

SMR TECHNOLOGIES BERHAD

(Company No: 659523-T)

Interim Financial Reports for the 4th quarter ended 31 December 2005

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim report is prepared in accordance with FRS134 “Interim Financial Reporting” and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The Interim financial report would be read on conjunction with the audited financial statements and the Group for the financial year ended 31 December 2004. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2004.

There are no changes in the accounting policies and methods of computation adopted in this quarterly report.

A2. Audit Report of the preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2004 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group’s operations are not subject to any seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current quarter under review, there were no unusual items or events, which affected the assets, liabilities, equity, net income or cash flows of the Group.

A5. Change in estimates

There were no changes in estimates of amounts reported that have material effect on the results for the current quarter under review.

A6. Issuances, cancellations, repurchase resale and repayments of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review.

A7. Valuation of Property, Plant and Equipment

There was no revaluation on property, plant and equipment of the Group during the current quarter under review.

A8. Dividend Paid

There were no dividends paid during the quarter under review.

A9. Segmental Information

No segmental analysis is available as the company's accounting system was not set up to analyse turnover and profitability by product and region.

A10. Material Events Subsequent to 31 December 2005

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at 31

December 2005 and up to the date of this report.

A13. Capital Commitments

There were no material capital commitments as at 31 December 2005 and up to the date of this report.