

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	3 MONTHS PERIOD ENDED		12 MONTHS PERIOD ENDED		
	Note	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009
	RM	RM	Unaudited RM	Audited RM	
<b>CONTINUING OPERATIONS</b>					
Revenue	5,677,622	285,437	11,792,471	7,545,759	
Cost of sales	(1,849,803)	(994,693)	(3,986,127)	(2,447,734)	
Gross Profit	3,827,819	(709,256.00)	7,806,344	5,098,025	
Other operating income	58,807	39,740	63,489	70,670	
Administrative expenses	(1,982,468)	(1,633,567)	(8,066,231)	(7,250,382)	
Gain on disposal of assets held for sale	180	-	786,605	-	
Profit/(Loss) from operations	1,904,338	(2,303,083)	590,207	(2,081,687)	
Finance costs	(46,746)	(52,614)	(187,050)	(199,591)	
Negative goodwill from acquisition of a subsidiary	(0)	50,149	(12,044)	369,588	
Profit / (Loss) before income tax	1,857,591	(2,305,548)	391,112	(1,911,690)	
Income tax expenses	(231,392)	(121,931)	(270,421)	(192,816)	
Profit / (Loss) for the period	1,626,199	(2,427,479)	120,691	(2,104,506)	
<b>DISCONTINUED OPERATIONS</b>					
Profit / (loss) before tax from discontinued operations	-	(419,755)	-	(419,755)	
Taxation	-	-	-	-	
Profit / (loss) from discontinued operations	-	(419,755)	-	(419,755)	
Profit / (Loss) for the period	1,626,199	(2,847,234)	120,691	(2,524,261)	
Profit / (loss) attributable to:					
Equity Holders of the Parent	1,767,642	(2,852,380)	262,428	(2,729,705)	
Non controlling interest	(141,443)	5,146	(141,737)	205,444	
	1,626,199	(2,847,234)	120,691	(2,524,261)	
Earnings /(loss) per share attributable to					
Equity Holders of the Parent					
- Basic (sen)	B12	1.22	(2.14)	0.18	(2.05)
- 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 FOURTH QUARTER  
ENDED 31 DECEMBER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED		12 MONTHS PERIOD ENDED	
	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009
Note	RM	RM	RM	RM
Profit / (Loss) for the period	1,626,199	(2,847,234)	120,691	(2,524,261)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(4,810)	229	78,116	8,040
Other comprehensive income, net of tax	(4,810)	229	78,116	8,040
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>1,621,389</b>	<b>(2,847,005)</b>	<b>198,807</b>	<b>(2,516,221)</b>
Total comprehensive income/ (loss) attributable to:				
Equity Holders of the Parent	1,762,832	(2,852,151)	340,544	(2,721,665)
Non controlling interest	(141,443)	5,146	(141,737)	205,444
	<b>1,621,389</b>	<b>(2,847,005)</b>	<b>198,807</b>	<b>(2,516,221)</b>
	-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>31 DECEMBER 2010</b>	<b>31 DECEMBER 2009</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	5,499,558	7,044,040
Goodwill on consolidation	6,663,251	6,663,251
Intangible assets	883	10,096
Development costs	16,408,284	16,698,064
	<u>28,571,976</u>	<u>30,415,451</u>
<b>CURRENT ASSETS</b>		
Inventories	47,196	65,018
Trade receivables	6,248,836	694,473
Other receivables, prepayments & deposits	755,403	83,800
Tax recoverable	-	96,607
Deposits placed with licensed bank	667,484	360,068
Cash and bank balances	69,769	798,232
	<u>7,788,688</u>	<u>2,098,198</u>
Assets classified as held for sale	-	230,381
	<u>-</u>	<u>230,381</u>
<b>TOTAL ASSETS</b>	<b><u>36,360,664</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	53,369	(24,747)
Revaluation reserve	1,825,293	1,862,544
Retained profits	5,690,505	5,394,927
Amount recognised directly in equity relating to assets classified as held for sale	-	3,460
	<u>27,297,029</u>	<u>25,630,712</u>
Non controlling interest	4,513	29,758
<b>TOTAL EQUITY</b>	<u>27,301,542</u>	<u>25,660,470</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	66,569	107,883
Deferred tax liabilities	154,132	66,774
	<u>220,701</u>	<u>174,657</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	829,858	591,986
Other payables and accruals	3,471,148	3,571,114
Hire purchase payables	74,041	64,359
Provision for taxation	244,017	-
Bank overdrafts - secured	4,219,357	2,456,113
Liabilities directly associated with assets classified as held for sale	-	225,331
	<u>8,838,421</u>	<u>6,908,903</u>
<b>TOTAL LIABILITIES</b>	<u>9,059,122</u>	<u>7,083,560</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>36,360,664</u></b>	<b><u>32,744,030</u></b>
	(0)	-
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>18.6</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 FOURTH QUARTER  
ENDED 31 DECEMBER 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
	Non-Distributable			Distributable					
	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 31 DECEMBER 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	-	-	-	-	-	262,428	262,428	(141,737)	120,691
Other Comprehensive income for the period	-	-	78,116	-	-	-	78,116	-	78,116
Total comprehensive income for the period	-	-	78,116	-	-	262,428	340,544	(141,737)	198,807
Amortisation of revaluation reserve	-	-	-	(37,251)	-	37,251	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	(3,460)	-	(3,460)	-	(3,460)
Acquisition of Subsidiary	-	-	-	-	-	-	-	116,492	116,492
Disposal of investment in SMR USA	-	-	-	-	-	(4,101)	(4,101)	-	(4,101)
Balance at the end of period	14,666,666	5,061,195	53,369	1,825,293	-	5,690,505	27,297,028	4,513	27,301,541
	(0)	(0)	(0)	-	-	0	(0)	-	(0)
<b>Corresponding period-to-date ended 31 DECEMBER 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	-	-	-	-	-	(2,729,705)	(2,729,705)	205,444	(2,524,261)
Other Comprehensive income for the period	-	-	8,040	-	-	-	8,040	-	8,040
Total comprehensive income for the period	-	-	8,040	-	-	(2,729,705)	(2,721,665)	205,444	(2,516,221)
Amortisation of revaluation reserve	-	-	-	(38,011)	-	38,011	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	(3,460)	-	3,460	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	-	(1,057,008)	(1,057,008)
Balance at the end of period	13,333,333	5,061,195	(24,747)	1,862,544	3,460	5,394,927	25,630,712	29,758	25,660,470

*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 FOURTH QUARTER ENDED 31 DECEMBER 2010**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2010</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2009</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax		
- Continuing operations	391,112	(1,911,690)
- discontinued operations	-	(419,755)
Adjustments for:		
Depreciation		
- continuing operations	959,587	1,180,825
- discontinued operations	-	947
Amortisation	979,922	1,394,418
Interest Income	(4,682)	(11,914)
Interest expenses	187,050	207,116
Allowance for doubtful debts written back	-	
Loss / (gain) on Disposal PPE	6,054	(24,585)
Bad debts written off	873,084	4,526
Inventories written off	-	30,094
Negative goodwill written off	-	(369,588)
Gain on disposal of assets held for sale	(786,605)	
Impairment loss in investment in associate	-	36,660
Negative goodwill from acquisition of Subsidiary	12,044	
Operating (loss) / profit before working capital changes	2,617,566	117,054
Changes in working capital		
Receivables	(6,010,821)	31,953
Payables	137,906	1,039,821
Inventories	18,380	(39,979)
Cash used in from operations	(3,236,969)	1,148,849
Tax paid	(61,532)	(151,427)
Tax refund	3,390	18,266
<b>Net cash used in operating activities</b>	<b>(3,295,111)</b>	<b>1,015,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(159,856)	(46,909)
Deposit held as security	(307,416)	(244,890)
Proceeds from disposal of property, plant & equipment	92,433	109,774
Development Cost	(500)	-
Interest Income	4,682	11,914
<b>Net cash generated from / (used in) investing activities</b>	<b>(370,657)</b>	<b>(170,111)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement of share	1,462,781	-
Proceeds from disposal of assets held for sale	3	-
Investment in subsidiary	(25,000)	(685,422)
Net change in amounts owing by related parties	-	-
Repayment of hire purchase payables	(67,632)	(152,097)
Interest paid	(187,050)	(207,116)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,183,102</b>	<b>(1,044,635)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,482,666)</b>	<b>(199,058)</b>
Foreign exchange translation differences	(9,041)	8,233
Opening balance of cash and cash equivalents	(1,657,881)	(1,316,082)
<b>Closing balance of cash and cash equivalents</b>	<b>(4,149,588)</b>	<b>(1,506,907)</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	667,484	360,068
Cash and bank balances	69,769	798,232
Overdraft	(4,219,357)	(2,456,113)
	(3,482,104)	(1,297,813)
Less: Deposits held as security	(667,484)	(360,068)
Add: Cash and cash equivalents from discontinued operations	-	150,974
<b>Closing balance of cash and cash equivalents</b>	<b>(4,149,588)</b>	<b>(1,506,907)</b>
	(0)	-

**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 FORTH FINANCIAL QUARTER ENDED 31 DECEMBER 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]**

**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

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 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		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
<b>Continuing Operations</b>				
- software & implementation services	2,690	51	4,180	3,549
- outsourcing, consulting, executive search services, learning & development	4,913	234	9,610	4,355
- investment holding & management services	-	114	-	1,137
Elimination of inter-segment sales	(1,926)	(113)	(1,998)	(1,495)
Total revenue from Continuing Operations	5,677	286	11,792	7,546
<b>Discontinued Operations</b>	-	474	-	474
Total operations	5,677	760	11,792	8,020
<b>Segment Results</b>				
<b>Continuing Operations</b>				
- software & implementation services	1,711	(1,053)	689	(1,467)
- outsourcing, consulting, executive search services, learning & development	124	(1,428)	460	(479)
- investment holding & management services	(208)	(976)	(939)	(1,446)
Consolidation adjustments	-	1,030	(89)	1,288
	1,627	(2,427)	121	(2,104)
<b>Discontinued Operations</b>	-	(420)	-	(420)
(Loss) / profit after tax for total operations	1,627	(2,847)	121	(2,524)

(b) Analysis by geographical areas

	3 months ended 31 December 2010					
	Continuing Operations			Discontinued Operations		Total Operations
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000	Overseas RM'000	
Revenue						
External sales	4,132	1,545	-	5,677	-	5,677
Inter-segment	1,926	-	(1,926)	-	-	-
Total	6,058	1,545	(1,926)	5,677	-	5,677

	12 months ended 31 December 2010					
	Continuing Operations			Discontinued Operations		Total Operations
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000	Overseas RM'000	
Revenue						
External sales	7,371	4,421	-	11,792	-	11,792
Inter-segment	1,998	-	(1,998)	-	-	-
Total	9,369	4,421	(1,998)	11,792	-	11,792

<b>Segment assets</b>	51,932	616	(16,187)	36,361	-	36,361
<b>Segment liabilities</b>	17,290	192	(8,423)	9,059	-	9,059
<b>Depreciation &amp; amortisation</b>	1,933	7	-	1,940	-	1,940



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

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

**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**

As at 31.12.2010  
RM'000

Corporate Guarantees issued to financial institutions in respect of banking facilities granted to subsidiary companies	14,175
Bank Guarantee issued by a subsidiary company in favour of third parties	10
	<u>14,185</u>

Up to the quarter under review, the Group's total amount of Corporate Guarantees issued in favour to the Malayan Banking Berhad increased by RM9.475 million to RM14.175 million as compared to RM4.7 million in the last Quarter.

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 1889% to RM5.68 million for Q4, 2010 compared to the previous year's corresponding quarter. Profit before tax ("PBT") for the quarter of RM1.86 million increased compared with the previous year's corresponding quarter loss before tax ("LBT") of RM2.31 million. The increase in revenue and PBT was mainly due to AGFUND, Saudi Arabia event and English Language Teacher Training ("ELT") project in this quarter. These two projects made an impact on the bottom line.

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

The Group's revenue increased by 56% to RM11.79 million for the current financial year compared to the previous year. This increase was due to higher revenue generated in Q4, 2010. PBT for the current year of RM0.39 million compared with the LBT for the previous year of RM1.91 million. This is mainly due to the projects in Saudi Arabia (PetroRabigh), Sudan (Petrodar), Brunei (AITI), Bahrain (MOW) and Malaysia (ELT).

**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 RM1.86 million was an improvement compared to the profit before tax of RM0.05 million in the immediate preceding quarter (Q3 2010). This was mainly due to an increase in revenue by RM 2.92 million (106%) in the current quarter compared to the previous quarter.

**B3 Prospects for the current financial year**

The Group maintains a positive outlook on its performance for year 2011. The ELT project in Malaysia and projects in Sudan, Saudi Arabia and Bahrain have contributed positively to turn around the Group into a profitable position. With positive demand in Saudi Arabia, Sudan, U.A.E, Bahrain and Malaysia, the Group is confident that it can sustain its profitability and continual growth in the year 2011.

The Group is continuing to build on its core strength and focus on increasing operational 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 31.12.2010 RM'000	Cumulative Quarter 31.12.2010 RM'000
Income tax		
Current tax	145	187
(Over) / under provision of tax in prior year	-	(3)
Deferred tax liabilities	86	86
	231	270

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**

	31.12.2010
	RM'000
Secured short -term	
Overdraft	4,219
Hire purchase payables	74
Secured long -term	67
Hire purchase payables	67
Total borrowings	<u>4,360</u>

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	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Profit / (loss) from continuing operations attributable to ordinary equity holders of the Company (RM'000)	1,767	(2,433)	262	(2,310)
Profit / (loss) from discontinued operation attributable to ordinary equity holders of the Company (RM'000)	-	(420)	-	(420)
Profit / (loss) attributable to ordinary equity holders of the parent (RM'000)	<u>1,768</u>	<u>(2,852)</u>	<u>262</u>	<u>(2,730)</u>
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	1.221	(1.825)	0.181	(1.733)
Profit from discontinued operation	-	(0.315)	-	(0.315)
Profit / (loss) for the period	<u>1.221</u>	<u>(2.139)</u>	<u>0.181</u>	<u>(2.047)</u>

## (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	-
<b>Total</b>	<b>1,333,333</b>	<b>1,333,333</b>	<b>-</b>

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.

**B15 Disclosure of Realised and Unrealised Profits/Losses**

	As at
	31.12.2010
	RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	5,641
- Unrealised	50
Total group retained profits as per consolidated accounts	<u>5,691</u>

The Company has applied Listing Directive (LD09/10: Disclosure Requirement Pursuant to FRS 139, Financial Instruments: Recognition and Measurement) which exempts entities from disclosing comparative figures on the breakdown of realised and unrealised profits in the first year of applying the directive requirement.