

JOBSTREET CORPORATION BERHAD (“the Company”)
(Company No: 641378-W)
Notes on the quarterly report – 30 June 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 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 30.6.2008
			Balance at 1.4.2008	Granted	Exercised	Lapsed/ Forfeited	
I	29.11.2004	RM0.36	12,522	-	(2,812)	(173)	9,537
II	23.02.2006	RM0.90	1,947	-	(362)	(19)	1,566
III	28.03.2007	RM1.08	1,623	-	(245)	(12)	1,366
IV	20.05.2008	RM1.53	-	2,535	(155)	-	2,380
			16,092	2,535	(3,574)	(204)	14,849

As a result of options exercised, the Company issued 3,574,800 new ordinary shares of RM0.20 each during the quarter under review.

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 an associate with operations in Singapore and a jointly-controlled entity in India.

Cumulative Quarter Ended 30/6/2008
(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	32,665	8,762	7,869	3,211	-	52,507
Inter-segment revenue	2,402	-	-	-	(2,402)	-
Total revenue	35,067	8,762	7,869	3,211	(2,402)	52,507
Segment result						
Results from operating activities	13,850	4,651	5,416	148	-	24,065
Finance income	450	52	214	2	-	718
Finance costs	-	-	-	(10)	-	(10)
Allowance for diminution in value of investments	(116)	-	-	-	-	(116)
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	281	(515)	-	-	-	(234)
Profit before taxation	13,153	4,188	5,630	140	-	23,111
Tax expense	(132)	(670)	(1,552)	-	-	(2,354)
Profit for the period	13,021	3,518	4,078	140	-	20,757
Segment assets	97,706	20,218	11,711	3,562	-	133,197
Unallocated assets					-	2,888
Total assets					-	136,085
Segment liabilities	17,793	5,769	4,738	1,900	-	30,200
Unallocated liabilities					-	2,026
Total liabilities					-	32,226
Capital expenditure	422	1	395	33	-	851
Depreciation	590	28	42	50	-	710

Cumulative Quarter Ended 30/6/2007

Geographical segments	Malaysia RM'000	Singapore RM'000	Philippines RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue from external customers	26,030	6,301	5,361	451	-	38,143
Inter-segment revenue	1,260	-	-	-	(1,260)	-
Total revenue	27,290	6,301	5,361	451	(1,260)	38,143
Segment result						
Results from operating activities	9,687	2,142	3,337	(588)	-	14,578
Finance income	277	52	99	1	-	429
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	713	(218)	-	-	-	495
Profit before taxation	18,695	9,292	3,436	(587)	(15,334)	15,502
Tax expense	(63)	(431)	(1,151)	-	-	(1,645)
Profit for the period	18,632	8,861	2,285	(587)	(15,334)	13,857
Segment assets	63,934	16,121	8,214	832	-	89,101
Unallocated assets						3,238
Total assets						92,339
Segment liabilities	7,860	4,036	3,599	316	-	15,811
Unallocated liabilities						840
Total liabilities						16,651
Capital expenditure	403	18	27	89	-	537
Depreciation	598	40	34	37	-	709

8. Subsequent events

The Company had from 1 July 2008 to 8 July 2008 acquired a total of 22,641,940 ordinary shares of RM0.10 each (“Shares”) in Innity Corporation Berhad (“Innity”) at a total consideration of RM6,590,373. During the quarter under review, the Company had acquired 6,608,100 Shares in Innity at a total consideration of RM1,897,611. As a result, as at 8 July 2008, the Company had accumulated a total of 29,250,040 Shares representing 23.25% of the entire issued and paid up share capital of Innity at a total consideration of RM8,487,984. This resulted in Innity 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

Following the completion on 25 April 2008 of the subscription and share swap agreement dated 10 April 2008 between the Company and Recruit Holdings Limited (“RHL”), the Company transferred its entire shareholding of 2,000 ordinary shares of US1.00 each in Recruit Group Limited to a nominee of RHL. As a result, RGL ceases to be an associate of the Group.

In addition, as stated in Note 8, subsequent to the end of the quarter under review, Innity became 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

There were no contingent assets or contingent liabilities as at 15 August 2008 (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 30.6.2008 RM’000
Software	
Authorised and contracted for	119
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12. Review of performance for the quarter

For the quarter ended 30 June 2008, consolidated revenue amounted to RM27.2 million, approximately RM7.0 million or 34.7% higher than the RM20.2 million revenue for the corresponding quarter in the preceding financial year. This increase was mainly attributed to 43.6% quarter on quarter growth in the demand for the Group’s core product of JobStreet ESSENTIAL (online job posting service), revenue contribution from JobStreet Japan which provides niche staff contracting service and higher revenues from an annual career and training fair.

In terms of profitability, the Group achieved a profit before taxation (“PBT”) of RM10.8 million, compared with RM8.4 million reported in the corresponding quarter in the preceding financial year. The higher sales during the quarter compared to Quarter 2, 2007 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 loss on disposal of an associate company. The net effect of these factors resulted in a lower pre-tax profit margin for the current quarter of 39.7% compared to the pre-tax profit margin of 41.3% in Quarter 2, 2007.

On an after-tax basis, the Group achieved a profit after taxation (“PAT”) of RM9.6 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 higher than in the corresponding quarter in 2007 due to higher taxable profit contribution from the Group’s subsidiaries in Singapore and Philippines.

13. Comparison with previous quarter's results

	Q2 2008 <u>Current Quarter</u>	Q1 2008 <u>Preceding Quarter</u>
	RM'000	RM'000
Revenue	27,248	25,259
Profit before taxation	10,806	12,305

For the current quarter under review, the Group recorded revenue of RM27.2 million representing a 7.9% increase compared with RM25.3 million recorded in the preceding quarter. This increase was mainly due to higher sales during the current quarter from JobStreet ESSENTIAL and higher revenues from a career and training fair.

In terms of profitability, loss on disposal of an associate during the quarter resulted in the decrease in profit before taxation by 12.2% to RM10.8 million compared with RM12.3 million in the previous quarter.

14. Prospects for the Year 2008

In 2008, the Group will continue to leverage on its strengths and experience in the Malaysia, Singapore and Philippines markets to build and grow its operations in newer markets such as Indonesia, Bangladesh, Japan and Thailand. Global financial uncertainties, volatile oil prices and inflationary pressures may ultimately affect business confidence in the region and consequently result in a slow-down in recruitment activities. While this may negatively impact our performance, the Group believes that the high value propositions and lower cost of online recruitment advertising should appeal to hiring companies in such an environment and this may mitigate the adverse impact somewhat. The Group will also continue on its strategy of investing for the future by strengthening its R&D capabilities, investing into its brand and expanding into selective new markets in the region with potential for the e-recruitment industry while maintaining attractive margins.

Amidst such a backdrop, the performance of the Group is anticipated to be satisfactory for the financial year ending 31 December 2008.

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 Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	1,251	573	2,402	1,221
Deferred taxation	(22)	289	(48)	424
	<u>1,229</u>	<u>862</u>	<u>2,354</u>	<u>1,645</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.

17. 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 30.6.2008	Cumulative Quarter Ended 30.6.2008
	RM'000	RM'000
Loss on disposal of an associate	(1,312)	(1,312)

Other than the above, there was no sale of unquoted investments and/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 Quarter Ended 30.6.2008	Cumulative Quarter Ended 30.6.2008
	RM'000	RM'000
Long term:		
Purchases		
- Shares of 104 Corporation (Taiwan)	3,844	7,107
- Shares of Recruit Holdings Limited (Hong Kong)	11,585	11,585
Reclassification of investment in 104 Corporation (Taiwan) from short term investments	-	5,767
Sales	-	-

	Individual Quarter Ended 30.6.2008 RM'000	Cumulative Quarter Ended 30.6.2008 RM'000
Short term:		
Purchases		
- Shares of Innity Corporation Berhad	1,897	1,897
- Miscellaneous treasury investments	1	2
Reclassification of 104 Corporation (Taiwan) to long term investments	-	(5,767)
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 2008, 7 April 2008, 10 April 2008, 14 April 2008 and 4 July 2008.

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

	RM'000
At cost	42,741
At carrying value/book value	42,399
At market value	41,489
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Other than the above, there was no purchase or disposal of quoted securities during the financial period under review.

19. Status of Corporate Proposals

The Company had on 30 June 2008 entered into a Subscription and Shareholders Agreement with Sanook Online Limited ("SOL") to jointly incorporate and register a company in Thailand 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 ("Proposed Transaction"). The Proposed Transaction is expected to be completed by 31 August 2008.

Other than the above, there were no corporate proposals announced but not completed as at 15 August 2008 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report),

20. Group Borrowings and Debt Securities

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

	As at 30 June 2008 RM'000
Current	145
Non-current	603
Total	<hr/> 748 <hr/>

21. 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.

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

During the quarter, the Board of Directors of the Company recommended the payment of a tax exempt final dividend of 2.0 sen per ordinary share of RM0.20 each in respect of the financial year ended 31 December 2007 amounting to RM6.216 million which was subsequently paid on 4 July 2008 following the approval of shareholders at the annual general meeting. In respect of deposited securities, entitlement to dividends was determined on the basis of the record of depositors as at 19 June 2008. No dividend was declared in the previous corresponding period. With this, the total dividend for the financial year ended 31 December 2007 is 3.5 sen per share.

On 16 May 2008, the Company announced that it has adopted a dividend policy with a dividend payout of one-third (1/3) of the Company’s net profit after taxation and minority interest commencing from the financial year ending 31 December 2008 subject to availability of distributable reserves.

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 Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Net profit attributable to shareholders (RM'000)	9,055	7,265	19,509	13,224
Weighted average number of shares in issue ('000)	309,434	305,160*	308,328	304,881*
Basic earnings per share (sen)	2.93	2.38*	6.33	4.34*

(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	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Net profit attributable to shareholders (RM'000)	9,055	7,265	19,509	13,224
Weighted average number of shares in issue ('000)	309,434	305,160*	308,328	304,881*
Adjustments for share options ('000)	9,092	10,586*	9,025	10,354*
	318,526	315,746*	317,353	315,235*
Diluted earnings per share (sen)	2.84	2.30*	6.15	4.20*

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

25. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 22 August 2008.