

## **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:-

	<b>Balance as at 1 January 2010 before the adoption of FRS 139 RM’000</b>	<b>Effects on adoption of FRS 139 RM’000</b>	<b>Balance as at 1 January 2010 after the adoption of FRS 139 RM’000</b>
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**

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**

During the current financial year, the Company repurchased its own shares on the Bursa Malaysia Securities Berhad as follows:-

<b>Month</b>	<b>Number of shares repurchased</b>	<b>Highest price paid per share RM</b>	<b>Lowest price paid per share RM</b>	<b>Aggregate price paid RM</b>
May 2010	1,000	2.01	2.01	2,054
<b>Total</b>				<b>2,054</b>

The shares bought back are held as treasury shares. None of the treasury shares held were resold or cancelled during the current financial year.

**Employee Share Option Scheme (“ESOS”)**

Movements in the number of share options outstanding during the quarter under review are as follows:-

<b>Grant No.</b>	<b>Date of Offer</b>	<b>Option Price</b>	<i>Number of options over ordinary shares of RM0.20 each ('000)</i>				<b>Balance at 30.9.2010</b>
			<b>Balance at 1.7.2010</b>	<b>Granted</b>	<b>Exercised</b>	<b>Lapsed/ Forfeited</b>	
I	29.11.2004	RM0.36	4,410	-	-	-	4,410
II	23.02.2006	RM0.90	442	-	-	(165)	277
III	28.03.2007	RM1.08	526	-	(89)	(38)	399
IV	20.05.2008	RM1.53	830	-	(159)	(18)	653
V	11.01.2010	RM1.31	13,695	-	-	-	13,695
			<b>19,903</b>	<b>-</b>	<b>(248)</b>	<b>(221)</b>	<b>19,434</b>

**6. Dividends paid**

The Company had on 17 August 2010 declared a tax exempt second interim dividend of 1.25 sen per ordinary share for the financial year ending 31 December 2010 amounting to RM3.948 million. The dividend was paid on 28 September 2010.

**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 associates with operations in Malaysia and Taiwan and a jointly-controlled entity in Thailand.

**Cumulative Quarter Ended 30/9/2010**  
**(The figures have not been audited)**

<b>Geographical segments</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Philippines RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	54,376	16,185	12,473	3,720	-	86,754
Dividends	4,105	-	-	-	(3,073)	1,032
Investment distribution income	7	-	-	-	-	7
Inter-segment revenue	4,203	-	-	-	(4,203)	-
<b>Total revenue</b>	<b>62,691</b>	<b>16,185</b>	<b>12,473</b>	<b>3,720</b>	<b>(7,276)</b>	<b>87,793</b>
<b>Segment result</b>						
Results from operating activities	30,929	6,275	5,488	256	(3,073)	39,875
Finance income	375	4	328	39	-	746
Finance costs	-	-	-	(11)	-	(11)
Gain on financial assets classified as fair value through profit or loss	47	-	-	-	-	47
Dividend income	-	4,487	-	-	(4,487)	-
Share of profit/(loss) after tax and minority interest of associates and jointly-controlled entities	2,661	(59)	-	-	-	2,602
Profit before taxation	34,012	10,707	5,816	284	(7,560)	43,259
Tax expense	(8,675)	(1,671)	(1,654)	(5)	-	(12,005)
<b>Profit for the period</b>	<b>25,337</b>	<b>9,036</b>	<b>4,162</b>	<b>279</b>	<b>(7,560)</b>	<b>31,254</b>
<b>Segment assets</b>	<b>146,368</b>	<b>18,180</b>	<b>15,965</b>	<b>5,507</b>	<b>-</b>	<b>186,020</b>
Unallocated assets					-	2,793
<b>Total assets</b>						<b>188,813</b>
<b>Segment liabilities</b>	<b>13,906</b>	<b>5,348</b>	<b>7,717</b>	<b>2,078</b>	<b>-</b>	<b>29,049</b>
Unallocated liabilities					-	5,385
<b>Total liabilities</b>						<b>34,434</b>
Capital expenditure	1,113	191	77	45	-	1,426
Depreciation	701	43	189	95	-	1,028

**Cumulative Quarter Ended 30/9/2009**

<b>Geographical segments</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Philippines RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	43,889	11,268	9,422	2,366	-	66,945
Dividends	2,216	-	-	-	-	2,216
Investment distribution income	22	-	-	-	-	22
Inter-segment revenue	3,284	-	-	-	(3,284)	-
<b>Total revenue</b>	<b>49,411</b>	<b>11,268</b>	<b>9,422</b>	<b>2,366</b>	<b>(3,284)</b>	<b>69,183</b>
<b>Segment result</b>						
Results from operating activities	19,337	3,299	3,717	(438)	-	25,915
Finance income	431	23	303	6	-	763
Finance costs	-	-	-	(14)	-	(14)
Gain on financial assets classified as fair value through profit or loss	36	-	-	-	-	36
Gain on disposal of a subsidiary	66	-	-	-	-	66
Dividend income	-	275	-	-	(275)	-
Share of loss after tax and minority interest of associates and a jointly-controlled entity	(600)	(153)	-	-	-	(753)
Profit before taxation	19,270	3,444	4,020	(446)	(275)	26,013
Tax expense	(2,830)	(609)	(1,085)	(5)	-	(4,529)
<b>Profit for the period</b>	<b>16,440</b>	<b>2,835</b>	<b>2,935</b>	<b>(451)</b>	<b>(275)</b>	<b>21,484</b>
<b>Segment assets</b>	<b>118,968</b>	<b>12,889</b>	<b>15,049</b>	<b>2,889</b>	<b>-</b>	<b>149,795</b>
Unallocated assets					-	2,788
<b>Total assets</b>					<b>-</b>	<b>152,583</b>
<b>Segment liabilities</b>	<b>11,864</b>	<b>4,427</b>	<b>5,815</b>	<b>1,548</b>	<b>-</b>	<b>23,654</b>
Unallocated liabilities					-	2,724
<b>Total liabilities</b>					<b>-</b>	<b>26,378</b>
Capital expenditure	377	22	117	59	-	575
Depreciation	736	40	185	73	-	1,034

**8. 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.

**9. Changes in the composition of the Group**

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 9 November 2010 (being the latest practicable date not earlier than 7 days from the date of issue of this interim financial report).

**11. Capital Commitments**

	<b>As at 30.9.2010 RM’000</b>
<b>Investment in a jointly-controlled entity</b>	
Contracted but not provided for:	
Within one year	408
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**12. Review of performance for the quarter**

For the quarter ended 30 September 2010, consolidated revenue amounted to RM30.4 million, approximately RM5.9 million or 24.0% higher than RM24.5 million for the corresponding quarter in the preceding financial year. The increase was led by strong sales of JobStreet ESSENTIAL (online job posting service) which grew 41.1% year on year driven by the momentum of economic recovery in the core markets that the Group operates in. Sales in JobStreet IMPACT (career website management service) also increased 82.0% year on year. However, the current quarter saw a decrease in revenue from JobStreet RESOURCE (provision of contract staffing services) by 12.1% and lower dividend income amounting to RM0.4 million after the elimination of dividends from associate, 104 Corporation (Taiwan) (“104 Corp”) amounting to RM3.07 million. During the corresponding quarter in 2009, dividend income including those from 104 Corp which was not an associate then, amounted to RM1.5 million.

Results from operating activities rose 26.8% as a result of higher revenues from JobStreet ESSENTIAL and JobStreet IMPACT. Operating profit margins had also improved. Operating expenses increased by 20.6% mainly due to higher staff costs and marketing expenses. On a pre-tax basis, the Group’s profit before taxation (“PBT”) recorded growth of 42.3% to RM14.9 million compared with RM10.5 million reported in the corresponding quarter in the preceding financial year. During the current quarter, the Group’s share of profit in associates and a jointly-controlled entity amounted to RM1.4 million which positively impacted profitability.

The Group’s profit after taxation (“PAT”) increased by 29.7% to RM10.3 million compared with RM7.9 million reported in the corresponding quarter in 2009. The lower rate of growth in PAT compared with PBT was mainly due to higher tax expense of a subsidiary during the current quarter and the withholding tax expense on dividends received from 104 Corp.

**13. Comparison with previous quarter's results**

	Q3 2010 <u>Current Quarter</u> RM'000	Q2 2010 <u>Preceding Quarter</u> RM'000
Revenue	30,425	29,741
Profit before taxation	14,867	15,736

For the current quarter under review, the Group recorded revenue of RM30.4 million representing a 2.3% increase compared with RM29.7 million recorded in the preceding quarter. This increase was mainly due to higher sales from JobStreet IMPACT and JobStreet SELECT (technology assisted executive search services). JobStreet ESSENTIAL revenue had increased marginally quarter-on-quarter in view of the Hari Raya Aidilfitri holidays which fell in the third quarter of this year and negatively impacted sales during this period.

In terms of profitability, PBT in the current quarter declined by 5.5% mainly due to higher marketing expenses. In addition, PBT in the previous quarter was higher due to the grant income received amounting to RM0.6 million.

**14. Prospects for the Year 2010**

The Group will benefit from continuing 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 continues to be clouded by 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.

**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:

	<b>Individual Quarter</b> <b>Ended</b>		<b>Cumulative Quarter</b> <b>Ended</b>	
	<b>30.9.2010</b>	<b>30.9.2009</b>	<b>30.9.2010</b>	<b>30.9.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Estimated current tax payable	4,692	2,383	12,146	4,363
Deferred taxation	(108)	141	(141)	166
	<u>4,584</u>	<u>2,524</u>	<u>12,005</u>	<u>4,529</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:-

	<b>Individual Quarter Ended 30.9.2010 RM’000</b>	<b>Cumulative Quarter Ended 30.9.2010 RM’000</b>
Quoted securities of associate companies		
Purchase consideration	-	259
Reclassification of investment in 104 Corp from Available-For-Sale Investments	-	64,362
Share of results and changes in equity in associates	(3,079)	(4,848)
Long term:		
Purchase consideration	-	13,880
Reclassification of investment in 104 Corp to Investment in Associates and Jointly-Controlled Entities	-	(64,362)
Reversal of fair value reserve attributable to 104 Corp	-	(29,025)
Changes in fair value	1,862	39,216
	<hr/>	<hr/>
Short term:		
Purchase consideration	2,401	2,481
Changes in fair value	103	103
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Quoted securities acquired during the current quarter under review which are classified as investments in associates and jointly-controlled entities comprise of quoted shares in 104 Corp.

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, investments in the quoted securities of associate companies and other short term investments in quoted securities as at 30 September 2010 are summarized below:

	<b>RM’000</b>
At cost	99,225
At carrying value/book value	105,420
At market value	124,089

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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**

### **(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 Corp 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 31 December 2010.

## **20. Group Borrowings and Debt Securities**

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

	<b>As at</b>
	<b>30.9.2010</b>
	<b>RM’000</b>
Current	153
Non-current	398
Total	<u>551</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 16 November 2010 declared the third interim single tier dividend of 1.5 sen per ordinary share for the financial year ending 31 December 2010 amounting to RM4.737 million computed based on the issued and paid-up share capital (excluding treasury shares) as at 9 November 2010. The dividend entitlement and payment dates will be announced at a later date.

During the previous corresponding period, the Company declared a tax exempt interim dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2009 amounting to RM4.691 million. The interim single tier dividend of 1.5 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. With this, the total dividend for the current financial year is 4.0 sen.

**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.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2010</b>	<b>30.9.2009</b>	<b>30.9.2010</b>	<b>30.9.2009</b>
Net profit attributable to shareholders (RM’000)	9,646	7,621	29,453	20,510
Weighted average number of shares in issue (‘000)	315,633	311,641	314,698	311,365
Basic earnings per share (sen)	3.06	2.45	9.36	6.59

**(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.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2010</b>	<b>30.9.2009</b>	<b>30.9.2010</b>	<b>30.9.2009</b>
Net profit attributable to shareholders (RM'000)	9,646	7,621	29,453	20,510
Weighted average number of shares in issue ('000)	315,633	311,641	314,698	311,365
Adjustments for share options ('000)	9,338	5,066	8,505	4,783
	324,971	316,707	323,203	316,148
Diluted earnings per share (sen)	2.97	2.41	9.11	6.49

**25. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 16 November 2010.