

(Company no. 659523-T)

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		9 MONTHS PERIOD ENDED	
		30 SEPT 2007	30 SEPT 2006	30 SEPT 2007	30 SEPT 2006
		RM	RM	RM	RM
REVENUE		4,596,344	3,271,818	12,115,804	9,378,931
COST OF SALES		<u>(1,586,327)</u>	<u>(1,112,011)</u>	<u>(4,374,884)</u>	<u>(3,320,969)</u>
GROSS PROFIT		3,010,017	2,159,807	7,740,920	6,057,962
OTHER INCOME		46,491	62,387	123,451	136,495
ADMINISTRATIVE EXPENSES		(1,371,828)	(655,943)	(3,444,428)	(1,479,469)
FINANCE COST		<u>(3,498)</u>	<u>-</u>	<u>(18,172)</u>	<u>-</u>
PROFIT BEFORE TAX		1,681,182	1,566,251	4,401,771	4,714,988
TAXATION		(18,575)	-	(58,575)	-
PROFIT FOR THE PERIOD		<u>1,662,607</u>	<u>1,566,251</u>	<u>4,343,196</u>	<u>4,714,988</u>
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		1,662,607	1,566,251	4,343,196	4,714,988
MINORITY INTERESTS		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings per share attributable to ordinary ordinary equity holders of the parent					
- Basic (sen)	B12	1.66	1.70	4.34	5.11
- Diluted (sen)	B12	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 THIRD QUARTER ENDED 30 SEPTEMBER 2007  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>UNAUDITED AS AT 30 SEPTEMBER 2007</b>	<b>AUDITED AS AT 31 DECEMBER 2006</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	7,499,933	7,263,463
Goodwill on consolidation	6,633,689	6,633,689
Intangible assets	89,996	1,069,937
Development cost	11,472,221	6,878,734
	<u>25,695,839</u>	<u>21,845,823</u>
<b>CURRENT ASSETS</b>		
Trade receivables	6,919,207	2,635,502
Other receivables	986,962	51,970
Fixed deposits	-	2,000,000
Cash and bank balances	1,458,933	2,947,037
	<u>9,365,102</u>	<u>7,634,509</u>
<b>TOTAL ASSETS</b>	<u><u>35,060,941</u></u>	<u><u>29,480,332</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	10,000,000	10,000,000
Share premium	7,880,695	7,880,695
Retained profits	13,519,711	9,176,515
<b>TOTAL EQUITY</b>	<u>31,400,406</u>	<u>27,057,210</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	287,422	235,724
Deferred tax	38,244	38,244
	<u>325,666</u>	<u>273,968</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	1,180,967	97,091
Other payables and accruals	2,051,489	973,140
Amount due to a director	37,782	-
Hire purchase payables	20,631	50,923
Provision for taxation	44,000	28,000
Dividend payable	-	1,000,000
	<u>3,334,869</u>	<u>2,149,154</u>
<b>TOTAL LIABILITIES</b>	<u>3,660,535</u>	<u>2,423,122</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>35,060,941</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>31.40</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 THIRD QUARTER ENDED 30 SEPTEMBER 2007  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<i>&lt;----Attributable to Equity Holders of the Parent----&gt;</i>			<b>Sub-total</b>	<b>Minority Interest</b>	<b>Total Equity</b>
	<b>Share Capital</b>	<i>Non-Distributable</i> <b>Share Premium</b>	<i>Distributable</i> <b>Retained Profits</b>			
	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	-	-	4,714,988	4,714,988	-	4,714,988
Public Issue	3,000,000	6,900,000	-	9,900,000	-	9,900,000
Listing expenses	-	(1,985,870)	-	(1,985,870)	-	(1,985,870)
<b>Balance at 30 September 2006</b>	<b>10,000,000</b>	<b>7,914,132</b>	<b>9,143,459</b>	<b>27,057,591</b>	<b>-</b>	<b>27,057,591</b>
Balance at 1 January 2007	10,000,000	7,880,695	9,176,515	27,057,210	-	27,057,210
Profit for the period	-	-	4,343,196	4,343,196	-	4,343,196
<b>Balance at 30 September 2007</b>	<b>10,000,000</b>	<b>7,880,695</b>	<b>13,519,711</b>	<b>31,400,406</b>	<b>-</b>	<b>31,400,406</b>

*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 THIRD QUARTER ENDED 30 SEPTEMBER 2007  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>9 MONTHS PERIOD ENDED</b>	
	<b>30 SEPT 2007</b>	<b>30 SEPT 2006</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,401,771	4,714,988
Adjustments for:		
Depreciation	1,155,883	251,318
Amortisation	413,455	361,557
Gain on disposal of property, plant & equipment	(10,583)	-
Interest income	(36,870)	-
Interest expenses	18,172	5,183
Operating profit before working capital changes	<u>5,941,828</u>	<u>5,333,046</u>
Changes in working capital		
Receivables	(5,218,697)	(3,779,059)
Payables	2,162,225	(123,333)
	<u>(3,056,472)</u>	<u>(3,902,392)</u>
Cash generated from operations	2,885,356	1,430,654
Profit on deposits received	36,870	-
Tax paid	(42,575)	-
Net cash generated from operating activities	<u>2,879,651</u>	<u>1,430,654</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,288,970)	(2,341,300)
Intellectual property rights	(3,514)	(32,687)
Development costs	(4,023,487)	(861,704)
Listing proceeds expenses	-	(1,985,870)
Net cash used in investing activities	<u>(5,315,971)</u>	<u>(5,221,561)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	9,900,000
Net change in amount owing to directors	37,782	(108,083)
Repayment of hire purchase payables	(71,394)	(33,279)
Interim dividend paid	(1,000,000)	-
Interest paid	(18,172)	(5,183)
Net cash (used in)/generated from financing activities	<u>(1,051,784)</u>	<u>9,753,455</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,488,104)</u>	<u>5,962,548</u>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4,947,037	571,742
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,458,933</u>	<u>6,534,290</u>
Cash and cash equivalents comprise :		
Fixed deposits	-	5,524,112
Cash and bank balances	1,458,933	1,010,178
	<u>1,458,933</u>	<u>6,534,290</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Malaysian Accounting Standards Board. 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.

<b>Segment revenue by category</b>	<b>Jan – Sept 07</b>
<b>Products</b>	<i>RM</i>
HRDPower Software	182,832
HRDPower.net Software Sales	3,797,280
Technical Implementation Fees	1,432,275
Training Power	752,500
HRDWebvarsity	769,850
Trainers Virtual Campus	811,545
Competency Power	1,910,000
<b>Services</b>	
Consulting & Outsourcing	2,299,907
Annual Maintenance Charges	159,615
<b>Total Revenue</b>	<b>12,115,804</b>

  

<b>Segment revenue by geographical areas</b>	<b>Jan – Sept 07</b>
	<i>RM</i>
Malaysia	7,221,676
Asia	991,106
Australia	9,138
USA	1,504,901
UAE	1,136,958
Bahrain	584,045
United Kingdom	667,980
<b>Total Revenue</b>	<b>12,115,804</b>

**A10 Material Events Subsequent to the end of the current quarter**

Save as disclosed below, there were no material events subsequent to the current financial quarter up to the date of this report.

The Company had on 24 July 2007 announced that it had on even date entered into a Co-Founders Agreement with Smartha, Inc, for the purpose of introducing, marketing and selling software and services associated with the Group including enhancements and improvements of software and services and a Distribution Agreement for the exclusive distributorship of the Group's software in North America.

On 26 November 2007, the shares of Smartha, Inc was transferred to the Company. Consequent thereto, Smartha, Inc has become an associated company of SMR Technologies Berhad.

**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.

**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 September 2007.

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

**B1 Review of Performance**

For the current quarter under review, the Group registered an increase in revenue of approximately 40% from RM4.6 million against RM3.3 million achieved in the corresponding quarter of the preceding year. Profit before tax ("PBT") rose marginally to RM1.7 million from RM1.6 recorded in the corresponding quarter of preceding year.

For the 9-month period ended 30 September 2007, the Group's revenue increased by RM2.7 million or approximately 29% compared with the corresponding period of preceding year, mainly due to higher revenue achieved from both its existing and new product and services sold to both local and overseas customers. However, the Group recorded a lower PBT of RM4.4 million against RM4.7 million achieved for the corresponding period of preceding year. This was due to higher administrative expenses namely staff costs and professional fees.

	Individual Quarter			Cumulative Quarter		
	3 months period ended			9 months period ended		
	30.09.2007	30.09.2006	changes	30.09.2007	30.09.2006	changes
	RM'000	RM'000		RM'000	RM'000	
Revenue	4,596	3,272	40.5%	12,116	9,379	29.2%
Pre-tax profit	1,681	1,566	7.4%	4,402	4,715	-6.6%

**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 increased by approximately 51% compared to immediate preceding quarter. This is due to higher sales derived from software sales, in particular HRDPower.net and Trainers Virtual Campus, and from its consulting and outsourcing business, and lower advertising & promotion costs.

	Current Quarter	Immediate Preceding Quarter	changes
	30.09.2007	30.6.2007	
	RM'000	RM'000	
Revenue	4,596	4,142	11.0%
Pre-tax profit	1,681	1,116	50.6%
PBT margin	37%	27%	

**B3 Prospects for the current financial year**

**(a) Commentary on prospects**

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. The Group continues to pursue business opportunities in high growth markets to expand customer base and also intensifies its effort to market the Group's products and services. In addition, the Group expects increased contributions from its new subsidiary overseas.

**(b) Internal target previously announced**

In the Company's reply to Bursa Malaysia Securities Berhad's query on 20 June 2007 and 21 June 2007, the Company had confirmed that it was targeting an internal growth rate of 20% in revenue and earnings for the financial year ending 31 December 2007. The growth rate was based on management's expectations on a pro forma basis by taking into consideration the previous year's revenue and earnings achieved by the Group and on the assumption that the current business conditions and other global environment where the Group operates remain unchanged. In this respect, the Company had during the 9-month financial period ended 30 September 2007 achieved approximately 83% and 62% of the revenue and earnings respectively targeted for the financial year ending 31 December 2007.

Barring unforeseen circumstances, the board of directors is of the view that the Group's prospect for the financial ending 31 December 2007 will continue to be encouraging and is confident of achieving its abovementioned internal growth target of 20% in revenue and earnings for the financial year ending 31 December 2007.

**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
	30.09.2007	30.09.2007
	RM'000	RM'000
Tax expense	19	59

The effective tax rate of the Group is lower than the statutory income tax rate of 27% due to tax exemption enjoyed by a wholly-owned subsidiary which was accorded the Multimedia Super Corridor (MSC) status. The tax exemption is available 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 September 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 RM4,343,196 by the weighted average number of shares in issue of 100,000,000 of RM0.10 per ordinary share.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months period ended</b>		<b>9 months period ended</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>	<b>30.09.2007</b>	<b>30.09.2006</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	1,663	1,566	4,343	4,715
Weighted average no. of ordinary shares of RM0.10 each ('000)	100,000	92,198	100,000	92,198
Basic earnings per ordinary shares (sen)	1.66	1.70	4.34	5.11

(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 September 2007 is as follows:

	<b>Intended timeframe for utilisation</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Amount unutilised</b>
		RM'000	RM'000	RM'000
Capital investment	FYE 2006	4,700	3,983	717 #
Working capital	FYE 2006	2,400	2,400	-
Research & Development ("R&D")	FYE 2006 & FYE 2007	1,300	1,300	-
Listing expenses	FYE 2006	1,500	1,500	-
<b>Total</b>		<b>9,900</b>	<b>9,183</b>	<b>717</b>

Note:-

# The Company intends to vary the unutilised amount for other purposes. An application will be made to the relevant authorities in due course.



**B14 Dividend**

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