

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2014**

**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 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
			Unaudited	Unaudited
	RM	RM	RM	RM
Revenue	29,843,334	11,112,711	53,096,373	22,740,537
Cost of sales	(16,949,668)	(7,616,389)	(29,768,750)	(15,995,705)
Gross Profit	12,893,666	3,496,322	23,327,623	6,744,832
Other operating income	114,930	110,319	207,109	179,060
Administrative expenses	(7,887,406)	(2,355,332)	(15,774,270)	(4,483,972)
Profit from operations	5,121,190	1,251,309	7,760,462	2,439,920
Finance costs	(363,086)	(49,187)	(686,096)	(104,080)
Profit before income tax	4,758,104	1,202,122	7,074,366	2,335,840
Income tax expenses	(1,630,801)	(194,320)	(1,944,225)	(228,383)
Profit for the period	3,127,303	1,007,802	5,130,141	2,107,457
Profit attributable to:				
Equity Holders of the Parent	2,655,834	1,010,055	3,960,831	2,113,611
Non controlling interest	471,469	(2,253)	1,169,310	(6,154)
	3,127,303	1,007,802	5,130,141	2,107,457
Earnings per share attributable to Equity Holders of the Parent				
- Basic (sen)	B9	1.34	0.53	2.01
- Diluted (sen)	B9	1.33	0.52	2.01

**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 2013.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2014**

**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 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
				Unadited	Unadited
		RM	RM	RM	RM
Profit for the period		3,127,303	1,007,802	5,130,141	2,107,457
<b>OTHER COMPREHENSIVE INCOME</b>					
Exchange difference arising on translation of foreign operations		42,428	184,726	(205,637)	230,792
Amortisation of revaluation reserve		(11,871)	(9,848)	(23,744)	(18,613)
Other comprehensive income, net of tax		30,557	174,878	(229,381)	212,179
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,157,860</b>	<b>1,182,680</b>	<b>4,900,760</b>	<b>2,319,636</b>
Total comprehensive income attributable to:					
Equity Holders of the Parent		2,686,391	1,184,933	3,731,450	2,325,790
Non controlling interest		471,469	(2,253)	1,169,310	(6,154)
		<b>3,157,860</b>	<b>1,182,680</b>	<b>4,900,760</b>	<b>2,319,636</b>
		-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2014**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 JUNE 2014</b>	<b>31 DECEMBER 2013</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	10,457,574	7,773,431
Goodwill on consolidation	23,698,867	5,123,819
Intangible assets	1,624,890	1,500,000
Development costs	8,565,387	8,816,460
	<u>44,346,718</u>	<u>23,213,710</u>
<b>CURRENT ASSETS</b>		
Inventories	48,673	48,886
Trade receivables	36,229,522	20,424,874
Other receivables, prepayments & deposits	17,606,181	15,298,399
Tax recoverable	645,109	398,261
Deposits placed with licensed bank	1,653,167	828,252
Cash and bank balances	4,751,777	3,185,199
	<u>60,934,429</u>	<u>40,183,871</u>
<b>TOTAL ASSETS</b>	<b><u>105,281,147</u></b>	<b><u>63,397,581</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	20,388,665	19,478,141
Share premium	9,738,345	9,027,702
Treasury Shares	(1,486,255)	(1,485,130)
Foreign currency translation reserve	528,331	733,968
Revaluation reserve	2,350,631	2,374,375
Legal Reserve	203,809	203,809
Share-based payment reserved in relating to ESOS	91,884	376,620
Retained profits	32,957,136	28,972,561
	<u>64,772,546</u>	<u>59,682,046</u>
Non controlling interest	5,097,798	124,826
<b>TOTAL EQUITY</b>	<b><u>69,870,344</u></b>	<b><u>59,806,872</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	496,818	535,971
Term Loan	12,472,800	-
Deferred tax liabilities	16,203	25,060
	<u>12,985,821</u>	<u>561,031</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	550,407	111,068
Other payables and accruals	14,267,489	1,046,924
Hire purchase payables	1,035,696	1,357,621
Term Loan	3,568,000	-
Tax payables	2,019,695	514,065
Bank overdrafts - secured	983,695	-
	<u>22,424,982</u>	<u>3,029,678</u>
<b>TOTAL LIABILITIES</b>	<b><u>35,410,803</u></b>	<b><u>3,590,709</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>105,281,147</u></b>	<b><u>63,397,581</u></b>
Number of ordinary shares at RM0.10 sen par each	203,886,654	194,781,409
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>31.8</u>	<u>30.6</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 2013.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2014**

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

	Attributable to Equity Holders of the Company								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	
<b>Current period-to-date ended 30 JUNE 2014</b>											
As at 1 January 2014	19,478,141	9,027,702	376,620	(1,485,130)	733,968	2,374,375	203,809	28,972,561	59,682,046	124,826	59,806,872
Issuance of shares pursuant to :-											
- Private Placement	-	-	-	-	-	-	-	-	-	-	-
- ESOS	811,318	631,278	(284,736)	-	-	-	-	-	1,157,860	-	1,157,860
- Warrants Converted	99,206	79,365	-	-	-	-	-	-	178,571	-	178,571
Profit for the period	-	-	-	-	-	-	-	3,960,831	3,960,831	1,169,310	5,130,141
Other Comprehensive income for the period	-	-	-	-	(205,637)	(23,744)	-	-	(229,381)	-	(229,381)
Total comprehensive income for the period	-	-	-	-	(205,637)	(23,744)	-	3,960,831	3,731,450	1,169,310	4,900,760
Amortisation of revaluation reserve	-	-	-	-	-	-	-	23,744	23,744	-	23,744
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	3,803,662	3,803,662
Shares-Buy back	-	-	-	(1,125)	-	-	-	-	(1,125)	-	(1,125)
Balance at the end of period	20,388,665	9,738,345	91,884	(1,486,255)	528,331	2,350,631	203,809	32,957,136	64,772,546	5,097,798	69,870,344
	-	-	-	-	-	-	-	-	-	-	-
<b>Corresponding period-to-date ended 30 JUNE 2013</b>											
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	29,778	15,661	33,341	-	-	-	-	-	78,780	-	78,780
Profit for the period	-	-	-	-	-	-	-	2,113,611	2,113,611	(6,154)	2,107,457
Other Comprehensive income for the period	-	-	-	-	230,792	(18,613)	-	-	212,179	-	212,179
Total comprehensive income for the period	-	-	-	-	230,792	(18,613)	-	2,113,611	2,325,790	(6,154)	2,319,636
Amortisation of revaluation reserve	-	-	-	-	-	-	-	18,613	18,613	-	18,613
Revaluation of Office suite	-	-	-	-	-	664,000	-	-	664,000	-	664,000
Shares-Buy back	-	-	-	(669,524)	-	-	-	-	(669,524)	-	(669,524)
Interim Dividend paid	-	-	-	-	-	-	-	(937,007)	(937,007)	-	(937,007)
Exercised of ESOS	-	14,818	(14,818)	-	-	-	-	-	-	-	-
Balance at the end of period	19,291,389	9,116,894	181,259	(1,484,080)	243,981	2,398,399	203,809	22,865,475	52,817,126	72,836	52,889,962

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 2013.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 JUNE 2014</b>	<b>CORRESPONDING PERIOD ENDED 30 JUNE 2013</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,074,366	2,335,840
Adjustments for:		
Depreciation	2,178,813	879,256
Amortisation	1,136,584	1,136,612
Amortisation of financial assets	(137,898)	-
Interest Income	(23,146)	(70,907)
Interest expenses	686,096	104,080
Loss / (gain) on Disposal PPE	-	1,077
Share-based payments reserved in relating to ESOS	-	33,341
Effects of foreign exchange rate changes	(154,428)	193,907
Bargain purchase arising from acquisition of Subsidiary	-	-
Operating profit before working capital changes	10,760,387	4,613,206
Changes in working capital		
Receivables	10,340,840	(1,421,061)
Payables	(8,762,777)	820,010
Inventories	212	1,667
Cash (used in) / generated from operations	12,338,662	4,013,822
Tax paid	(1,439,277)	(493,395)
Interest expenses	(53,466)	-
Interest Received	23,146	70,907
<b>Net cash generated from / (used in) operating activities</b>	<b>10,869,065</b>	<b>3,591,334</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(467,554)	(353,232)
Deposit held as security	(824,915)	(90,869)
Net Cash inflow on investment in subsidiary	(24,271,735)	-
Proceeds from disposal of property, plant & equipment	-	5,000
Development Cost	(855,688)	(1,184,790)
Interest Income	-	-
<b>Net cash generated from / (used in) investing activities</b>	<b>(26,419,892)</b>	<b>(1,623,891)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares capital	910,525	1,754,978
Premium on issuance of shares Capital	425,908	2,344,681
Term Loan Facilities	17,840,000	-
Share Buy Back	(1,125)	(669,524)
Repayment of hire purchase payables	(609,768)	(689,366)
Repayment of finance lease payables	-	(2,938)
Repayment of Term Loan	(1,799,200)	-
Interest paid	(632,630)	(104,080)
<b>Net cash generated from / (used in) financing activities</b>	<b>16,133,710</b>	<b>2,633,751</b>
<b>Net decrease in cash and cash equivalents</b>	<b>582,883</b>	<b>4,601,194</b>
Opening balance of cash and cash equivalents	3,185,199	6,405,009
<b>Closing balance of cash and cash equivalents</b>	<b>3,768,082</b>	<b>11,006,203</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	1,653,167	6,788,991
Cash and bank balances	4,751,777	5,005,464
Overdraft	(983,695)	-
	5,421,249	11,794,455
Less: Deposits held as security	(1,653,167)	(788,252)
<b>Closing balance of cash and cash equivalents</b>	<b>3,768,082</b>	<b>11,006,203</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 2013.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014****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 2013. 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 2013.

**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 2013 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 2014 as disclosed below: -

<u>Amendments / Improvements to MFRSs</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 5	Business Combinations	1 July 2014
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interest in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: recognition and Measurement	1 January 2014
MFRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

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 2013 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 7,840,699 new ordinary shares of RM0.10 each at average exercise price of RM0.142 pursuant to the Employee Shares Option Scheme ("ESOS").
- b) During the current financial quarter under review, the company issued additional 992,066 new ordinary shares of RM010 each at an conversion price of RM0.18 pursuant to conversion of warrants to new ordinary shares.

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 2014	194,781	19,478	9,028	28,506
Issuance of shares via ESOS	8,113	812	346	1,158
Transfer of ESOS reserved upon exercised of ESOS	-	-	285	285
Conversion of Warrants to Ordinary Shares	992	99	79	178
As at 30 June 2014	<b>203,886</b>	<b>20,389</b>	<b>9,738</b>	<b>30,127</b>

**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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
- Technology & implementation services	2,949	691	4,519	1,228
- Consulting, training, others	13,065	11,128	22,170	22,740
- Education	13,829	-	27,307	-
- Investment holding & management services	-	-	-	-
Elimination of inter-segment sales	-	(706)	(900)	(1,227)
Total operations	29,843	11,113	53,096	22,741
<b>Segment Results</b>				
- Technology & implementation services	1,271	(805)	1,616	(1,314)
- Consulting, training, others	1,783	2,217	2,584	4,203
- Education	1,072	-	2,393	-
- Investment holding & management services	1,496	(401)	1,032	(778)
Consolidation adjustments	(2,495)	(3)	(2,495)	(3)
Profit after tax for total operations	3,127	1,008	5,130	2,108

(b) Analysis by geographical areas

Revenue	3 months ended 30 June 2014			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	27,235	2,608	-	29,843
Inter-segment	-	-	-	-
Total	27,235	2,608	-	29,843

Revenue	6 months ended 30 June 2014			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	49,914	3,182	-	53,096
Inter-segment	900	-	(900)	-
Total	50,814	3,182	(900)	53,096

<b>Segment assets</b>	186,837	12,413	(93,969)	105,281
<b>Segment liabilities</b>	116,849	632	(82,070)	35,411
<b>Depreciation &amp; amortisation</b>	3,256	30	-	3,286

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

- a) On 1 July 2014, the Company announced that on 30 June 2014 ("Price-fixing Date") fixed the issue price for the placement of 19,591,000 Placement Shares at RM0.64 per Placement Share ("Issue Price").
- b) On 24 July 2014, the Company announced that on 24 July 2014 entered into a Sale of Shares Agreement ("SSA") with MIG Education Sdn Bhd ("MIG") for the acquisition of 30% of the issued and paid-up share capital of In- Fusion Education Sdn Bhd ("IESB"), comprising 3,316,629 ordinary shares of RM1.00 each in IESB ("Sale Shares") for a total cash consideration of RM10,000,000.00 ("Proposed Acquisition").
- c) Further to the announcement dated 24 July 2014 in relation to the Proposed Acquisition, the Company had on 30 July 2014 and 31 July 2014 furnished additional information in relation to the Proposed Acquisition.
- d) On 10 July 2014, the Company announced that the listing of the 19,591,000 placement shares marks as completion of private placement.
- e) Further to the announcement dated 30 June 2014 in relation to Proposed Transfer, Maybank Investment Bank ("Maybank IB") on behalf of the Company had announced that on 14 August 2014 the followings applications has been submitted to the relevant authorities :-
- i) the Securities Commission of Malaysia ("SC"), for the Proposed Transfer; and
- ii) the Equity Compliance Unit of the SC, for the resultant equity structure upon completion of the Proposed Transfer; and
- iii) the Ministry of International Trade and Industry, Malaysia ("MITI"), for the recognition of certain of the Company's existing shareholders as Bumiputera investors approved by the MITI in order to meet the equity requirement for public companies pursuant to the Proposed Transfer.
- f) On 20 August 2014, the Company announced that Evergreen Portal Sdn Bhd, a wholly-owned subsidiary has changed its name to SMR Proelt Sdn Bhd ("SMR Proelt") with effect from 15 August 2014 as stipulated in the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia, which was received on 20 August 2014.
- g) On 25 August 2014, the Company announce that SMR Proelt had on 21 August 2014 been awarded a contract by the MoE to train and up-skill 1,000 English teachers to increase proficiency of the teachers with the main end of objective of improving students' English language proficiency. This letter of award serves as a conditional award so as to facilitate SMR Proelt in making the necessary preparations, subject to the contract being finalised and agreed by the two parties.



**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 30.06.2014  
RM'000

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

38,090

**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 RM29.84 million with a profit before tax ("PBT") of RM4.76 million compared with a revenue of RM11.11 million and PBT of RM1.20 million in the same quarter of 2013 (Q2, 2013). PBT of the reporting quarter increased by RM3.56 million mainly due to increased in revenue generated from education sector.

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

The Group's revenue increased by 133% to RM53.10 million for the cumulative quarter 2014 compared to the previous year's corresponding quarter RM22.74 million. The increased in revenue is mainly due to revenue generated from education sector.

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

The Group's PBT recorded a increased by RM2.44 million for the current quarter from RM2.32 million in the immediate preceding quarter mainly due to higher profit contribution resulted from increased in revenue by both IT business and education sector 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 Middle East have contributed positively to maintain the Group's profitable position. With the expansion to the education sector, the Group is confident that it can sustain its profitability and continual growth in the year 2014.

The Group has increasingly focused on the learning space - the Education sector as both the Malaysian government and the government in the countries that we focus on have high growth economies and they continue to invest heavily in education and workforce learning and development. With Malaysia's Economic Transformation Programme ("ETP") focusing on developing a high income nation and substantial investments in Education and Workforce development, the group is confident of the demand for its solutions in the learning space.

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 30.06.2014 RM'000	Cumulative Quarter 30.06.2014 RM'000
Income tax		
Current tax	1,722	2,059
(Over) / under provision of tax in prior year	(91)	(111)
Deferred tax liabilities	-	(4)
	<u>1,631</u>	<u>1,944</u>

**B6 Status of corporate proposals announced but not yet completed**

There were no other corporate proposals announced but not yet completed as at the date of this quarterly report, other than disclosed as follows:-

- a) On 30 June 2014, Maybank IB had announced on behalf of the Company that proposes to undertake the followings:-
- i) proposed transfer of the listing of the entire issued and paid-up share capital and the outstanding five (5)-year warrants 2012/2017 of the Company ("Warrants") from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer"); and
  - ii) proposed amendments to the Articles of Association of SMRT to facilitate the implementation of the Proposed Transfer ("Proposed Amendments")
- On 14 August 2014, Maybank Investment Bank ("Maybank IB") on behalf of the Company had announced that the following applications has been submitted to the relevant authorities:-
- i) the Securities Commission of Malaysia ("SC"), for the Proposed Transfer; and
  - ii) the Equity Compliance Unit of the SC, for the resultant equity structure upon completion of the Proposed Transfer; and
  - iii) the Ministry of International Trade and Industry, Malaysia ("MITI"), for the recognition of certain of the Company's existing shareholders as Bumiputera investors approved by the MITI in order to meet the equity requirement for public companies pursuant to the Proposed Transfer.
- b) On 24 July 2014, the Company announced that on 24 July 2014 entered into a Sale of Shares Agreement ("SSA") with MIG Education Sdn Bhd ("MIG") for the acquisition of 30% of the issued and paid-up share capital of In- Fusion Education Sdn Bhd ("IESB"), comprising 3,316,629 ordinary shares of RM1.00 each in IESB ("Sale Shares") for a total cash consideration of RM10,000,000.00 ("Proposed Acquisition").

On 30 July 2014 and 31 July 2014, the Company had announced and furnished additional information in relation to the Proposed Acquisition.

**B7 Group Borrowings and Debt Securities**

30.06.2014

	RM'000
<u>Secured short -term</u>	
Overdraft	984
Hire purchase payables	1,036
Term Loan	3,568
<u>Secured long -term</u>	
Hire purchase payables	497
Term Loan	12,473
Total borrowings	<u>18,558</u>

All borrowings are denominated in Ringgit Malaysia.

**B8 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.

**B9 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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,656	1,010	3,961	2,114
Weighted average no. of ordinary shares of RM 0.10 each ('000)	198,862	190,980	196,952	190,954
Basic profit per ordinary shares (sen)	<u>1.336</u>	<u>0.529</u>	<u>2.011</u>	<u>1.107</u>

**(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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,656	1,010	3,961	2,114
Weighted average no. of ordinary shares of RM 0.10 each ('000)	198,862	190,980	196,952	190,954
Effect of dilution for ESOS ('000)	410	1,865	410	1,865
Adjusted weighted average number of ordinary shares in issue and issuable	<u>199,272</u>	<u>192,845</u>	<u>197,362</u>	<u>192,819</u>
Diluted earnings per shares (sen)	<u>1.333</u>	<u>0.524</u>	<u>2.007</u>	<u>1.096</u>

**B10 Proposed Dividend**

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

#### B11 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 30 June 2014 are as follows:-

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		Audited
- Realised	33,638	29,784
- Unrealised	(681)	(812)
Total group retained profits as per consolidated accounts	32,957	28,972

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.

#### B12 Operating Profit

	3 months ended		Year-to-date	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Operating profit has been arrived at after charging:-				
Amortisation of developments cost	510	595	1,077	1,137
Depreciation of property, plant and equipment	1,093	441	2,179	879
Interest expenses	363	49	686	104
Loss on disposal of property, plant and equipment	-	1	-	1
Realised loss on foreign exchange	27	10	17	54
Unrealised loss on foreign exchange	-	78	-	29
After crediting:-				
Interest Income	22	57	27	71
Rental Income	61	54	136	108
Unrealised gain on foreign exchange	5	-	131	-

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.