

JOBSTREET CORPORATION BERHAD (“the Company”)
(Company No: 641378-W)
Notes on the quarterly report – 31 March 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 quarter, the Group recognised a gain on the movement in fair values of its available-for-sale investments amounting to RM32.9 million in other comprehensive income.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review except for the following:-
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 1.1.2010	Granted	Exercised	Lapsed/ Forfeited	Balance at 31.3.2010
I	29.11.2004	RM0.36	5,532	-	(1,002)	-	4,530
II	23.02.2006	RM0.90	626	-	(181)	-	445
III	28.03.2007	RM1.08	985	-	(355)	(18)	612
IV	20.05.2008	RM1.53	1,900	-	(735)	-	1,165
V	11.01.2010	RM1.31	-	13,695	-	-	13,695
			9,043	13,695	(2,273)	(18)	20,447

6. Dividends paid

No dividend was paid during the quarter.

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 an associate with operations in Malaysia and a jointly-controlled entity in Thailand.

Cumulative Quarter Ended 31/3/2010
(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	16,986	5,069	4,374	1,076	-	27,505
Dividends	120	-	-	-	-	120
Investment distribution income	2	-	-	-	-	2
Inter-segment revenue	1,236	-	-	-	(1,236)	-
Total revenue	18,344	5,069	4,374	1,076	(1,236)	27,627
Segment result						
Results from operating activities	8,171	2,353	1,865	166	-	12,555
Finance income	96	1	105	3	-	205
Finance costs	-	-	-	(4)	-	(4)
Gain on financial assets classified as fair value through profit or loss	24	-	-	-	-	24
Dividend income	-	935	-	-	(935)	-
Share of loss after tax and minority interest of associates and jointly-controlled entities	(65)	(59)	-	-	-	(124)
Profit before taxation	8,226	3,230	1,970	165	(935)	12,656
Tax expense	(2,320)	(450)	(563)	(2)	-	(3,335)
Profit for the period	5,906	2,780	1,407	163	(935)	9,321
Segment assets	173,917	11,058	18,379	5,356	-	208,710
Unallocated assets					-	2,791
Total assets						211,501
Segment liabilities	12,924	5,069	9,111	2,137	-	29,241
Unallocated liabilities					-	4,329
Total liabilities						33,570
Capital expenditure	346	35	52	6	-	439
Depreciation	230	13	61	26	-	330

Cumulative Quarter Ended 31/3/2009

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	13,904	3,275	3,707	855	-	21,741
Investment distribution income	11	-	-	-	-	11
Inter-segment revenue	1,095	-	-	-	(1,095)	-
Total revenue	15,010	3,275	3,707	855	(1,095)	21,752
Segment result						
Results from operating activities	4,245	694	1,858	(345)	-	6,452
Finance income	134	5	137	1	-	277
Finance costs	-	-	-	(5)	-	(5)
Gain on financial assets classified as fair value through profit or loss	202	-	-	-	-	202
Share of loss after tax and minority interest of associates and a jointly-controlled entity	(160)	(21)	-	-	-	(181)
Profit before taxation	4,421	678	1,995	(349)	-	6,745
Tax expense	(50)	(149)	(526)	(2)	-	(727)
Profit for the period	4,371	529	1,469	(351)	-	6,018
Segment assets	106,453	17,865	13,955	3,161	-	141,434
Unallocated assets					-	2,787
Total assets					-	144,221
Segment liabilities	11,117	5,599	5,846	1,680	-	24,242
Unallocated liabilities					-	3,094
Total liabilities					-	27,336
Capital expenditure	81	-	114	-	-	195
Depreciation	268	13	62	23	-	366

8. Subsequent events

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

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 11 March 2010, E-18, TV18, JobStreet.com Pte. Ltd. (“JobStreet Singapore”) and JobStreet.com India Pvt. Limited (“JobStreet India”) entered into a Share Sale Agreement whereby E-18 has agreed to sell 424,500 ordinary shares of Rs10 each in JobStreet India (“Sale Shares”) aggregating to 50% of the total issued and paid-up share capital of JobStreet India to JobStreet Singapore at the total purchase consideration of USD126,501 (“Proposed Acquisition”) and subject to the terms and conditions as stipulated in the Share Purchase Agreement.

The Share Purchase Agreement has been completed on 31 March 2010, resulting in JobStreet India becoming a wholly-owned subsidiary of JobStreet Singapore, which in turn is a wholly-owned subsidiary of the Company.

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 11 May 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 31.3.2010 RM’000
Investment in a jointly-controlled entity	
Contracted but not provided for:	
Within one year	1,139
	=====

12. Review of performance for the quarter

In the first quarter of 2010, consolidated revenue amounted to RM27.6 million, approximately RM5.9 million or 27.0% higher than the RM21.8 million revenue recorded in the corresponding quarter of the preceding financial year. The growth directly reflected improving economic conditions which positively impacted sales of the Group’s core product, JobStreet ESSENTIAL (online job posting service) and JobStreet IMPACT (career website management service) which grew 53.0% and 84.9% respectively year on year. The increase was partially offset by a decrease in revenue from JobStreet RESOURCE (provision of contract staffing services) by 22.9%.

Results from operating activities and profit before tax (“PBT”) grew 85.9% and 87.7% respectively due to the vastly improved sales of JobStreet ESSENTIAL and JobStreet IMPACT which led to a higher gross profit margin. Operating expenses only increased marginally by 1.8% as a result of higher staff costs which was offset by lower staff contracting costs.

The Group’s profit after taxation (“PAT”) increased by 54.9% to RM9.3 million compared to the RM6.0 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

	Q1 2010 <u>Current Quarter</u> RM'000	Q4 2009 <u>Preceding Quarter</u> RM'000
Revenue	27,627	23,158
Profit before taxation	12,656	9,705

For the current quarter under review, the Group recorded revenue of RM27.6 million representing a 19.3% increase compared with RM23.2 million recorded in the preceding quarter. This increase was mainly due to the continuous growth in revenue from JobStreet ESSENTIAL and JobStreet IMPACT, reflecting the strengthening macro economic environment.

In terms of profitability, PBT in the current quarter grew by 30.4% mainly due to the high profit margins from JobStreet ESSENTIAL and JobStreet IMPACT.

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 will depend on several factors, including continuing 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 Corporation (Taiwan) (“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 will be 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 will be reversed and this will impact 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 and Cumulative Quarter Ended	
	31.3.2010	31.3.2009
	RM'000	RM'000
Estimated current tax payable	3,306	696
Deferred taxation	29	31
	<u>3,335</u>	<u>727</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 and Cumulative Quarter Ended 31.3.2010 RM'000
Long term:	
Purchase consideration	13,680
	<u>13,680</u>

Quoted securities acquired during the current quarter under review which are classified as available-for-sale investments comprise of quoted shares in 104 Corporation (Taiwan).

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, investment in the quoted securities of an associate company and other short term investments in quoted securities as at 31 March 2010 are summarized below:

	RM'000
At cost	96,279
At carrying value/book value	130,986
At market value	130,575
	<u>357,840</u>

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 Corporation (Taiwan) 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 30 June 2010.

20. Group Borrowings and Debt Securities

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

	As at 31.3.2010 RM’000
Current	146
Non-current	453
Total	<u>599</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 18 May 2010 declared the first tax exempt interim dividend of 1.25 sen per ordinary share for the financial year ending 31 December 2010 amounting to RM3.938 million computed based on the issued and paid-up share capital (excluding treasury shares) as at 11 May 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 tax exempt interim 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.

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 and Cumulative Quarter Ended	
	31.3.2010	31.3.2009
Net profit attributable to shareholders (RM'000)	8,692	5,595
Weighted average number of shares in issue ('000)	313,349	310,864
Basic earnings per share (sen)	2.77	1.80

(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 and Cumulative Quarter Ended	
	31.3.2010	31.3.2009
Net profit attributable to shareholders (RM'000)	8,692	5,595
Weighted average number of shares in issue ('000)	313,349	310,864
Adjustments for share options ('000)	6,948	5,918
	320,297	316,782
Diluted earnings per share (sen)	2.71	1.77

25. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 18 May 2010.