



(Company no. 659523-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		12 MONTHS PERIOD ENDED	
		31 DEC 2007	31 DEC 2006	31 DEC 2007	31 DEC 2006
		RM	RM	RM	RM
REVENUE		6,795,880	2,776,897	18,911,684	12,155,828
COST OF SALES		(2,550,854)	(1,285,113)	(6,925,738)	(4,606,082)
GROSS PROFIT		4,245,026	1,491,784	11,985,946	7,549,746
OTHER INCOME		53,838	37,504	177,289	173,999
ADMINISTRATIVE EXPENSES		(1,844,517)	(418,947)	(5,288,945)	(1,898,416)
		2,454,347	1,110,341	6,874,290	5,825,329
FINANCE COST		(2,448)	(11,043)	(20,620)	(11,043)
SHARE OF LOSSES IN ASSOCIATED COMPANY		(51,015)	-	(51,015)	-
PROFIT BEFORE TAX		2,400,884	1,099,298	6,802,655	5,814,286
TAXATION		(95,572)	(66,244)	(154,147)	(66,244)
PROFIT FOR THE PERIOD		<u>2,305,312</u>	<u>1,033,054</u>	<u>6,648,508</u>	<u>5,748,042</u>
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE COMPANY		2,305,312	1,033,054	6,648,508	5,748,044
MINORITY INTEREST		-	-	-	(2)
		<u>2,305,312</u>	<u>1,033,054</u>	<u>6,648,508</u>	<u>5,748,042</u>
Earnings per share attributable to ordinary ordinary equity holders of the parent					
- Basic (sen)	B12	2.31	1.08	6.65	6.00
- 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.



SMR Technologies Berhad

(Company no. 659523-T)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT THE FOURTH QUARTER ENDED 31 DECEMBER 2007 (THE FIGURES HAVE NOT BEEN AUDITED)

	UNAUDITED AS AT 31 DECEMBER 2007 RM	AUDITED AS AT 31 DECEMBER 2006 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	6,996,353	7,263,463
Goodwill on consolidation	6,633,689	6,633,689
Intangible assets	41,850	1,069,937
Development cost	11,880,131	6,878,734
	<u>25,552,023</u>	<u>21,845,823</u>
CURRENT ASSETS		
Trade receivables	6,316,485	2,635,502
Other receivables	1,398,471	51,970
Amount owing by related company	8,492	-
Fixed deposits	-	2,000,000
Cash and bank balances	2,025,503	2,947,037
	<u>9,748,951</u>	<u>7,634,509</u>
TOTAL ASSETS	<u>35,300,974</u>	<u>29,480,332</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Share capital	10,000,000	10,000,000
Share premium	8,394,528	7,880,695
Retained earnings	15,825,023	9,176,515
Exchange reserves	(16,892)	-
TOTAL EQUITY	<u>34,202,659</u>	<u>27,057,210</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	207,238	235,724
Deferred tax	38,244	38,244
	<u>245,482</u>	<u>273,968</u>
CURRENT LIABILITIES		
Trade payables	179,234	97,091
Other payables and accruals	514,915	973,140
Hire purchase payables	82,524	50,923
Provision for taxation	76,160	28,000
Dividend payable	-	1,000,000
	<u>852,833</u>	<u>2,149,154</u>
TOTAL LIABILITIES	<u>1,098,315</u>	<u>2,423,122</u>
TOTAL EQUITY AND LIABILITIES	<u>35,300,974</u>	<u>29,480,332</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>34.20</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 FOURTH QUARTER ENDED 31 DECEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	←—Attributable to Equity Holders of the Parent—→						
	Share Capital	<u>Non-Distributable</u> Share Premium	Exchange reserves	<u>Distributable</u> Retained Profits	Sub-total	Minority Interest	Total Equity
	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	-	-	-	5,748,044	5,748,044	(2)	5,748,042
New subsidiary acquired	-	-	-	-	-	2	2
Public Issue	3,000,000	6,900,000	-	-	9,900,000	-	9,900,000
Listing expenses	-	(2,019,307)	-	-	(2,019,307)	-	(2,019,307)
Dividend payable	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance at 31 December 2006	10,000,000	7,880,695	-	9,176,515	27,057,210	-	27,057,210
Balance at 1 January 2007	10,000,000	7,880,695	-	9,176,515	27,057,210	-	27,057,210
Profit for the period	-	-	-	6,648,508	6,648,508	-	6,648,508
Currency exchange difference	-	-	(16,892)	-	(16,892)	-	(16,892)
Reversal of listing expenses to income statement	-	513,833	-	-	513,833	-	513,833
Balance at 31 December 2007	10,000,000	8,394,528	(16,892)	15,825,023	34,202,659	-	34,202,659

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 FOURTH QUARTER ENDED 31 DECEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	12 MONTHS PERIOD ENDED	
	31 DEC 2007	31 DEC 2006
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,802,655	5,814,286
Adjustments for:		
Depreciation	693,615	1,361,985
Amortisation	572,501	480,455
Allowance for doubtful debts	145,510	22,017
Net gain on disposal of property, plant & equipment	(6,660)	-
Foreign exchange difference	(52,121)	-
Profit on deposits received	(37,075)	(173,999)
Interest expenses	20,619	11,043
Share of loss in associated company	51,015	-
Operating profit before working capital changes	8,190,059	7,515,787
Changes in working capital		
Receivables	(4,961,737)	(161,052)
Payables	(376,083)	648,394
	(5,337,820)	487,342
Cash generated from operations	2,852,239	8,003,129
Profit on deposits received	37,075	173,999
Tax paid	(105,987)	-
Net cash generated from operating activities	2,783,327	8,177,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,179,673)	(6,983,730)
Proceeds from disposal of property, plant and equipment	178,283	-
Intellectual property rights	895,586	(934,334)
Development costs	(4,592,742)	(3,610,952)
Listing proceeds expenses	-	(2,019,307)
Acquisition of subsidiary company (net)	53,803	-
Investment in associated company	(51,015)	-
Net cash used in investing activities	(4,695,758)	(13,548,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,900,000
Amount owing by related company	8,401	-
Proceeds from issuance of shares to minority interest of a subsidiary	-	2
Net change in amount owing to directors	-	(111,384)
Hire purchase financing	158,324	-
Repayment of hire purchase payables	(155,209)	(31,085)
Interim dividend paid	(1,000,000)	-
Interest paid	(20,619)	(11,043)
Net cash (used in)/ generated from financing activities	(1,009,103)	9,746,490
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,921,534)	4,375,295
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4,947,037	571,742
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2,025,503	4,947,037
Cash and cash equivalents comprise :		
Fixed deposits	-	2,947,037
Cash and bank balances	2,025,503	2,000,000
	2,025,503	4,947,037

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 FOURTH QUARTER ENDED 31 DECEMBER 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 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.

Segment revenue by category	Jan – Dec 2007
Products	<i>RM</i>
HRDPower Software	182,832
HRDPower.net Software Sales	6,327,582
Technical Implementation Fees	1,462,275
Training Power	1,487,845
HRDWebvarsity	1,214,850
Trainers Virtual Campus	1,236,545
Competency Power	3,350,000
Services	
Consulting & Outsourcing	3,436,491
Annual Maintenance Charges	213,264
Total Revenue	18,911,684

Segment revenue by geographical areas	Jan – Dec 2007
	<i>RM</i>
Malaysia	9,270,715
Asia	1,710,621
Australia	12,184
USA	3,253,548
Middle East	2,539,162
Europe	2,125,454
Total Revenue	18,911,684

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 15 Jan 2008 announced that it has acquired 2 ordinary shares of RM1.00 each in Prominent Prosperity Sdn Bhd ("PPSM"), representing 100% of the issued and paid-up share capital of PPSB for a cash consideration of RM2.00. PPSB becomes a wholly-owned subsidiary company and the intended principal activity is the provision of management services to the Group.

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 other than the following :-

On 30 September 2007, the Company entered into a Sales & Purchase Agreement with Krishnan A/L Ramanathan Chettiar to acquire entire issued and paid-up share capital of 2 ordinary shares of S\$1.00 each in Specialist Management Resources Pte Ltd for a cash consideration of S\$14,000 (RM32,200). The Company is in the business of providing human resources training services. The results of the subsidiary company was consolidated in November 2007 following the settlement of the purchase consideration and completion of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount (RM)
Bank balances	53,803
Trade receivables	22,299
Deposits	1,150
Trade payables	(62)
Tax payment	(588)
Related companies	(525)
Total net assets	<u>76,077</u>
Negative goodwill	<u>(43,877)</u>
Cost of acquisition	<u>32,200</u>

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 31 December 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 recorded an increase in revenue of approximately 145% from RM2.78 million against RM6.80 million achieved in the corresponding quarter of the preceding year. Profit before tax ("PBT") rose by 118% to RM2.40 million from RM1.10 million recorded in the corresponding quarter of preceding year.

For the financial year ended 31 December 2007, the Group's revenue increased by RM6.76 million or approximately 56% compared to the previous financial year ended 31 December 2006, mainly due to higher revenue achieved from both its existing and new product and services sold to both local and overseas customers. In line with the revenue growth, PBT rose by 17% to RM6.8 million compared with RM5.8 million in the corresponding preceding year. However, the incremental rate is lower than revenue due to higher administrative expenses namely staff costs and professional fees.

	Individual Quarter			Cumulative Quarter		
	3 months period ended		changes	12 months period ended		changes
	31.12.2007	31.12.2006		31.12.2007	31.12.2006	
	RM'000	RM'000		RM'000	RM'000	
Revenue	6,796	2,777	145%	18,912	12,156	56%
PBT	2,401	1,099	118%	6,803	5,814	17%

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

The Group's PBT for the current quarter increased by approximately 43% compared to immediate preceding quarter due to higher sales derived from software sales, in particular HRDPower.net and Trainers Virtual Campus.

	Current Quarter	Immediate Preceding Quarter	changes
	31.12.2007	30.9.2007	
	RM'000	RM'000	
Revenue	6,796	4,596	48%
PBT	2,401	1,681	43%
PBT margin	35%	37%	

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 overseas subsidiary.

(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 financial year ended 31 December 2007 achieved 130% and 96% of the revenue and earnings respectively targeted 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
	31.12.2007	31.12.2007
	RM'000	RM'000
Tax expense	96	154

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 31 December 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 RM6,648,508 by the weighted average number of shares in issue of 100,000,000 of RM0.10 per ordinary share.

	Individual Quarter		Cumulative Quarter	
	3 months period ended 31.12.2007	31.12.2006	12 months period ended 31.12.2007	31.12.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	2,305	1,033	6,649	5,748
Weighted average no. of ordinary shares of RM0.10 each ('000)	100,000	95,726	100,000	95,726
Basic earnings per ordinary shares (sen)	2.31	1.08	6.65	6.00

(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

On 18 January 2008, Kenanga Investment Bank Berhad, on behalf of the Board of Directors of the Company announced that the Securities Commission ("SC") had, vide its letter dated 17 Jan 2008, granted its approval to vary the amount unutilised of approximately RM717,000 from capital investment to financing of future acquisition and/or investment in related business(es) and to extend the timeframe for utilisation up to financial year ending 31 December 2008.

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 31 December 2007 and the approval by the SC to vary the amount unutilised of approximately RM717,000 of capital investment is set out below :

Previously disclosed utilisation schedule	Revised utilisation schedule	Actual utilisation	Deviation amount	Revised timeline
	RM'000	RM'000	RM'000	
Capital investment	4,700	3,983	-	31 December 2008
Working capital	2,400	2,400	-	
Research & Development ("R&D")	1,300	1,300	-	
Listing expenses	1,500	1,500	-	
Future investments	-	717	717	
Total	9,900	9,900	717	

B14 Dividend

There is no dividend has been declared for the financial year ended 31 December 2007 (2006: Nil).