

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED		6 MONTHS PERIOD ENDED	
	30 JUNE 2011	30 JUNE 2010	30 JUNE 2011	30 JUNE 2010
Note	RM	RM	Unaudited RM	Unaudited RM
<b>CONTINUING OPERATIONS</b>				
Revenue	10,389,417	2,533,372	19,434,889	3,360,456
Cost of sales	(2,100,312)	(652,653)	(4,275,315)	(1,211,970)
Gross Profit	8,289,105	1,880,719	15,159,574	2,148,486
Other operating income	14,191	1,544	84,275	7,899
Administrative expenses	(6,037,856)	(2,614,140)	(11,774,796)	(4,370,443)
Gain on disposal of assets held for sale	-	786,425	-	786,425
Profit/(Loss) from operations	2,265,440	54,548	3,469,053	(1,427,633)
Finance costs	(187,312)	(42,306)	(336,939)	(87,813)
Negative goodwill from acquisition of a subsidiary	65,183	271	65,183	271
Pre-acquisition profit adjustment	(66,556)	-	(66,556)	-
Profit / (Loss) before income tax	2,076,755	12,513	3,130,741	(1,515,175)
Income tax expenses	(13,911)	(10,480)	(23,079)	(26,200)
Profit / (Loss) for the period	2,062,844	2,033	3,107,662	(1,541,375)
<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	2,062,844	6,134	3,107,662	(1,541,375)
Profit / (loss) attributable to:				
Equity Holders of the Parent	2,059,440	6,594	3,105,594	(1,537,253)
Non controlling interest	3,404	(460)	2,068	(4,122)
	2,062,844	6,134	3,107,662	(1,541,375)
Earnings /(loss) per share attributable to				
Equity Holders of the Parent				
- Basic (sen)	B12	1.40	0.00	2.12
- 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 2010.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2011**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		6 MONTHS PERIOD ENDED	
		30 JUNE 2011	30 JUNE 2010	30 JUNE 2011	30 JUNE 2010
		RM	RM	RM	RM
Profit / (Loss) for the period		2,062,844	6,134	3,107,662	(1,541,375)
<b>OTHER COMPREHENSIVE INCOME</b>					
Exchange difference arising on translation of foreign operations		-	118,153	(5,767)	89,076
Other comprehensive income, net of tax		-	118,153	(5,767)	89,076
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>		<b>2,062,844</b>	<b>124,287</b>	<b>3,101,895</b>	<b>(1,452,299)</b>
Total comprehensive income/ (loss) attributable to:					
Equity Holders of the Parent		2,059,440	124,747	3,099,827	(1,448,177)
Non controlling interest		3,404	(460)	2,068	(4,122)
		<b>2,062,844</b>	<b>124,287</b>	<b>3,101,895</b>	<b>(1,452,299)</b>
		-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2011**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 JUNE 2011</b>	<b>31 DECEMBER 2010</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	9,803,737	5,499,558
Goodwill on consolidation	6,663,251	6,663,251
Intangible assets	90	883
Development costs	14,911,744	16,408,284
	<u>31,378,822</u>	<u>28,571,976</u>
<b>CURRENT ASSETS</b>		
Inventories	78,354	47,196
Trade receivables	7,573,592	6,248,836
Other receivables, prepayments & deposits	1,106,486	755,403
Deposits placed with licensed bank	290,302	667,802
Cash and bank balances	516,166	69,769
	<u>9,564,900</u>	<u>7,789,006</u>
<b>TOTAL ASSETS</b>	<b><u>40,943,722</u></b>	<b><u>36,360,982</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	14,666,666	14,666,666
Share premium	5,061,195	5,061,195
Foreign currency translation reserve	47,603	53,370
Revaluation reserve	1,807,040	1,825,293
Legal Reserve	27,053	27,053
Retained profits	8,807,199	5,683,352
	<u>30,416,756</u>	<u>27,316,929</u>
Non controlling interest	8,050	4,513
<b>TOTAL EQUITY</b>	<u>30,424,806</u>	<u>27,321,442</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	3,265,792	66,569
Finance lease payables	85,533	-
Deferred tax liabilities	134,086	134,086
	<u>3,485,411</u>	<u>200,655</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	258,669	829,858
Other payables and accruals	1,868,815	3,471,148
Hire purchase payables	1,154,135	74,041
Finance lease payables	179,328	-
Provision for taxation	190,651	244,481
Bank overdrafts - secured	3,381,907	4,219,357
	<u>7,033,505</u>	<u>8,838,885</u>
<b>TOTAL LIABILITIES</b>	<u>10,518,916</u>	<u>9,039,540</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>40,943,722</u></b>	<b><u>36,360,982</u></b>
Number of ordinary shares at RM0.10 sen par each	146,666,666	146,666,666
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>20.7</u>	<u>18.6</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 2010.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2011**

**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	Legal Reserve	Relating to Assets Held for Sale	Retained Profits			
	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Current period-to-date ended 30 JUNE 2011</b>										
As at 1 January 2011	14,666,666	5,061,195	53,370	1,825,293	27,053	-	5,683,352	27,316,929	4,513	27,321,442
Issuance of shares pursuant to Private Placement	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	3,105,594	3,105,594	3,537	3,109,131
Other Comprehensive income for the period	-	-	(5,767)	-	-	-	-	(5,767)	-	(5,767)
Total comprehensive income for the period	-	-	(5,767)	-	-	-	3,105,594	3,099,827	3,537	3,103,364
Amortisation of revaluation reserve	-	-	-	(18,253)	-	-	18,253	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	-
Disposal of investment in SMR USA	-	-	-	-	-	-	-	-	-	-
Balance at the end of period	14,666,666	5,061,195	47,603	1,807,040	27,053	-	8,807,199	30,416,756	8,050	30,424,806
<b>Corresponding 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

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 2010.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 JUNE 2011</b>	<b>CORRESPONDING PERIOD ENDED 30 JUNE 2010</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax		
- Continuing operations	3,130,741	(1,515,175)
- discontinued operations	-	-
Adjustments for:		
Depreciation		
- continuing operations	847,628	477,265
- discontinued operations	-	-
Amortisation	1,517,685	397,831
Interest Income	(12,501)	(4,380)
Interest expenses	297,129	87,813
Loss / (gain) on Disposal PPE	(75,999)	-
Bad debts written off	-	873,084
Gain on disposal of assets held for sale	-	(786,425)
Unrealised Foreign exchange loss	(25,904)	-
Pre-acquisition loss	66,556	-
Negative goodwill from acquisition of Subsidiary	(65,183)	(271)
Operating (loss) / profit before working capital changes	5,680,152	(470,258)
Changes in working capital		
Receivables	(1,644,335)	(1,415,408)
Payables	(2,154,272)	(359,600)
Inventories	(31,158)	1,771
Cash used in from operations	1,850,387	(2,243,495)
Tax paid	(113,340)	(26,498)
Interest expenses	(145,574)	-
<b>Net cash used in operating activities</b>	<b>1,591,473</b>	<b>(2,269,993)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(57,106)	(126,059)
Deposit held as security	377,500	246,116
Proceeds from disposal of property, plant & equipment	76,000	92,433
Development Cost	-	-
Interest Income	12,501	4,380
<b>Net cash generated from / (used in) investing activities</b>	<b>408,895</b>	<b>216,870</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
Proceeds from issuance of shares	6,918	-
Proceeds from disposal of investment in Subsidiary	221,866	-
Investment in subsidiary	(228,688)	(25,000)
Repayment of hire purchase payables	(481,983)	(33,937)
Repayment of finance lease payables	(73,407)	-
Interest paid	(151,556)	(87,813)
<b>Net cash generated from / (used in) financing activities</b>	<b>(706,850)</b>	<b>1,186,586</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,293,518</b>	<b>(866,537)</b>
Foreign exchange translation differences	(9,671)	3,931
Opening balance of cash and cash equivalents	(4,149,588)	(1,657,881)
<b>Closing balance of cash and cash equivalents</b>	<b>(2,865,741)</b>	<b>(2,520,487)</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	290,302	178,953
Cash and bank balances	516,166	180,070
Overdraft	(3,381,907)	(2,765,557)
Less: Deposits held as security	(290,302)	(113,953)
<b>Closing balance of cash and cash equivalents</b>	<b>(2,865,741)</b>	<b>(2,520,487)</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 2010.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2011**

**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 2010. 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 2010.

**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 2010 except for the adoption of the following FRSs, amendments to FRSs and IC Int, which are effective for annual periods beginning on and after:

**Revised FRSs, Amendments / Improvements to FRSs and IC Int Effective for financial periods beginning on or after 1 July 2010**Revised FRS

FRS 1	First-time Adoption of Financial Reporting Standards	1-Jul-10
FRS 3	Business Combinations	1-Jul-10
FRS 127	Consolidated and Separate Financial Statements	1-Jul-10

Amendments/Improvements to FRS

FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1-Jul-10
FRS 138	Intangible Assets	1-Jul-10

IC Int

IC Int 12	Service Concession Arrangements	1-Jul-10
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1-Jul-10
IC Int 17	Distributions of Non-cash Assets to Owners	1-Jul-10

**Revised FRSs, Amendments / Improvements to FRSs and IC Int Effective for financial periods beginning on or after 1 Jan 2011**Revised FRS

FRS 124	Related Party Disclosures	1-Jan-12
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Amendments/Improvements to FRS

FRS 1	First-time Adoption of Financial Reporting Standards	1-Jan-11
FRS 2	Share-based Payment	1-Jan-11
FRS 3	Business Combinations	1-Jan-11
FRS 7	Financial Instruments: Disclosure	1-Jan-11
FRS 101	Presentation of Financial Statements	1-Jan-11
FRS 121	The Effects of Changes in Foreign Exchange Rates	1-Jan-11
FRS 128	Related Party Disclosures	1-Jan-11
FRS 131	Interests in Joint Ventures	1-Jan-11
FRS 132	Financial Instruments: Presentation	1-Jan-11
FRS 134	Interim Financial Reporting	1-Jan-11
FRS 139	Financial Instruments: Recognition and Measurement	1-Jan-11

<u>IC Int</u>		
IC Int 4	Determining Whether an Arrangement contains a Lease	1-Jan-11
IC Int 15	Agreements for the Construction of Real Estate	1-Jan-12
IC Int 18	Transfers of Assets from Customers	1-Jan-11
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1-Jul-11

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:

<u>Amendments to IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1-Jul-10
IC Int 13	Customer Royalty Programmes	1-Jan-11
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1-Jul-11
IC Int 15	Agreements for the Construction of Real Estate	30-Aug-10

**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 2010 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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
<b>Continuing Operations</b>				
- software & implementation services	1,328	711	1,356	778
- outsourcing, consulting, executive search services, learning & development	9,062	1,822	18,079	2,654
- investment holding & management services	-	-	-	-
Elimination of inter-segment sales	-	-	-	(72)
Total revenue from Continuing Operations	10,390	2,533	19,435	3,360
<b>Discontinued Operations</b>	-	-	-	-
Total operations	10,390	2,533	19,435	3,360
<b>Segment Results</b>				
<b>Continuing Operations</b>				
- software & implementation services	1,014	(144)	(38)	(944)
- outsourcing, consulting, executive search services, learning & development	1,297	503	3,562	16
- investment holding & management services	(248)	(287)	(416)	(537)
Consolidation adjustments	-	(70)	-	(76)
	2,063	2	3,108	(1,541)
<b>Discontinued Operations</b>	-	4	-	-
Profit / (loss) after tax for total operations	2,063	6	3,108	(1,541)

(b) Analysis by geographical areas

	3 months ended 30 June 2011					
	← 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	8,463	1,927	-	10,390	-	10,390
Inter-segment	1,107	-	(1,107)	-	-	-
Total	9,570	1,927	(1,107)	10,390	-	10,390

	6 months ended 30 June 2011					
	← 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	17,262	2,173	-	19,435	-	19,435
Inter-segment	1,107	-	(1,107)	-	-	-
Total	18,369	2,173	(1,107)	19,435	-	19,435

<b>Segment assets</b>	59,394	670	(19,120)	40,944	-	40,944
<b>Segment liabilities</b>	21,774	92	(11,347)	10,519	-	10,519
<b>Depreciation &amp; amortisation</b>	2,361	4	-	2,365	-	2,365



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

- a) On 7 July 2011, PM Securities Sdn. Bhd. ("PM Securities") had announced that the Company is proposing to undertake a private placement of up to 15,438,000 new ordinary shares of RM0.10 each in SMR Tech Berhad ("SMRT") ("Placement Shares") representing not more than 10% of the enlarged issued and paid-up share capital of the Company which was arrived after taking into consideration of the exercise of the outstanding employees' share option scheme ("ESOS") options granted and exercisable in year 2011. ("Proposed Private Placement")

The proceeds are expected to be utilised by the Company for working capital as well as to defray the expenses in respect of the Proposed Private Placement. On 11 July 2011, PM Securities had announced that the breakdown of utilisation of proceeds from the Proposed Private Placement for employees' salaries, creditors and expenses for advertising and promotional activities.

The amount is expected to be utilised within 12 months from the date of completion of the Proposed Private Placement. Any variation in the actual amount of the expenses for the Proposed Private Placement will be adjusted proportionately for the working capital purposes.

The proposed Private Placement will enable the Company to raise gross proceeds for its working capital requirements. After due consideration of the various avenues of fund raising, the Board is of the view that raising fund by way of a private placement would be the most appropriate avenue as it will enable the Company to raise funds without incurring interest costs as opposed to bank borrowings.

- b) On 12 July 2011, PM Securities had announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 11 July 2011 resolved to approve the application for the listing and quotation of up to 15,438,000 new ordinary shares of RM0.10 each (excluding treasury shares) ("Shares") to be issued pursuant to the Proposed Private Placement subject to the following conditions:
- (i) SMRT and PM Securities must fully comply with the relevant provisions under the Bursa Securities Ace Market Listing Requirements ("LR") pertaining to the implementation of the Proposed Private Placement;
  - (ii) SMRT and PM Securities to inform Bursa Securities upon completion of the Proposed Private Placement; and
  - (iii) SMRT to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.
- c) On 21 July 2011, PM Securities had announced that the Company had fixed the issue price for the placement of 14,666,000 Placement Shares at RM0.133 per Placement Share pursuant to the Proposed Private Placement. The issue price represents a discount of RM0.0131 or approximately 8.97% to the five (5)-day volume weighted average market price of SMRT Shares up to and including 20 July 2011 of RM0.1461.
- d) On 4 August 2011, PM Securities had announced that the issued and paid up shares capital of the Company after the Shares Placement will be increased from 146,666,666 shares of RM0.10 each to 161,332,666 shares of RM0.10 each and the listing date for these shares will be on 5 August 2011.
- e) On 5 August 2011, PM Securities had announced that the Proposed Private Placement has been completed with the listing of 14,666,000 Placement Shares on 5 August 2011.

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

On 24 May 2011, the company had announced that SMR HR Technologies Sdn Bhd ("SMR HRT") had on 23 May 2011 completed the acquisition of 9,800 shares, representing 98% of the total issued and paid up share capital of SMR HR Technologies Pvt Ltd ("SMR India") for a total cash consideration of Rupees Rs98,000 (Equivalent to RM6,821.78).

**A12 Contingent Liabilities or Contingent Assets**

As at 30.06.2011  
RM'000

Corporate Guarantees issued to financial institutions in respect of  
banking facilities granted to subsidiary companies

10,200

Bank Guarantee issued by a subsidiary company in favour of third parties

10

10,210

**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**

For the current quarter under review, the group had achieved a revenue from its continuing operations of RM10.4 million with a profit before tax ("PBT") of RM2.08 million compared with a turnover of RM2.53 million and PBT of RM0.013 million in the same quarter of 2010 (Q2, 2010). The increase in revenue and PBT was mainly due to the special projects with MOE in Malaysia, MOW in Bahrain and Borouge in Abu Dhabi in this quarter.

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

The Group's revenue increased by 478% to RM19.4 million for the cumulative Q2, 2011 compared to the previous year's corresponding quarter. The increase was due to higher revenue generated from various projects. PBT for the cumulative quarter of RM3.13 million compared with the loss before tax for the previous year's corresponding quarter of RM1.52 million.

**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 RM2.08 million against RM1.05 million in the immediate preceding quarter (Q1, 2011). This was mainly due to an increase in revenue by RM1.34 million (15%) 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 projects in Malaysia and projects in Sudan, Saudi Arabia and Bahrain have contributed positively to maintain the Group 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 30.06.2011 RM'000	Cumulative Quarter 30.6.2011 RM'000
Income tax		
Current tax	14	23
(Over) / under provision of tax in prior year	-	-
Deferred tax liabilities	-	-
	14	23

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**

There was no other corporate proposals announced but not yet completed as at the date of this quarterly report.

**B9 Group Borrowings and Debt Securities**

	30.06.2011
	RM'000
Secured short -term	
Overdraft	3,382
Hire purchase payables	1,154
Lease assets payables	179
Secured long -term	
Hire purchase payables	3,266
Lease assets payables	86
Total borrowings	<u>8,067</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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Profit / (loss) from continuing operations attributable to ordinary equity holders of the Company (RM'000)	2,059	3	3,106	(1,537)
Profit / (loss) 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)	<u>2,059</u>	<u>7</u>	<u>3,106</u>	<u>(1,537)</u>
Weighted average no. of ordinary shares of RM 0.10 each ('000)	146,666	144,731	146,666	144,731
Basic profit / loss per ordinary shares (sen) for:				
Profit / (loss) from continuing operations	1.404	0.002	2.117	(1.062)
Profit from discontinued operation	-	0.003	-	-
Profit / (loss) for the period	<u>1.404</u>	<u>0.005</u>	<u>2.117</u>	<u>(1.062)</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 Dividend**

There is no dividend declared for the current financial quarter.

**B14 Disclosure of Realised and Unrealised Profits/(Losses)**

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	9,875	6,777
- Unrealised	(1,068)	(1,094)
Total group retained profits as per consolidated accounts	8,807	5,683