

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013**

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 2013	31 DECEMBER 2012	31 DECEMBER 2013	31 DECEMBER 2012
			Unaudited	Audited	
	RM	RM	RM	RM	
Revenue	17,451,064	12,141,528	52,398,173	61,445,081	
Cost of sales	(5,771,700)	(9,136,642)	(30,895,882)	(41,450,552)	
Gross Profit	11,679,365	3,004,886	21,502,291	19,994,529	
Other operating income	121,003	148,668	403,760	169,143	
Administrative expenses	(5,543,344)	(2,052,236)	(11,479,209)	(9,779,876)	
Profit from operations	6,257,023	1,101,318	10,426,842	10,383,796	
Finance costs	(36,293)	(63,100)	(182,608)	(366,121)	
Profit before income tax	6,220,730	1,038,218	10,244,234	10,017,675	
Income tax expenses	(1,123,285)	(1,134,560)	(1,981,008)	(1,450,175)	
Profit for the period	5,097,445	(96,342)	8,263,226	8,567,500	
Profit attributable to:					
Equity Holders of the Parent	5,050,176	(162,710)	8,216,531	8,506,678	
Non controlling interest	47,269	66,368	46,695	60,822	
	5,097,445	(96,342)	8,263,226	8,567,500	
Earnings per share attributable to Equity Holders of the Parent					
- Basic (sen)	B10	2.62	(0.10)	4.27	5.18
- Diluted (sen)	B10	2.60	(0.10)	4.23	5.12

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 2012.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013**

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 2013	31 DECEMBER 2012	31 DECEMBER 2013	31 DECEMBER 2012
Note				Audited
	RM	RM	RM	RM
Profit for the period	5,097,445	(96,342)	8,263,226	8,567,500
OTHER COMPREHENSIVE INCOME				
Exchange difference arising on translation of foreign operations	488,159	10,208	721,412	(111,869)
Amortisation of revaluation reserve	(12,013)	(8,944)	(42,637)	(35,775)
Other comprehensive income, net of tax	476,146	1,264	678,775	(147,644)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,573,591	(95,078)	8,942,001	8,419,856
Total comprehensive income attributable to:				
Equity Holders of the Parent	5,526,322	(161,446)	8,895,306	8,359,034
Non controlling interest	47,269	66,368	46,695	60,822
	5,573,591	(95,078)	8,942,001	8,419,856
	-	-	-	-

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited</i>	<i>Audited</i>
	31 DECEMBER 2013	31 DECEMBER 2012
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	7,780,464	8,665,084
Goodwill on consolidation	5,123,820	6,663,251
Intangible assets	1,500,000	-
Development costs	8,816,460	5,766,267
Other receivables, prepayments & deposits	-	1,128,401
	<u>23,220,744</u>	<u>22,223,003</u>
CURRENT ASSETS		
Inventories	48,886	40,953
Trade receivables	20,424,874	16,597,247
Other receivables, prepayments & deposits	15,307,265	7,520,631
Tax recoverable	757	757
Deposits placed with licensed bank	828,252	5,113,083
Cash and bank balances	3,186,066	1,989,308
	<u>39,796,100</u>	<u>31,261,979</u>
TOTAL ASSETS	<u>63,016,844</u>	<u>53,484,982</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	19,478,141	17,536,411
Share premium	9,027,702	6,757,395
Treasury Shares	(1,485,130)	(814,556)
Foreign currency translation reserve	734,601	13,189
Revaluation reserve	2,374,375	1,753,012
Legal Reserve	203,809	203,809
Share-based payment reserved in relating to ESOS	376,619	162,736
Retained profits	<u>29,014,679</u>	<u>21,670,258</u>
	59,724,796	47,282,254
Non controlling interest	125,685	78,990
TOTAL EQUITY	<u>59,850,481</u>	<u>47,361,244</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	535,419	1,894,835
Finance lease payables	-	-
Deferred tax liabilities	16,203	16,875
	<u>551,622</u>	<u>1,911,710</u>
CURRENT LIABILITIES		
Trade payables	111,068	67,278
Other payables and accruals	1,067,674	1,998,134
Hire purchase payables	1,358,174	1,402,114
Finance lease payables	-	67,524
Taxation payables	77,825	676,978
Bank overdrafts - secured	-	-
	<u>2,614,741</u>	<u>4,212,028</u>
TOTAL LIABILITIES	<u>3,166,363</u>	<u>6,123,738</u>
TOTAL EQUITY AND LIABILITIES	<u>63,016,844</u>	<u>53,484,982</u>
Number of ordinary shares at RM0.10 sen par each	194,781,409	175,364,112
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>30.7</u>	<u>27.0</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 2012.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013**

**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	Share Based Payment Reserved	Treasury Shares	Foreign Currency Translation Reserve	Revaluation Reserve	Legal Reserve	Retained Profits			
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Current period-to-date ended 31 DECEMBER 2013											
As at 1 January 2013	17,536,411	6,757,395	162,736	(814,556)	13,189	1,753,012	203,809	21,670,258	47,282,254	78,990	47,361,244
Issuance of shares pursuant to :-											
- Private Placement	1,725,200	2,329,020	-	-	-	-	-	-	4,054,220	-	4,054,220
- ESOS	216,530	81,025	-	-	-	-	-	-	297,555	-	297,555
Profit for the period	-	-	-	-	-	-	-	8,216,531	8,216,531	46,695	8,263,226
Other Comprehensive income for the period	-	-	-	-	721,412	(42,637)	-	-	678,775	-	678,775
Total comprehensive income for the period	-	-	-	-	721,412	(42,637)	-	8,216,531	8,895,306	46,695	8,942,001
Amortisation of revaluation reserve	-	-	-	-	-	-	-	42,637	42,637	-	42,637
Revaluation of properties, plant & equipment	-	-	-	-	-	664,000	-	-	664,000	-	664,000
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-
Share-based payments in relation to ESOS	-	-	66,681	-	-	-	-	-	66,681	-	66,681
Exercised of ESOS	-	(139,738)	139,738	-	-	-	-	-	-	-	-
Forfeiture of ESOS	-	-	7,464	-	-	-	-	(7,464)	-	-	-
Shares-Buy back	-	-	-	(670,574)	-	-	-	-	(670,574)	-	(670,574)
Interim Dividend payable	-	-	-	-	-	-	-	(937,007)	(937,007)	-	(937,007)
Reversal of Learning Resources	-	-	-	-	-	-	-	29,724	29,724	-	29,724
Balance at the end of period	19,478,141	9,027,702	376,619	(1,485,130)	734,601	2,374,375	203,809	29,014,679	59,724,796	125,685	59,850,481
	-	-	-	-	-	-	-	-	-	-	-
Corresponding period-to-date ended 31 DECEMBER 2012											
As at 1 January 2012	16,143,266	5,552,373	489,066	-	125,058	1,788,787	131,380	13,968,085	38,198,015	18,168	38,216,183
Issuance of shares pursuant to:-											
- ESOS	1,392,945	535,703	-	-	-	-	-	-	1,928,648	-	1,928,648
- Warrants Converted	200	160	-	-	-	-	-	-	360	-	360
Profit for the period	-	-	-	-	-	-	-	8,506,678	8,506,678	60,822	8,567,500
Other Comprehensive income for the period	-	-	-	-	(111,869)	(35,775)	-	-	(147,644)	-	(147,644)
Total comprehensive income for the period	-	-	-	-	(111,869)	(35,775)	-	8,506,678	8,359,034	60,822	8,419,856
Amortisation of revaluation reserve	-	-	-	-	-	-	-	35,775	35,775	-	35,775
Transfer to legal reserve	-	-	-	-	-	-	72,429	(72,429)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Shares-Buy back	-	-	-	(814,556)	-	-	-	-	(814,556)	-	(814,556)
Interim Dividend paid	-	-	-	-	-	-	-	(840,287)	(840,287)	-	(840,287)
Share-based payments in relation to ESOS	-	-	415,265	-	-	-	-	-	415,265	-	415,265
Exercised of ESOS	-	669,159	(669,159)	-	-	-	-	-	-	-	-
Forfeiture of ESOS	-	-	(72,436)	-	-	-	-	72,436	-	-	-
Balance at the end of period	17,536,411	6,757,395	162,736	(814,556)	13,189	1,753,012	203,809	21,670,258	47,282,254	78,990	47,361,244

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 2012.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER
 ENDED 31 DECEMBER 2013**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT PERIOD ENDED 31 DECEMBER 2013	CORRESPONDING PERIOD ENDED 31 DECEMBER 2012
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,244,234	10,017,675
Adjustments for:		
Depreciation	1,727,773	1,818,460
Amortisation	2,127,375	2,843,259
Amortisation of financial assets	(9,660)	147,558
Interest Income	(183,940)	(35,602)
Interest expenses	182,608	366,121
Loss / (gain) on Disposal PPE	156,471	-
PPE written off	21,843	17,677
Impairment loss on goodwill on consolidation	1,539,432	-
Share-based payments reserved in relating to ESOS	66,681	415,208
Effects of foreign exchange rate changes	678,533	(103,216)
Bargain purchase arising from acquisition of Subsidiary	-	(77,904)
Operating profit before working capital changes	16,551,350	15,409,236
Changes in working capital		
Receivables	(10,489,484)	(7,040,615)
Payables	(891,063)	(228,220)
Inventories	21,791	5,936
Cash (used in) / generated from operations	5,192,594	8,146,337
Tax paid	(2,576,001)	(966,044)
Tax refund	465	891
Interest expenses	(972)	(71,973)
Interest Received	183,940	35,602
Net cash generated from / (used in) operating activities	2,800,026	7,144,813
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(375,239)	(815,908)
Deposit held as security	(130,869)	(359,192)
Net Cash inflow on investment in subsidiary	-	(678,910)
Proceeds from disposal of property, plant & equipment	10,103	-
Intellectual rights / Intangible Asset	(1,500,000)	-
Development Cost	(5,177,568)	(551,895)
Interest Income	-	-
Net cash generated from / (used in) investing activities	(7,173,573)	(2,405,905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of shares capital	1,941,730	1,393,145
Premium on issuance of shares Capital	2,410,044	535,863
Share Buy Back	(670,574)	(814,556)
Repayment of hire purchase payables	(1,403,356)	(1,298,649)
Repayment of finance lease payables	(4,597)	(132,016)
Interim Dividend Paid	(937,007)	(840,287)
Interest paid	(181,636)	(294,148)
Net cash generated from / (used in) financing activities	1,154,604	(1,450,648)
Net decrease in cash and cash equivalents	(3,218,943)	3,288,260
Opening balance of cash and cash equivalents	6,405,009	3,116,748
Closing balance of cash and cash equivalents	3,186,066	6,405,008
Cash and cash equivalents		
Fixed deposits with licensed bank	828,252	5,113,083
Cash and bank balances	3,186,066	1,989,308
Overdraft	-	-
	4,014,318	7,102,391
Less: Deposits held as security	(828,252)	(697,383)
Closing balance of cash and cash equivalents	3,186,066	6,405,008

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 2012.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 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 MFRS 134 - Interim Financial Reporting issued by the Malaysian Financial 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 2012. 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 2012.

b) Significant Accounting Policies

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 2012 except for the Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework issued by Malaysian Accounting Standards Boards (MASB) which are effective for annual periods beginning on or after 1 January 2013 as disclosed below: -

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 10	Consolidated Financial Statements	01-Jan-13
MFRS 11	Joint Arrangements	01-Jan-13
MFRS 12	Disclosures of Interests in Other Entities	01-Jan-13
MFRS 13	Fair Value Measurement	01-Jan-13
<u>Revised MFRSs</u>		
MFRS 119	Employee Benefits	01-Jan-13
MFRS 127	Separate Financial Statements	01-Jan-13
MFRS 128	Investments in Associates and Joint Ventures	01-Jan-13
<u>Amendments / Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Financial Reporting Standards	01-Jan-13
MFRS 7	Financial Instruments: Disclosures	01-Jan-13
MFRS 10	Consolidated financial Statements	01-Jan-13
MFRS 11	Joint Arrangements	01-Jan-13
MFRS 12	Disclosures of Interests in Other Entities	01-Jan-13
MFRS 101	Presentation of Financial Statements	01-July-12 and 01-Jan-13
MFRS 132	Financial Instruments: Presentation	01-Jan-13
MFRS 134	Interim Financial Reporting	01-Jan-13

The adoption of the above revised MFRSs, amendments to MFRSs, and interpretation does not have material impact on the financial statements of 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 2012 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, other than disclosed as follows:-

- a) During the current financial quarter under review, the Company issued additional 410,520 new ordinary shares of RM0.10 each at an exercise price RM0.135 pursuant to the Employee Shares Option Scheme ("ESOS").

The details movement of the issued and paid up capital and share premium reserved for the Company are as follows:-

	No. of shares Issued and fully paid up ordinary shares of RM0.10 each	Share Capital	Share Premium	Total
	'000	RM '000	RM '000	RM '000
As at January 2013	175,364	17,536	6,758	24,294
Issuance of shares via Private Placement	17,252	1,725	2,329	4,054
Issuance of shares via ESOS	2,165	217	81	298
Transfer of ESOS reserved upon exercised of ESOS	-	-	(140)	(140)
Conversion of Warrants to Ordinary Shares	-	-	-	-
As at 31 December 2013	194,781	19,478	9,028	28,506

A6 Valuation of Property, Plant and Equipment

There was a revaluation performed by a independent professional valuer on the office suite owned by SMR HR Technologies Sdn Bhd, a wholly-owned subsidiary of the Company to the value of RM4.2 million. The resulting surplus of RM0.66 million has been recognised in the revaluation reserve.

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- software & implementation services	9,937	6,470	13,527	12,814
- outsourcing, consulting, executive search services, learning & development	21,587	19,111	55,044	65,688
- investment holding & management services	-	-	-	-
Elimination of inter-segment sales	(14,073)	(13,440)	(16,173)	(17,057)
Total operations	17,451	12,141	52,398	61,445
Segment Results				
- software & implementation services	5,761	4,205	5,592	1,468
- outsourcing, consulting, executive search services, learning & development	2,261	(4,294)	6,884	8,324
- investment holding & management services	(1,387)	126	(937)	420
Consolidation adjustments	(1,538)	91	(3,276)	(1,420)
Profit after tax for total operations	5,097	128	8,263	8,792

(b) Analysis by geographical areas

Revenue	3 months ended 31 December 2013			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	17,363	88	-	17,451
Inter-segment	14,103	-	(14,103)	-
Total	31,466	88	(14,103)	17,451

Revenue	12 months ended December 2013			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	49,785	2,613	-	52,398
Inter-segment	16,173	-	(16,173)	-
Total	65,958	2,613	(16,173)	52,398

Segment assets	111,913	12,785	(61,682)	63,016
Segment liabilities	53,848	101	(50,783)	3,166
Depreciation & amortisation	3,794	61	-	3,855

A10 Material Events Subsequent to the end of the current quarter

- On 6 Jan 2014, Maybank Investment Bank Berhad had announced on the completion of acquisition on behalf of SMR Education Sdn Bhd, a wholly-owned subsidiary of the Company of 7,750,371 ordinary shares of RM1.00 each in In-Fusion Education Sdn Bhd ("IESB"), representing approximately 70% of the issued and paid-up share capital of IESB, from In-Fusion Solutions Sdn Bhd ("ISSB") for a purchase consideration of RM27,448,758.58.
- On 23 January 2014, the Company had announced that SMR Education Solutions Sdn Bhd ("SMR ES") a wholly-owned subsidiary of the Company, had on 23 January 2014 entered into an MOU with Persada Mewah Sdn Bhd ("PERSADA MEWAH") for the proposed construction of buildings and structures catered for International School purposes at a parcel of the designated area on a piece commercial land held under HS(D) 28784, PT No. 41466, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 100,000 square metres.
- On 23 January 2014, the Company had announced that SMR ES had on 23 January 2014 entered into an MOU with PERSADA MEWAH for the proposed construction of buildings and structures catered for Residential purposes at a parcel of the designated area on a piece commercial land held under HS(D) 28784, PT No. 41466, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 100,000 square metres.
- On 23 January 2014, the Company had announced that In-Fusion Education Sdn Bhd ("IESB"), a 70% owned subsidiary of the Company had on 23 January 2014 entered into an MOU with PERSADA MEWAH for the proposed construction of buildings and structures catered for higher educational purposes at a parcel of the designated area on a piece commercial land held under HS(D) 28784, PT No. 41466, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 100,000 square metres.
- On 23 January 2014, the Company had announced that IESB had on 23 January 2014 entered into an MOU with PERSADA MEWAH for the proposed construction of buildings and structures catered for Residential purposes at a parcel of the designated area on a piece commercial land held under HS(D) 28784, PT No. 41466, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 100,000 square metres.

A11 Changes in the Composition of the Group

- On 30 December 2013, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Evergreen Portal Sdn Bhd for a total cash consideration of RM2.00.

A12 Contingent Liabilities or Contingent Assets

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

As at 31.12.2013
RM'000

10,200

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 of RM17.45 million with a profit before tax ("PBT") of RM6.22 million compared with a revenue of RM 12.14 million and PBT of RM1.04 million in the same quarter of 2012 (Q4, 2012). PBT of the reporting quarter increased to RM6.22 million mainly due to the renewal of contract for English Language Teaching ("ELT") project by Ministry of Education ("MOE").

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

The Group's revenue decreased by 15% to RM52.40 million for the cumulative quarter 2013 compared to the previous year's corresponding quarter RM61.45 million. The decrease in revenue is mainly due to the completion of ASET programme in year 2012. PBT for the cumulative quarter of RM10.24 million compared with the PBT for the previous year's corresponding cumulative quarter of RM10.02 million is due to improve in margins.

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

The Group's PBT recorded an increased in PBT of RM6.22 million for the current quarter against RM1.69 million in the immediate preceding quarter mainly contributed from the renewal of ELT project during the quarter under review.

B3 Prospects for the current financial year

The Group maintains a positive outlook on its performance for year 2014. The projects in Malaysia and projects in the Middle East have contributed positively to maintain the Group profitable position. With positive demand in Gulf Cooperation Council ("GCC") Countries and Malaysia, the Group is confident that it can sustain its profitability and continual growth in the year 2014.

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. With the acquisition of Cyberjaya University College Medical Sciences ("CUCMS"), the Group believes the prospects of CUCMS will contribute positively in the earnings of the Group.

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 31.12.2013 RM'000	Cumulative Quarter 31.12.2013 RM'000
Income tax		
Current tax	1,119	1,636
(Over) / under provision of tax in prior year	-	339
Deferred tax liabilities	4	6
	1,123	1,981

B6 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.

B7 Group Borrowings and Debt Securities

	31.12.2013 RM'000
<u>Secured short -term</u>	
Hire purchase payables	535
<u>Secured long -term</u>	
Hire purchase payables	1,358
Total borrowings	1,893

All borrowings are denominated in Ringgit Malaysia.

B8 Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this quarterly report.

B9 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.

B10 Earning Per Share ("EPS")

The basic EPS is calculated based on the Group's profit 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

	3 months ended		Year-to-date	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to ordinary equity holders of the parent (RM'000)	5,050	(163)	8,217	8,507
Weighted average no. of ordinary shares of RM 0.10 each ('000)	192,811	164,717	192,604	164,291
Basic profit per ordinary shares (sen)	2.619	(0.099)	4.266	5.178

(b) Fully diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	3 months ended		Year-to-date	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to ordinary equity holders of the parent (RM'000)	5,050	(163)	8,217	8,507
Weighted average no. of ordinary shares of RM 0.10 each ('000)	192,811	164,717	192,604	164,291
Effect of dilution for ESOS ('000)	1,495	1,807	1,495	1,807
Adjusted weighted average number of ordinary shares in issue and issuable	194,306	166,524	194,099	166,098
Diluted earnings per shares (sen)	2.599	(0.098)	4.233	5.121

B11 Proposed Dividend

The is no proposed dividend has been declared for the financial quarter under review.

B12 Disclosure of Realised and Unrealised Profits/(Losses)

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 December 2013 are as follows:-

	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		Audited
- Realised	29,827	22,685
- Unrealised	(812)	(1,015)
Total group retained profits as per consolidated accounts	29,015	21,670

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B13 Status of Utilisation of Proceeds from Private Placement

Details of Utilisation	Proposed utilisation	Actual utilisation as at 31.12.2013	Amount unutilised
	RM'000	RM'000	RM'000
- Business Expansion Opportunities	4,225	4,225	-
- Estimated expenses for the Proposed Private Placement	130	72	58
Total	4,355	4,297	58

The amount is expected to be utilised within 12 months from the date of the completion of the Private Placement, being 21 January 2014.