,285	202	(1,694)	36,322
Tax expense	(165)	(1,064)	(2,179)	(95)	-	(3,503)
Profit for the period	24,804	5,496	4,106	107	(1,694)	32,819
Segment assets	101,128	24,481	12,330	3,636	-	141,575
Unallocated assets					-	2,769
Total assets					-	144,344
Segment liabilities	12,639	5,944	6,496	1,751	-	26,830
Unallocated liabilities					-	2,372
Total liabilities					-	29,202
Capital expenditure	642	61	586	34	-	1,323
Depreciation	880	40	84	76	-	1,080

Cumulative Quarter Ended 30/9/2007

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	40,248	10,234	8,677	736	-	59,895
Inter-segment revenue	2,057	-	-	-	(2,057)	-
Total revenue	42,305	10,234	8,677	736	(2,057)	59,895
Segment result						
Results from operating activities	15,696	3,954	5,342	(688)	-	24,304
Finance income	501	100	209	2	-	812
Dividend income	8,018	7,316	-	-	(15,334)	-
Share of profit/ (loss) after tax and minority interest of an associate and a jointly-controlled entity	1,251	(311)	-	-	-	940
Profit before taxation	25,466	11,059	5,551	(686)	(15,334)	26,056
Tax expense	(106)	(769)	(1,889)	-	-	(2,764)
Profit for the period	25,360	10,290	3,662	(686)	(15,334)	23,292
Segment assets	72,209	18,060	9,070	1,028	-	100,367
Unallocated assets						2,996
Total assets						103,363
Segment liabilities	8,348	4,681	3,206	410	-	16,645
Unallocated liabilities						1,347
Total liabilities						17,992
Capital expenditure	807	19	77	183	-	1,086
Depreciation	891	60	51	64	-	1,066

8. Subsequent events

- (a) Sale and Purchase Agreement entered into between JobStreet.com Pte Ltd, a wholly-owned subsidiary of JCB (“JS”) and Teo Koon Hong

On 7 November 2008, the Company announced that JS had, on 5 November 2008, entered into a conditional Sale and Purchase Agreement with Teo Koon Hong (“TKH”) in relation to the acquisition of 180,000 ordinary shares in the share capital of Enerpro Pte. Ltd (“Enerpro”) from TKH for a total cash consideration of SGD279,436.85 (equivalent to RM666,177.45 based on the exchange rate as at 4 November 2008 of SGD1 : RM2.3840), which would result in the shareholding of JS in Enerpro increasing from 157,500 ordinary shares representing 42% of the total issued and paid-up share capital of Enerpro to 337,500 ordinary shares, representing 90% of the total issued and paid-up share capital of Enerpro. The acquisition was completed on 5 November 2008, resulting in Enerpro becoming a subsidiary of JS.

- (b) Subscription and Shareholders Agreement entered into between JCB and Sanook Online Limited

On 30 June 2008, the Company announced that it had entered into a Subscription and Shareholders Agreement with Sanook Online Limited to jointly incorporate and register a company in Thailand (“the JV Company”) to engage in the marketing and distribution of online job posting, marketing of recruitment software, career fair, career consultancy, career information services and related activities solely in Thailand. Pursuant to the agreement, JCB would subscribe 161,700 ordinary shares of Baht 100 each representing 49% of the total issued and paid-up shares capital of the JV Company for a total subscription price of Baht 16,170,000. On 6 November 2008, the Company announced that the incorporation of the JV Company in Thailand named “JobStreet (Thailand) Co., Ltd.” and the subscription of shares thereof have been completed.

Other than the above, 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 4 July 2008, the Company announced that it had acquired 25,250,040 ordinary shares of RM0.10 each (“Shares”) in Innity Corporation Berhad (“Innity”) representing 20.07% of the entire issued share capital of Innity at a total consideration of RM7,322,796. Subsequently, the Company acquired another 4,000,000 Shares in Innity for a consideration of RM1,165,188. As a result of these acquisitions, the Company had acquired a total equity interest of 23.25% in the share capital of Innity resulting in Innity 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

During the quarter ended 30 September 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 subsidiary, JobStreet.com Pte. Ltd.

Other than the above, there were no material contingent liabilities or contingent assets as at 14 November 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

11. Review of performance for the quarter

For the quarter ended 30 September 2008, consolidated revenue amounted to RM27.6 million, approximately RM5.8 million or 26.8% higher than the RM21.8 million revenue for the corresponding quarter in the preceding financial year. This increase was mainly attributed to 27.1% and 102.0% quarter on quarter growth in the demand for the Group's core product of JobStreet ESSENTIAL (online job posting service) and JobStreet IMPACT (career website management service) respectively and dividend income amounting to RM1.15 million from the Company's quoted investments in Taiwan and Hong Kong.

In terms of profitability, the Group achieved a profit before taxation ("PBT") of RM13.2 million, an increase of 25.2% compared with RM10.6 million reported in the corresponding quarter in the preceding financial year. In addition to higher level of sales, higher revenue contribution from JobStreet ESSENTIAL and JobStreet IMPACT coupled with the dividend income from quoted investments resulted in a higher gross profit margin during the quarter compared to Quarter 3, 2007. However, the higher gross profit margin was offset by higher staff costs and share of losses in equity accounted associates and a jointly-controlled entity. The net effect of these factors resulted in a lower pre-tax profit margin for the current quarter of 47.9% compared to the pre-tax profit margin of 48.5% in Quarter 3, 2007.

On an after-tax basis, the Group achieved a profit after taxation ("PAT") of RM12.1 million, an increase of 27.8% compared with the PAT reported in the corresponding quarter in 2007. The effective tax rate for the current quarter is lower than in the corresponding quarter in 2007 due to lower taxable profit contribution from the Group's subsidiary in the Philippines.

12. Comparison with previous quarter's results

	Q3 2008 <u>Current Quarter</u> RM'000	Q2 2008 <u>Preceding Quarter</u> RM'000
Revenue	27,590	27,248
Profit before taxation	13,212	10,806

For the current quarter under review, the Group recorded revenue of RM27.6 million representing a 1.3% increase compared with RM27.2 million recorded in the preceding quarter. This increase was mainly due to higher sales during the current quarter from JobStreet IMPACT and dividend received from quoted investments offset by lower sales from JobStreet ESSENTIAL and career/job fairs.

In terms of profitability, higher gross profit margin due to higher revenue contribution from JobStreet IMPACT and dividend income from quoted investments resulted in an increase in PBT by 22.3% to RM13.2 million compared with RM10.8 million in the previous quarter.

13. Prospects for the Year 2008

The current global financial crisis has continued to affect business confidence in the region and will result in an eventual slow-down in recruitment activities by our customers. Such a slow-down will negatively impact our short-term growth and overall financial performance.

Considering the performance through the 3rd quarter ended 30 September 2008 and amidst the backdrop discussed above, the performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2008.

14. Profit Forecast

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

15. Taxation

The taxation charge for the current quarter includes the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2008 RM'000	30.9.2007 RM'000	30.9.2008 RM'000	30.9.2007 RM'000
Estimated current tax payable	1,030	1,044	3,432	2,266
Deferred taxation	119	75	71	498
	<u>1,149</u>	<u>1,119</u>	<u>3,503</u>	<u>2,764</u>

The effective tax rate is lower than statutory tax rate of 26% 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; and
- (ii) The effects of different tax rates in certain countries.

16. Unquoted Investments and/or Properties

The amount of profits/ (losses) on the sale of unquoted investments and/or properties respectively for the current quarter and financial year-to-date is as follows:-

	Individual Quarter Ended 30.9.2008	Cumulative Quarter Ended 30.9.2008
	RM'000	RM'000
Loss on disposal of an associate	-	(1,312)

Other than the above, there was no sale of unquoted investments and/or properties during the financial period under review.

17. Quoted Investments

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

	Individual Quarter Ended 30.9.2008	Cumulative Quarter Ended 30.9.2008
	RM'000	RM'000
Long term:		
Purchases		
- Shares of 104 Corporation (Taiwan)	6,065	13,172
- Shares of Recruit Holdings Limited (Hong Kong)	-	11,585
Reclassification of investment in 104 Corporation (Taiwan) from short term investments	-	5,767
Sales	-	-

	Individual Quarter Ended 30.9.2008 RM'000	Cumulative Quarter Ended 30.9.2008 RM'000
Short term:		
Purchases		
- Shares of Innity Corporation Berhad	6,561	8,458
- Miscellaneous treasury investments	2,108	2,110
Reclassification of Innity Corporation Berhad to Investment in Associates	(8,458)	(8,458)
Sales	-	-
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Long term investments are stated at cost and an allowance for diminution is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of the investment, such a decline is recognised as an expense in the period in which the decline is identified.

For further information on 104 Corporation (Taiwan), Recruit Holdings Limited (Hong Kong) and Innity Corporation Berhad, please refer to the Company's announcements dated 2 April, 7 April, 10 April, 14 April, 4 July, 22 September and 9 October 2008.

The Group's investments in quoted securities as at 30 September 2008 are summarized below:

	RM'000
At cost	57,480
At carrying value/book value	57,329
At market value	46,840
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Other than the above, there was no purchase or disposal of quoted securities during the financial period under review.

18. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 14 November 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report),

19. Group Borrowings and Debt Securities

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

	As at 30.09.2008 RM'000
Current	156
Non-current	617
Total	<hr/> 773 <hr/>

20. Off Balance Sheet Financial Instruments

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.

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

21. 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.

22. Dividend

The Company had on 21 November 2008 declared a tax exempt interim dividend of 2.0 sen per ordinary share for the financial year ending 31 December 2008 amounting to RM6.217 million computed based on the issued and paid-up share capital as at 14 November 2008 . The dividend will be paid on 31 December 2008. In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 16 December 2008.

There was no dividend declared during the quarter ended 30 September 2007. The tax exempt interim dividend of 2.0 sen per share for the current quarter was a result of the improvement in the net profit of the Company and its subsidiaries.

23. 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	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
Net profit attributable to shareholders (RM'000)	11,613	8,953	31,121	22,177
Weighted average number of shares in issue ('000)	310,784	306,647*	309,156	305,476*
Basic earnings per share (sen)	3.74	2.92	10.07	7.26

(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	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
Net profit attributable to shareholders (RM'000)	11,613	8,953	31,121	22,177
Weighted average number of shares in issue ('000)	310,784	306,647*	309,156	305,476*
Adjustments for share options ('000)	8,881	11,242*	8,985	10,624*
	319,665	317,889*	318,141	316,100*
Diluted earnings per share (sen)	3.63	2.82	9.78	7.02

* Pursuant to FRS 133, Earnings Per Share, the comparative earnings per share for the quarter ended 30 September 2007 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 2007.

24. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 21 November 2008.