



**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		6 MONTHS PERIOD ENDED	
		30 JUNE 2010	30 JUNE 2009	30 JUNE 2010	30 JUNE 2009
		RM	RM	RM	RM
<b>CONTINUING OPERATIONS</b>					
Revenue		2,533,372	2,377,530	3,360,456	4,965,859
Cost of sales		(652,653)	(633,434)	(1,211,970)	(929,215)
Gross Profit		1,880,719	1,744,096	2,148,486	4,036,644
Other operating income		1,544	27,675	7,899	35,860
Administrative expenses		(2,614,140)	(1,648,758)	(4,370,443)	(3,697,703)
Gain on disposal of assets held for sale		786,425	-	786,425	-
Profit/(Loss) from operations		54,548	123,013	(1,427,633)	374,801
Finance costs		(42,306)	(52,217)	(87,813)	(96,622)
Negative goodwill from acquisition of a subsidiary		271	-	271	-
Profit / (Loss) before income tax		12,513	70,796	(1,515,175)	278,179
Income tax expenses		(10,480)	(23,037)	(26,200)	(63,826)
Profit / (Loss) for the period		2,033	47,759	(1,541,375)	214,353
<b>DISCONTINUED OPERATIONS</b>					
Profit / (loss) before tax from discontinued operations		4,101	-	-	-
Taxation		-	-	-	-
Profit / (loss) from discontinued operations		4,101	-	-	-
Profit / (Loss) for the period		6,134	47,759	(1,541,375)	214,353
Profit / (loss) attributable to:					
Equity Holders of the Parent		6,594	5,457	(1,537,253)	12,104
Non controlling interest		(460)	42,301	(4,122)	202,249
		6,134	47,759	(1,541,375)	214,353
Earnings /(loss) per share attributable to					
Equity Holders of the Parent					
- Basic (sen)	B12	0.005	0.004	(1.062)	0.009
- Diluted (sen)	B12	-	-	-	-

Note:

The unaudited condensed consolidated Statement of Comprehensive Income 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 2009.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED		6 MONTHS PERIOD ENDED	
	30 JUNE 2010	30 JUNE 2009	30 JUNE 2010	30 JUNE 2009
	RM	RM	RM	RM
Profit / (Loss) for the period	6,134	47,759	(1,541,375)	214,353
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	118,153	(21,293)	89,076	(2,495)
Other comprehensive income, net of tax	118,153	(21,293)	89,076	(2,495)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>124,287</b>	<b>26,466</b>	<b>(1,452,299)</b>	<b>211,858</b>
Total comprehensive income/ (loss) attributable to:				
Equity Holders of the Parent	124,747	(15,836)	(1,448,177)	9,609
Non controlling interest	(460)	42,301	(4,122)	202,249
	<b>124,287</b>	<b>26,466</b>	<b>(1,452,299)</b>	<b>211,858</b>
	-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 JUNE 2010</b>	<b>31 DECEMBER 2009</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	6,294,374	7,044,040
Goodwill on consolidation	6,663,251	6,663,251
Intangible assets	3,843	10,096
Development costs	16,646,700	16,698,064
	<u>29,608,168</u>	<u>30,415,451</u>
<b>CURRENT ASSETS</b>		
Inventories	63,804	65,018
Trade receivables	2,137,486	694,473
Other receivables, prepayments & deposits	208,974	83,800
Tax recoverable	60,152	96,607
Deposits placed with licensed bank	178,953	360,068
Cash and bank balances	180,070	798,232
	<u>2,829,439</u>	<u>2,098,198</u>
Assets classified as held for sale	-	230,381
<b>TOTAL ASSETS</b>	<b><u>32,437,607</u></b>	<b><u>32,744,030</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	14,666,666	13,333,333
Share premium	5,061,195	5,061,195
Foreign currency translation reserve	64,329	(24,747)
Revaluation reserve	1,843,919	1,862,544
Retained profits	3,872,198	5,394,927
Amount recognised directly in equity relating to assets classified as held for sale	-	3,460
	<u>25,508,307</u>	<u>25,630,712</u>
Non controlling interest	364	29,758
<b>TOTAL EQUITY</b>	<b><u>25,508,671</u></b>	<b><u>25,660,470</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	139,273	107,883
Deferred tax liabilities	66,774	66,774
	<u>206,047</u>	<u>174,657</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	583,259	591,986
Other payables and accruals	3,220,243	3,571,114
Hire purchase payables	35,033	64,359
Provision for taxation	118,797	-
Bank overdrafts - secured	2,765,557	2,456,113
Liabilities directly associated with assets classified as held for sale	-	225,331
	<u>6,722,889</u>	<u>6,908,903</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,928,936</u></b>	<b><u>7,083,560</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>32,437,607</u></b>	<b><u>32,744,030</u></b>
Number of ordinary shares at RM0.10 sen par each	146,666,666	133,333,333
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>17.4</u>	<u>19.2</u>

**Note:**

The unaudited condensed consolidated Statement of Financial Position 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 2009.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Attributable to Equity Holders of the Company						Sub-total	Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Revaluation Reserve	Relating to Assets Held for Sale	Retained Profits			
	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Current period-to-date ended 30 June 2010</b>									
As at 1 January 2010	13,333,333	5,061,195	(24,747)	1,862,544	3,460	5,394,927	25,630,712	29,758	25,660,470
Issuance of shares pursuant to Private Placement	1,333,333	-	-	-	-	-	1,333,333	-	1,333,333
Loss for the period	-	-	-	-	-	(1,537,253)	(1,537,253)	(4,122)	(1,541,375)
Other Comprehensive income for the period	-	-	89,076	-	-	-	89,076	-	89,076
Total comprehensive income for the period	-	-	89,076	-	-	(1,537,253)	(1,448,177)	(4,122)	(1,452,299)
Amortisation of revaluation reserve	-	-	-	(18,625)	-	18,625	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	(3,460)	-	(3,460)	-	(3,460)
Acquisition of Subsidiary	-	-	-	-	-	-	-	(25,272)	(25,272)
Disposal of investment in SMR USA	-	-	-	-	-	(4,101)	(4,101)	-	(4,101)
Balance at the end of period	14,666,666	5,061,195	64,329	1,843,919	-	3,872,198	25,508,307	364	25,508,671
	-	-	-	-	-	-	-	-	-
<b>Corresponding period-to-date ended 30 June 2009</b>									
As at 1 January 2009	13,333,333	5,061,195	(29,327)	1,900,555	-	8,086,621	28,352,377	881,322	29,233,699
Profit for the period	-	-	-	-	-	12,104	12,104	202,249	214,353
Other Comprehensive income for the period	-	-	(2,495)	-	-	-	(2,495)	-	(2,495)
Total comprehensive income for the period	-	-	(2,495)	-	-	12,104	9,609	202,249	211,858
Balance at the end of period	13,333,333	5,061,195	(31,822)	1,900,555	-	8,098,725	28,361,986	1,083,571	29,445,557

*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 2009.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 JUNE 2010</b>	<b>CORRESPONDING PERIOD ENDED 30 JUNE 2009</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before tax	(1,515,175)	278,179
Adjustments for:		
Depreciation	477,265	590,931
Amortisation	397,831	399,749
Interest Income	(4,380)	(5,561)
Interest expenses	87,813	93,801
Allowance for doubtful debts written back	-	-
Loss in Disposal PPE	-	(24,584)
Bad debts written off	873,084	4,526
Gain on disposal of assets held for sale	(786,425)	-
Negative goodwill from acquisition of Subsidiary	(271)	-
Operating (loss) / profit before working capital changes	(470,258)	1,337,041
Changes in working capital		
Receivables	(1,415,408)	(2,191,475)
Payables	(359,600)	(232,007)
Inventories	1,771	(58,699)
Cash used in from operations	(2,243,495)	(1,145,140)
Tax paid	(26,498)	(63,826)
<b>Net cash used in operating activities</b>	<b>(2,269,993)</b>	<b>(1,208,966)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(126,059)	(31,723)
Deposit held as security	246,116	(179,122)
Proceeds from disposal of property, plant & equipment	92,433	105,408
Interest Income	4,380	5,561
<b>Net cash generated from / (used in) investing activities</b>	<b>216,870</b>	<b>(99,876)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement of share	1,333,333	-
Proceeds from disposal of assets held for sale	3	-
Investment in subsidiary	(25,000)	-
Net change in amounts owing by related parties	-	60,834
Repayment of hire purchase payables	(33,937)	(132,320)
Interest paid	(87,813)	(93,801)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,186,586</b>	<b>(165,287)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(866,537)</b>	<b>(1,474,129)</b>
Foreign exchange translation differences	3,931	93
Opening balance of cash and cash equivalents	(1,657,881)	(1,316,082)
<b>Closing balance of cash and cash equivalents</b>	<b>(2,520,487)</b>	<b>(2,790,118)</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	178,953	294,300
Cash and bank balances	180,070	196,633
Overdraft	(2,765,557)	(2,986,751)
Less: Deposits held as security	(2,406,534)	(2,495,818)
<b>Closing balance of cash and cash equivalents</b>	<b>(2,520,487)</b>	<b>(2,790,118)</b>

*Note:*

The unaudited condensed consolidated Statement of 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 2009.



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010**

**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1 Basis of Preparation**

- a) These interim financial statements of SMR Technologies Berhad ("SMRT" or the "Company") and its subsidiaries (the "Group") are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") ACE Market Listing Requirements ("AMLR").

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 2009. These explanatory notes attached to the interim financial statement 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 2009.

**b) Adoption of New and Revised FRS, Amendments/Improvements to FRS and IC Interpretations ("IC Int")**

The significant accounting policies and presentations adopted by the Group in this quarterly report are consistent with those of the annual financial statements for the FYE 31 December 2009 except for the adoption of the following FRSs, amendments to FRSs and IC Int, which are effective for annual periods beginning on and after:

**1 July 2009**

FRS 8 Operating Segments

**1 January 2010**

FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing costs
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments : Disclosure
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investment in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 140	Investment Property
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

**1 March 2010**

Amendments to FRS 132 Financial Instruments : Presentation

**b) Adoption of New and Revised FRS, Amendments/Improvements to FRS and IC Interpretations ("IC Int") [cont'd]**

The Group has yet to adopt the following FRSs, Amendments to FRSs and IC Interpretations which are effective for annual periods beginning on and after:

**1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Int 9	Reassessment of Embedded Derivatives
IC Int 12	Service Concession Arrangements
IC Int 17	Distributions of Non-cash Assets to Owners

**1 January 2011**

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 7	Financial Instruments : Disclosure

**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 2009 was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

The Group's operations were not materially affected by seasonal or cyclical changes.

**A4 Changes in estimates**

There were no estimates report provided for the last financial quarter under review.

**A5 Debt and equity securities**

There were no issuance, cancellation or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review.

**A6 Valuation of Property, Plant and Equipment**

The value of office suite has been brought forward, without amendments from the last year's annual audited financial statements.

**A7 Dividend Paid**

No dividend was paid during the financial quarter under review.

**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

(a) Analysis of segmental revenue and results

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
<b>Continuing Operations</b>				
- software & implementation services	711	1,148	778	2,073
- outsourcing, consulting, executive search services, learning & development	1,822	1,362	2,654	3,260
Elimination of inter-segment sales	-	(132)	(72)	(367)
Total revenue from Continuing Operations	2,533	2,378	3,360	4,966
<b>Discontinued Operations</b>	-	-	-	-
Total operations	2,533	2,378	3,360	4,966
<b>Segment Results</b>				
<b>Continuing Operations</b>				
- software & implementation services	(144)	112	(944)	(49)
- outsourcing, consulting, executive search services, learning & development	503	455	16	1,298
- investment holding & management services	(287)	(521)	(537)	(980)
Consolidation adjustments	(70)	2	(76)	(55)
	2	48	(1,541)	214
<b>Discontinued Operations</b>	4	-	-	-
(Loss) / profit after tax for total operations	6	48	(1,541)	214

(b) Analysis by geographical areas

	3 months ended 30 June 2010					
	← Continuing Operations →			Discontinued Operations		Total Operations
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000	Overseas RM'000	
Revenue						
External sales	1,279	1,254	-	2,533	-	2,533
Inter-segment	-	-	-	-	-	-
Total	1,279	1,254	-	2,533	-	2,533

	6 months ended 30 June 2010					
	← Continuing Operations →			Discontinued Operations		Total Operations
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000	Overseas RM'000	
Revenue						
External sales	1,667	1,693	-	3,360	-	3,360
Inter-segment	72	-	(72)	-	-	-
Total	1,739	1,693	(72)	3,360	-	3,360

<b>Segment assets</b>	47,381	63	(15,006)	32,438	-	32,438
<b>Segment liabilities</b>	13,995	310	(7,376)	6,929	-	6,929
<b>Depreciation &amp; amortisation</b>	872	3	-	875	-	875



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

- a) On 13 July 2010, the Company had announced that its 49%-owned subsidiary, SMR Gulf WLL ("SMR Gulf") which is a subsidiary of SMR HR Technologies Sdn Bhd ("SMR HRT") had on 1 June 2010 increased its paid-up capital from Bahrain Dinars ("BD") 20,000 to BD 50,000 by capitalising the debts owing to its shareholders, namely SMR HRT and Tatweer Management Systems WLL ("Tatweer").
- b) On 19 July 2010, the Company had announced that SMR HRT had on 18 July 2010 completed the acquisition of 250 shares of BD1.00 (equivalent to RM8.63) each, representing 50% of the total issued and paid-up share capital of SMR Gulf from Tatweer for a total cash consideration of BD250 (equivalent to RM2,157.50). The acquisition resulted in SMR Gulf being a 99%-owned subsidiary of SMR HRT, which in turn is wholly-owned by SMRT.
- c) On 30 July 2010, the Company had announced that SMR HRT had on 22 July 2010 entered into a contract for the provision of consultancy service for the development of Technical Career Ladder & Competency Assessment System to Petrodar Operating Company using HRDPower software in Khartoum, Sudan for contract sum of USD128,400.00 (equivalent to RM406,129.00)
- d) On 6 August 2010, the Company had announced that SMR HRT had on 4 August 2010 been awarded and accepted on the same date a Letter of Award from Authority For Info-Communications Technology Industry Of Brunei Darussalam's ("AITI") for the supply, delivery, installation, configuration, commission and provision of warranty and maintenance of AITI's Human Resource Management System in Brunei Darussalam for a software customisation project. The Contract Sum is Brunei Dollar 130,200.00 (equivalent to RM301,153.00)
- e) On 19 August 2010, the Company had announced that SMR Gulf had on 18 August 2010 been awarded and accepted the Letter of Awarded from the Ministry of Works of the Government of the Kingdom of Bahrain for the Implementation of the Succession Management System. The Contract Sum is BD98,250 (equivalent to RM818,779.00)

**A11 Changes in the Composition of the Group**

- a) On 12 April 2010, the Company announced the completion of the disposal of 100% equity interest in SMR USA Inc ("SMR USA") comprising 1,000 ordinary shares of USD1.00 each, to Mr Murugappan Kalaimani for a total cash consideration of USD1.00, equivalent to approximately RM3.18 based on the exchange rate of USD1.00 to RM3.176 as at 12 April 2010. The disposal will result in SMR USA Inc ceasing to be a wholly-owned subsidiary of the Company.
- b) On 5 May 2010, the Company had announced that on 3 May 2010, it had acquired the remaining 25,000 ordinary shares of RM1.00 each in SMR HR Group Sdn Bhd (formerly known as SMR Learning & Development Sdn Bhd) ("SMR HRG"), representing approximately 0.92% of the total issued and paid-up share capital of SMR HRG, for a cash consideration of RM25,000 from Business Management Systems (WA) Pty Ltd, a company incorporated in Australia. The acquisition will result in SMR HRG becoming a wholly-owned subsidiary of the Company.

**A12 Contingent Liabilities or Contingent Assets****As at 30.06.2010  
RM'000**

Corporate Guarantees issued to financial institutions in respect of banking facilities granted to subsidiary companies	4,700
Bank Guarantee issued by a subsidiary company in favour of third parties	10
	<hr/>
	4,710

Save for the above, there were no changes in the contingent liabilities and contingent assets of the Group, since the last audited accounts as at 31 December 2009.

**A13 Capital Commitments**

There were no capital commitments during the current quarter under review.

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**B1 Review of Performance****Current quarter compared to preceding year's corresponding quarter**

The Group achieved a revenue increase of 7% to RM2.53 million for Q2, 2010 compared to the previous year's corresponding quarter. The increase was contributed partly by services delivered for the Asia HRD Congress 2010 ("AHRDC 2010") event and the revenue for implementation and software maintenance works in Saudi Arabia and Sudan. The increase in revenue from the SMR HRG's Training and Events income contributed to the remainder of the revenue increase for the quarter. Profit before tax ("PBT") for the quarter of RM0.012 million declined compared with the previous year's corresponding quarter of RM0.071 million. This decline was mainly due to the bad debts written off by RM0.9 million as a result of the losses of its subsidiary, SMR USA which was subsequently disposed off by the Group.

**Current financial year-to-date results compared to preceding year's corresponding financial year-to-date results**

The Group's revenue declined by 32% to RM3.36 million for the cumulative Q2, 2010 compared to the previous year's corresponding quarter. This decrease was due to lower revenue in Q1 2010. Loss before tax for the cumulative quarter of RM1.52 million compared with the PBT for the previous year's corresponding cumulative quarter of RM0.27 million. This is mainly due to the bad debts written off by RM0.9 million as a result of the losses of its subsidiary, SMR USA which was subsequently disposed off by the Group as well as increase in cost of sales and administrative expenses of the Group.

**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 from continuing operations of RM0.012 million was an improvement compared to the loss before tax of RM1.5 million in the immediate preceding quarter (Q1 2010). This was mainly due to an increase in revenue by RM 1.7 million (206%) in the current quarter compared to the previous quarter. The increase in administrative expenses by RM 0.9 million (49%) due to the bad debts written off by the Group on the disposal of its subsidiary, SMR USA has reduced the Group's profits.

**B3 Prospects for the current financial year**

The Group maintains a positive outlook on its performance for year 2010. The projects in Sudan, Saudi Arabia and Bahrain have contributed positively towards its results for the current period and they are expected to continue to do so in the near term. The Group is continuing to build on its core strength and focus on increasing operations efficiency by improving its processes, branding and its technology based HR solutions. Barring any unforeseen circumstances, the Directors are of the opinion that the Group's results for the current year 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 for the current quarter.

**B5 Income Tax Expenses**

	Current Quarter 30.06.2010 RM'000	Cumulative Quarter 30.06.2010 RM'000
Income tax		
Current tax	10	26
(Over) / under provision of tax in prior year	-	-
Deferred tax liabilities	-	-
	10	26

The effective tax rate for the current financial quarter is higher than the statutory tax rate of 25% due to the non-deductibility of certain expenses for tax in some subsidiary companies. SMR HR Technologies Sdn Bhd, a wholly-owned subsidiary of the Company is accorded tax exemption for 10 years up to 30 December 2011 due to its Multimedia Super Corridor (MSC) status.

**B6 Profit on Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments or properties during the quarter under review.

**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**

Save as disclosed below, there are no other corporate proposals announced but not yet completed as at the date of this quarterly report:-

The Company is proposing to establish and implement the ESOS for up to twenty percent (20%) of the issued and paid-up capital for eligible employees of the Group. On 20th May 2010, Bursa Securities had vide its letter given its approval for the listing of such number of additional new ordinary shares of RM0.10 each to be issued upon the exercise of any ESOS options.

**B9 Group Borrowings and Debt Securities**

30.06.2010

	RM'000
Secured short -term	
Overdraft	2,766
Hire purchase payables	35
Secured long -term	139
Hire purchase payables	
Total borrowings	2,940

All borrowings are denominated in Ringgit Malaysia.

**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 Earning Per Share ("EPS") / Loss Per Share ("LPS")**

The basic EPS or LPS is calculated based on the Group's profit or loss attributable to ordinary equity holders of the parent for the current quarter and cumulative year to date, and divided by the weighted average number of shares of RM0.10 each in issue for the current quarter and cumulative year to date as follows :-

## (a) Basic EPS / (LPS)

	3 months ended		Year-to-date	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Profit / (loss) from continuing operations attributable to ordinary equity holders of the Company (RM'000)	3	5	(1,537)	12
Profit from discontinued operation attributable to ordinary equity holders of the Company (RM'000)	4	-	-	-
Profit / (loss) attributable to ordinary equity holders of the parent (RM'000)	7	5	(1,537)	12
Weighted average no. of ordinary shares of RM 0.10 each ('000)	144,731	133,333	144,731	133,333
Basic profit / loss per ordinary shares (sen) for:				
Profit / loss) from continuing operations	0.002	0.004	(1.062)	0.009
Profit from discontinued operation	0.003	-	-	-
Profit / (loss) for the period	0.005	0.004	(1.062)	0.009

## (b) Fully diluted earnings per share

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

**B13 Status of Utilisation of Proceeds from Private Placement**

Details of Utilisation	Proposed utilisation	Actual utilisation	Amount unutilised
	RM'000	RM'000	RM'000
Working capital	1,278,333	1,278,333	-
Estimated expenses for the Proposed Private Placement	55,000	55,000	-
Total	1,333,333	1,333,333	-

The Group has fully utilised the proceeds raised from the private placement completed on 23 February 2010.

**B14 Dividend**

There is no dividend declared for the current financial quarter.