

(Company no. 659523-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	3 MONTHS PERIOD ENDED		6 MONTHS PERIOD ENDED		
	Note	30 JUNE 2007	30 JUNE 2006	30 JUNE 2007	30 JUNE 2006
	RM	RM	RM	RM	
REVENUE		4,141,698	3,142,075	7,519,460	6,107,112
COST OF SALES		(1,858,540)	(1,320,454)	(2,788,557)	(2,446,800)
GROSS PROFIT		2,283,158	1,821,621	4,730,903	3,660,312
OTHER INCOME		42,780	58,582	76,960	74,109
ADMINISTRATIVE EXPENSES		(1,206,660)	(359,719)	(2,072,600)	(585,684)
FINANCE COST		(3,310)	-	(14,674)	-
PROFIT BEFORE TAX		1,115,968	1,520,484	2,720,589	3,148,737
TAXATION		(40,000)	-	(40,000)	-
PROFIT FOR THE PERIOD		1,075,968	1,520,484	2,680,589	3,148,737
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		1,075,968	1,520,484	2,680,589	3,148,737
MINORITY INTERESTS		-	-	-	-
Earnings per share attributable to ordinary ordinary equity holders of the parent					
- Basic (sen)		1.08	1.52	2.68	3.15
- Diluted (sen)		N/A	N/A	N/A	N/A

Note:

The unaudited condensed consolidated income statements should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2006.

(Company no. 659523-T)

**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	UNAUDITED AS AT 30 JUNE 2007	AUDITED AS AT 30 DECEMBER 2006
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	7,511,042	7,263,463
Goodwill on consolidation	6,633,689	6,633,689
Intangible assets	137,517	1,069,937
Development cost	9,225,277	6,878,734
	<u>23,507,525</u>	<u>21,845,823</u>
CURRENT ASSETS		
Trade receivables	6,083,690	2,635,502
Other receivables	65,596	51,970
Fixed deposits	1,000,000	2,000,000
Cash and bank balances	502,618	2,947,037
	<u>7,651,904</u>	<u>7,634,509</u>
TOTAL ASSETS	<u><u>31,159,429</u></u>	<u><u>29,480,332</u></u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Share capital	10,000,000	10,000,000
Share premium	6,561,201	7,880,695
Retained profits	11,857,104	9,176,515
TOTAL EQUITY	<u>28,418,305</u>	<u>27,057,210</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	285,082	235,724
Deferred tax	38,244	38,244
	<u>323,326</u>	<u>273,968</u>
CURRENT LIABILITIES		
Trade payables	986,221	97,091
Other payables and accruals	1,279,299	973,140
Amount due to a director	43,016	-
Hire purchase payables	41,262	50,923
Provision for taxation	68,000	28,000
Dividend payable	-	1,000,000
	<u>2,417,798</u>	<u>2,149,154</u>
TOTAL LIABILITIES	<u>2,741,124</u>	<u>2,423,122</u>
TOTAL EQUITY AND LIABILITIES	<u><u>31,159,429</u></u>	<u><u>29,480,332</u></u>
Number of ordinary shares at RM0.10 sen par each	100,000,000	100,000,000
Net Assets per share attributable to ordinary equity holders of the parent (sen)	<u>28.42</u>	<u>27.06</u>

Note:

The unaudited condensed consolidated balance sheet should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2006.

(Company no. 659523-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<-----Attributable to Equity Holders of the Parent----->			Sub-total	Minority Interest	Total Equity
	Share Capital	Non-Distributable Share Premium	Distributable Retained Profits			
	RM	RM	RM	RM	RM	RM
Balance at 1 January 2006	7,000,000	3,000,002	4,428,471	14,428,473	-	14,428,473
Profit for the period	-	-	3,148,737	3,148,737	-	3,148,737
Public Issue	3,000,000	6,900,000	-	9,900,000	-	9,900,000
Listing expenses	-	(1,775,647)	-	(1,775,647)	-	(1,775,647)
Balance at 30 June 2006	10,000,000	8,124,355	7,577,208	25,701,563	-	25,701,563
Balance at 1 January 2007	10,000,000	7,880,695	9,176,515	27,057,210	-	27,057,210
Profit for the period	-	-	2,680,589	2,680,589	-	2,680,589
Listing expenses	-	(1,319,494)	-	(1,319,494)	-	(1,319,494)
Balance at 30 June 2007	10,000,000	6,561,201	11,857,104	28,418,305	-	28,418,305

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2006

(Company no. 659523-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	6 MONTHS PERIOD ENDED	
	30 JUNE 2007	30 JUNE 2006
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,720,589	3,148,737
Adjustments for:		
Depreciation	768,398	390,654
Amortisation	254,454	-
Gain on disposal of property, plant & equipment	(10,583)	-
Interest income	(29,241)	-
Interest expenses	14,674	4,304
Operating profit before working capital changes	<u>3,718,291</u>	<u>3,543,695</u>
Changes in working capital		
Receivables	<u>(3,461,814)</u>	<u>(2,506,267)</u>
Payables	<u>1,195,289</u>	<u>(58,186)</u>
	<u>(2,266,525)</u>	<u>(2,564,453)</u>
Cash used in operations	1,451,766	979,242
Intellectual property rights	(2,034)	-
Profit on deposits received	29,241	-
Net cash generated from operating activities	<u>1,478,973</u>	<u>979,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(912,594)	(855,063)
Development costs	(1,666,543)	-
Listing proceeds expenses	(1,319,494)	(1,775,647)
Net cash used in investing activities	<u>(3,898,631)</u>	<u>(2,630,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,900,000
Net change in amount owing to directors	43,016	(107,359)
Repayment of hire purchase payables	(53,103)	(30,492)
Interim dividend paid	(1,000,000)	-
Interest paid	(14,674)	(4,304)
Net cash (used in)/generated from financing activities	<u>(1,024,761)</u>	<u>9,757,845</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,444,419)	8,106,377
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4,947,037	571,742
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,502,618</u>	<u>8,678,119</u>
Cash and cash equivalents comprise :		
Fixed deposits	1,000,000	8,030,375
Cash and bank balances	<u>502,618</u>	<u>647,744</u>
	<u>1,502,618</u>	<u>8,678,119</u>

Note:

The unaudited condensed consolidated cash flow should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2006.

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

These interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2006. These explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2006.

The significant accounting policies and presentation adopted by the Group for these interim condensed financial statements are consistent with those of the audited financial statements for the year ended 31 December 2006, save for the adoption of the following new FRS, which have been issued and are effective for financial periods beginning on or after 1 October 2006 and have been adopted by the Group and the Company:

FRS 117 Leases
FRS 124 Related Party Disclosures

FRS 6 – Exploration for and Evaluation of Mineral Resources has been issued and is effective for the financial period beginning on or after 1 October 2007. This standard is not relevant to the Group's operations.

FRS 139 – Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by MASB. This new standard establishes principles for recognizing and measuring financial assets, the financial liabilities and some contracts to buy and sell non-financial items. The Group will apply this standard when it becomes effective.

The adoption of FRS 117 and FRS 124 will not have any significant financial impact on the Group.

A2 Audit Report of the preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the FYE 31 December 2006 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

The Group's operations were not materially affected by seasonal or cyclical changes during the quarter under review.

A4 Changes in estimates

There were no changes in estimates of amounts reported that have a material effect on the results for the current quarter and financial year-to-date.

A5 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter and financial year-to-date.

A6 Valuation of Property, Plant and Equipment

There was no revaluation on property, plant and equipment of the Group during the financial year-to-date.

A7 Dividend Paid

Dividend paid on 5 February 2007 were declared on 28 November 2006, in respect of the year ended 31 December 2006 being interim tax exempt dividend of RM0.01 per share, on 100,000,000 ordinary shares amounting to RM1,000,000.

A8 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items or events, which affected the assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A9 Segmental Information

Only the segmental analysis for revenue is available by product and services and region as the company's accounting system was not set up to analyse profitability due to the sharing of resources.

Segment revenue by category	Jan – June 07
Products	<i>RM</i>
HRDPower Software	182,832
HRDPower.net Software Sales	1,963,750
Technical Implementation Fees	826,395
Training Power	627,500
HRDWebvarsity	519,850
Trainers Virtual Campus	290,000
Competency Power	1,752,500
Services	
Consulting & Outsourcing	1,237,706
Annual Maintenance Charges	106,465
Investment holding	
Investment income	12,462
Total Revenue	7,519,460

Segment revenue by geographical areas	Jan – June 07
	<i>RM</i>
Malaysia	5,086,499
Asia	425,330
Australia	6,092
USA	1,103,504
UAE	565,535
Bahrain	332,500
Total Revenue	7,519,460

A10 Material Events Subsequent to the end of the current quarter

Save as those disclosed below, there were no material events subsequent to the current financial quarter up to the date of this report which is likely to substantially affect the results of the operations of the Group:-

On 5 July 2007, an announcement was made by the Company that it had on 4 July 2007 entered into a memorandum of understanding (MOU) with Improvements Incorporated USA ("Impin") for the exclusive distributorship of the SMR Technologies Berhad ("SMRT") Group's IT and related products in North America via a proposed new set-up company, Smartha Inc. ("Smartha"). The issued and paid up capital of Smartha is USD2.00 consisting of 200 shares of common stock of par value of USD0.01. All financial requirements for the operation of Smartha will be raised internally by Smartha. SMRT Group will supply, maintain, support, carry out research and development and customize the new and existing range of products.

On 24 July 2007, the Company announced that it had entered into a Co-Founders' Agreement with Palaniappan A/L Ramanathan Chettiar, Impin, Ajay Kumar Arya, Michael Janowiak, Venkata Majeti, Frederick H.Kopko Jr. and Smartha for the purpose of introducing, marketing and selling the software and services associated with SMR Tech Group and for enhancing and improving such softwares and services via Smartha ("Co-Founders' Agreement"). On the same date, the Company and Smartha also entered into a distribution agreement for the exclusive distributorship of SMRT Group's software in North America ("Distribution Agreement") where the Company will pay Smartha 70% and 80 % commission for revenues derived from products licensing fees and from HRDPower software installation and training respectively nett of implementation cost.

The Distribution Agreement is for the period from 24 July 2007 to 31 December 2017 with an option to renew every five years until 2032 on condition the partnership of Smartha as per the Co-Founders' Agreement is still running. The venture is to expedite the Group's penetration into the North America market.

A11 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter under review save for the following :-

On 7 February 2007, the Company announced that it acquired the remaining 2 ordinary shares of RM1.00 each of the total 100 issued and paid up ordinary shares in SMR HRS Services Sdn Bhd. ("SMR HRS") for a consideration of RM 1.00 per ordinary shares. Earlier on 1 November 2007, the Company has acquired 98 ordinary shares in SMR HRS for RM98.00. SMR HRS is now a wholly-owned subsidiary of the Company.

Subsequently, on 14 May 2007, the Company announced that SMR HRS increased its issued and paid up share capital to RM100,000 consisting of 100,000 ordinary shares capital at RM1.00 each. The Company has subscribed for the entire additional 99,900 ordinary shares of RM1.00 each for RM99,900.00.

A12 Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2006.

A13 Capital Commitments

There were no capital commitments in the interim financial statements as at 30 June 2007.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded revenue of RM4.14 million for the current quarter under review. This represents an increase of RM1.00 million or 31.8% as compared with the corresponding quarter of the preceding year .

For the 6-month period ended 30 June 2007, revenue increased by RM1.41 million or 23.1% compared to the corresponding 6-month period of the preceding year. This is due to robust sales of new products and services to both local and overseas customers.

The Group registered a profit before tax for the current quarter and for the 6-month period ended 30 June 2007 of RM1.12 million and RM2.72 million, respectively. The Group's net profit margin was eroded by higher initial implementation cost for unbilled projects and higher staff cost due to increase in staff force.

	Individual Quarter			Cumulative Quarter		
	Current quarter	Preceding year corresponding quarter		Current year to-date	Preceding year corresponding period	
	30.06.2007 RM'000	30.06.2006 RM'000	changes	30.06.2007 RM'000	30.06.2006 RM'000	changes
Revenue	4,142	3,142	31.8%	7,519	6,107	23.1%
Pre-tax profit	1,116	1,520	-26.6%	2,721	3,149	-13.6%

B2 Material change in the profit before tax for the current quarter as compared with the immediate preceding quarter

The Group's profit before tax for the current quarter ended 30 June 2006 of RM1.16 million declined by 30.5% as compared with the immediate preceding quarter's profit before tax of RM1.61 million. This was due to an erosion in net profit margin from 47.5% to 26.9% arising from higher implementation cost for unbilled projects and higher administrative expenses as well.

	Current Quarter	Immediate Preceding Quarter	changes
	30.06.2007 RM'000	31.3.2007 RM'000	
Revenue	4,142	3,378	22.6%
Pre-tax profit	1,116	1,605	-30.5%

B3 Prospects for the current financial year

The current trend of strong sales growth achieved in USA and the Middle Eastern countries supports our strong potential growth and demand for our products and services in these regions. Barring unforeseen circumstances, the directors believe that the Group's prospect for the financial ending 31 December 2007 will remain favourable.

B4 Variance of actual profit from Profit forecast and Profit Guarantee

The Group neither announced nor provided any profit forecast or profit guarantee.

B5 Taxation

	Current Quarter	Cumulative Quarter
	30.06.2007 RM'000	30.06.2007 RM'000
Tax expense	40	40

The effective tax rate of the Group is lower than the statutory income tax rate due to its subsidiary company, SMR HR Technologies Sdn Bhd being awarded Multimedia Super Corridor ("MSC") status and thus eligible for Pioneer Status where the income shall be tax exempted for a period of 10 years up to 30 December 2011.

B6 Profit on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the current quarter and financial year-to-date.

B7 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

B8 Status of corporate proposals announced but not yet completed

There is no corporate proposal announced but not yet completed as at the date of this quarterly report.

B9 Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2007 consist solely of hire purchase creditors as shown in the balance sheet which is for the purpose of financing the purchase of motor vehicles. The hire purchase is effectively secured on the rights of the assets under hire purchase.

B10 Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this quarterly report.

B11 Material Litigations

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 quarterly report.

B12 Earnings Per Share

(a) Basic earnings per share

The earnings per share for the current year to date is calculated by dividing the net profit attributable to shareholders of RM2,680,589 by the weighted average number of shares in issue of 100,000,000 of RM0.10 per ordinary share.

	Individual Quarter	Cumulative Quarter
	30.06.2007	30.06.2007
Profit attributable to ordinary equity holders of the parent (RM'000)	1,076	2,681
Weighted average no. of ordinary shares of RM0.10 each ('000)	100,000	100,000
Basic earnings per ordinary shares (sen)	1.08	2.68

(b) Fully diluted earnings per share

The Group has no dilutive potential ordinary shares. As such, no dilutive effect on the earnings per share of the Group.

B13 Status of Utilisation of Proceeds

The IPO proceeds were received after the Company was listed on 13 March 2006. A summary of the status of the utilisation of listing proceeds as at 30 June 2007 is as follows:

	Proposed utilisation	Actual utilisation	Amount unutilised
	RM'000	RM'000	RM'000
Capital investment	4,700	3,983	717
Working capital	2,400	1,833	567
Research & Development	1,300	1,300	0
Listing expenses	1,500	1,500	0
Total	9,900	8,616	1,284

Note:-

The Company expects to fully utilise the balance of the listing proceeds in 2007.

B14 Dividend

There is no dividend has been declared for the financial period ended 30 June 2007 (2006: Nil).