

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	3 MONTHS PERIOD ENDED		9 MONTHS PERIOD ENDED		
	Note	30 SEPTEMBER 2014	30 SEPTEMBER 2013	30 SEPTEMBER 2014	30 SEPTEMBER 2013
	RM	RM	Unaudited RM	Unaudited RM	
Revenue		37,228,187	12,206,572	90,324,560	34,947,109
Cost of sales		(24,884,234)	(9,128,477)	(57,087,022)	(25,124,182)
Gross Profit		12,343,953	3,078,095	33,237,538	9,822,927
Other operating income		576,153	103,697	783,262	282,757
Administrative expenses		(7,997,455)	(1,451,893)	(21,337,687)	(5,935,865)
Profit from operations		4,922,651	1,729,899	12,683,113	4,169,819
Finance costs		(349,475)	(42,235)	(1,035,571)	(146,315)
Profit before income tax		4,573,176	1,687,664	11,647,542	4,023,504
Income tax expenses		(1,155,393)	(629,340)	(3,099,618)	(857,723)
Profit for the period		3,417,783	1,058,324	8,547,924	3,165,781
Profit attributable to:					
Equity Holders of the Parent		2,923,473	1,052,744	6,884,304	3,166,355
Non controlling interest		494,310	5,580	1,663,620	(574)
		3,417,783	1,058,324	8,547,924	3,165,781
Earnings per share attributable to					
Equity Holders of the Parent					
- Basic (sen)	B9	1.30	0.55	3.31	1.65
- Diluted (sen)	B9	1.30	0.54	3.31	1.64

**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.

In the Cumulative Quarter, the reclassification of accounts from Administrative Expenses to Cost of Sales for the expenses incurred in the Q1 and Q2 in relation to apportionment of Administrative expenses for Cyberjaya University College of Medical Sciences ("CUICMS") for total amount RM2,434,038.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		9 MONTHS PERIOD ENDED	
		30 SEPTEMBER 2014	30 SEPTEMBER 2013	30 SEPTEMBER 2014	30 SEPTEMBER 2013
				Unaudited	Unaudited
		RM	RM	RM	RM
Profit for the period		3,417,783	1,058,324	8,547,924	3,165,781
<b>OTHER COMPREHENSIVE INCOME</b>					
Exchange difference arising on translation of foreign operations		57,418	2,461	(148,219)	233,253
Amortisation of revaluation reserve		(11,872)	(12,011)	(35,616)	(30,624)
Other comprehensive income, net of tax		45,546	(9,550)	(183,835)	202,629
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,463,329</b>	<b>1,048,774</b>	<b>8,364,089</b>	<b>3,368,410</b>
Total comprehensive income attributable to:					
Equity Holders of the Parent		2,969,019	1,043,194	6,700,469	3,368,984
Non controlling interest		494,310	5,580	1,663,620	(574)
		<b>3,463,329</b>	<b>1,048,774</b>	<b>8,364,089</b>	<b>3,368,410</b>
		-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 SEPTEMBER 2014</b>	<b>31 DECEMBER 2013</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	9,752,198	7,773,431
Goodwill on consolidation	23,698,867	5,123,819
Intangible assets	1,610,903	1,500,000
Development costs	9,145,456	8,816,460
	<u>44,207,424</u>	<u>23,213,710</u>
<b>CURRENT ASSETS</b>		
Inventories	41,306	48,886
Trade receivables	62,557,531	20,424,874
Other receivables, prepayments & deposits	13,897,174	15,298,399
Tax recoverable	623,205	398,261
Deposits placed with licensed bank	9,026,956	828,252
Cash and bank balances	6,587,586	3,185,199
	<u>92,733,758</u>	<u>40,183,871</u>
<b>TOTAL ASSETS</b>	<b><u>136,941,182</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	23,231,219	19,478,141
Share premium	21,031,319	9,027,702
Treasury Shares	(2,270,284)	(1,485,130)
Foreign currency translation reserve	585,749	733,968
Revaluation reserve	2,338,759	2,374,375
Legal Reserve	203,809	203,809
Share-based payment reserved in relating to ESOS	53,767	376,620
Retained profits	35,892,481	28,972,561
	<u>81,066,819</u>	<u>59,682,046</u>
Non controlling interest	5,592,108	124,826
<b>TOTAL EQUITY</b>	<b><u>86,658,927</u></b>	<b><u>59,806,872</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	762,077	535,971
Term Loan	11,578,300	-
Deferred tax liabilities	27,020	25,060
	<u>12,367,397</u>	<u>561,031</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,511,616	111,068
Other payables and accruals	29,593,218	1,046,924
Hire purchase payables	679,552	1,357,621
Term Loan	3,570,000	-
Tax payables	1,560,472	514,065
Bank overdrafts - secured	-	-
	<u>37,914,858</u>	<u>3,029,678</u>
<b>TOTAL LIABILITIES</b>	<b><u>50,282,255</u></b>	<b><u>3,590,709</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>136,941,182</u></b>	<b><u>63,397,581</u></b>
Number of ordinary shares at RM0.10 sen par each	232,312,187	194,781,409
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>34.9</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 THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**

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

	Attributable to Equity Holders of the Company							Retained Profits	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				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current period-to-date ended 30 SEPTEMBER 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	1,959,100	10,579,140	-	-	-	-	-	-	12,538,240	-	12,538,240
- ESOS	923,318	727,949	(322,853)	-	-	-	-	-	1,328,414	-	1,328,414
- Warrants Converted	870,660	696,528	-	-	-	-	-	-	1,567,188	-	1,567,188
Profit for the period	-	-	-	-	-	-	-	6,884,304	6,884,304	1,663,620	8,547,924
Other Comprehensive income for the period	-	-	-	-	(148,219)	(35,616)	-	-	(183,835)	-	(183,835)
Total comprehensive income for the period	-	-	-	-	(148,219)	(35,616)	-	6,884,304	6,700,469	1,663,620	8,364,089
Amortisation of revaluation reserve	-	-	-	-	-	-	-	35,616	35,616	-	35,616
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	3,803,662	3,803,662
Shares-Buy back	-	-	-	(785,154)	-	-	-	-	(785,154)	-	(785,154)
Balance at the end of period	23,231,219	21,031,319	53,767	(2,270,284)	585,749	2,338,759	203,809	35,892,481	81,066,819	5,592,108	86,658,927
	-	-	-	-	-	-	-	-	-	-	-
<b>Corresponding period-to-date ended 30 SEPTEMBER 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	175,478	66,656	57,476	-	-	-	-	-	299,610	-	299,610
Profit for the period	-	-	-	-	-	-	-	3,166,355	3,166,355	(574)	3,165,781
Other Comprehensive income for the period	-	-	-	-	233,253	(30,624)	-	-	202,629	-	202,629
Total comprehensive income for the period	-	-	-	-	233,253	(30,624)	-	3,166,355	3,368,984	(574)	3,368,410
Amortisation of revaluation reserve	-	-	-	-	-	-	-	30,624	30,624	-	30,624
Revaluation of Office suite	-	-	-	-	-	664,000	-	-	664,000	-	664,000
Lapsed ESOS	-	-	-	-	-	-	-	(7,464)	(7,464)	-	(7,464)
Shares-Buy back	-	-	-	(670,574)	-	-	-	-	(670,574)	-	(670,574)
Interim Dividend paid	-	-	-	-	-	-	-	(937,007)	(937,007)	-	(937,007)
Exercised of ESOS	-	(150,675)	150,675	-	-	-	-	-	-	-	-
Balance at the end of period	19,437,089	9,002,396	370,887	(1,485,130)	246,442	2,386,388	203,809	23,922,766	54,084,647	78,416	54,163,063

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 THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 SEPTEMBER 2014</b>	Notes	<b>CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2013</b>
	RM		RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	11,647,542		4,023,504
Adjustments for:			
Depreciation	3,263,772		1,315,714
Amortisation	1,703,951		1,547,007
Amortisation of financial assets	(137,898)		-
Interest Income	(36,961)		(118,014)
Interest expenses	1,035,571		146,315
Bad debts Written Off	1,074		-
Loss / (gain) on Disposal PPE	-		1,077
Share-based payments reserved in relating to ESOS	-		50,017
Effects of foreign exchange rate changes	(111,903)		211,125
Operating profit before working capital changes	17,365,148		7,176,745
Changes in working capital			
Receivables	(17,679,847)	(1)	(5,177,464)
Payables	5,613,836		(210,949)
Inventories	7,579		9,916
Cash (used in) / generated from operations	5,306,716		1,798,248
Tax paid	(3,024,317)		(1,533,148)
Interest expenses	(56,640)		(6)
Interest Received	36,961		118,014
<b>Net cash generated from / (used in) operating activities</b>	<b>2,262,720</b>		<b>383,108</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(713,878)		(359,750)
Deposit held as security	(1,198,704)		(110,869)
Net Cash inflow on investment in subsidiary	(15,941,821)	(1)	-
Proceeds from disposal of property, plant & equipment	-		5,000
Development Cost	(1,989,136)		(1,949,359)
<b>Net cash generated from / (used in) investing activities</b>	<b>(19,843,539)</b>		<b>(2,414,978)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds on issuance of shares capital	3,753,078		1,900,678
Premium on issuance of shares Capital	11,680,765		2,395,676
Term Loan Facilities	17,840,000		-
Share Buy Back	(785,154)		(670,574)
Repayment of hire purchase payables	(834,852)		(1,056,376)
Repayment of finance lease payables	-		(5,143)
Repayment of Term Loan	(2,691,700)		-
Interim Dividend Paid	-		(937,007)
Interest paid	(978,931)		(146,309)
<b>Net cash generated from / (used in) financing activities</b>	<b>27,983,206</b>		<b>1,480,945</b>
<b>Net decrease in cash and cash equivalents</b>	<b>10,402,387</b>		<b>(550,925)</b>
Opening balance of cash and cash equivalents	3,185,199		6,405,009
<b>Closing balance of cash and cash equivalents</b>	<b>13,587,586</b>		<b>5,854,084</b>
<b>Cash and cash equivalents</b>			
Fixed deposits with licensed bank	9,026,956		5,308,252
Cash and bank balances	6,587,586		1,354,084
Overdraft	-		-
Less: Deposits held as security	(2,026,956)		(808,252)
<b>Closing balance of cash and cash equivalents</b>	<b>13,587,586</b>		<b>5,854,084</b>

**Note:**

- (1) After adjusting for the reclassification of the deposit of RM8,329,915 paid to In-Fusion Solutions Sdn Bhd in year 2013 for the acquisition of In-Fusion Education Sdn Bhd which was completed during the 1st quarter ended 31 March 2014 from net cash generated from operating activities to net cash used in investing activities.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 1,120,000 new ordinary shares of RM0.10 each at average exercise price of RM0.152 pursuant to the Employee Shares Option Scheme ("ESOS").
- b) During the current financial quarter under review, the company issued additional 7,714,533 new ordinary shares of RM0.10 each at an conversion price of RM0.18 pursuant to conversion of warrants to new ordinary shares.
- c) On 10 July 2014, the Company had completed the Private Placement for 19,591,000 new ordinary shares of RM0.10 each, representing approximately 10% of the issued and paid up share capital of the Company to various companies at an issue price of RM0.64 each ("Private Placement")

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 Private Placement	19,591	1,959	10,579	12,538
Issuance of shares via ESOS	9,233	923	405	1,328
Transfer of ESOS reserved upon exercised of ESOS	-	-	323	323
Conversion of Warrants to Ordinary Shares	8,707	871	697	1,568
As at 30 September 2014	<b>232,312</b>	<b>23,231</b>	<b>21,032</b>	<b>44,263</b>

- d) During the current quarter under review, the Company has repurchased 917,700 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM0.854 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

**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		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
- Technology & implementation services	13,674	2,362	18,193	3,590
- Consulting, training, others	12,252	10,717	34,422	33,457
- Education	14,530	-	41,837	-
- Investment holding & management services	-	-	-	-
Elimination of inter-segment sales	(3,227)	(873)	(4,127)	(2,100)
Total operations	37,229	12,206	90,325	34,947
<b>Segment Results</b>				
- Technology & implementation services	4,523	1,145	6,139	(169)
- Consulting, training, others	(97)	420	2,487	4,623
- Education	918	-	3,311	-
- Investment holding & management services	(1,339)	1,228	(307)	450
Consolidation adjustments	(587)	(1,735)	(3,082)	(1,738)
Profit after tax for total operations	3,418	1,058	8,548	3,166

(b) Analysis by geographical areas

Revenue	9 months ended 30 September 2014			
	Malaysia	Overseas	Elimi- nations	Total Operations
	RM'000	RM'000	RM'000	RM'000
External sales	87,140	3,184	-	90,324
Inter-segment	2,926	1,201	(4,127)	-
Total	90,066	4,385	(4,127)	90,324

Segment assets	232,109	11,104	(106,272)	136,941
Segment liabilities	144,024	69	(93,811)	50,282
Depreciation & amortisation	4,926	41	-	4,967

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

- a) On 7 November 2014, the Company had announced that In-Fusion Education Sdn Bhd has changed its name to CUCMS Education Sdn Bhd with effect from 6 November 2014.
- b) On 10 November 2014, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each in Strategic Ambience Sdn Bhd ("SASB") representing the 100% equity interest in Strategic Ambience for a total cash consideration of RM2.00.
- c) On 10 November 2014, the Company had announced that Strategic Ambience Sdn Bhd ("SASB") has on 10 November 2014, received an undertaking from Mr. Siva Kumar a/l M Jeyapalan ("Mr. Siva"), a major shareholder and Executive Director of Masterskill Education Group Berhad ("MEGB") committing to accept any offer which SASB either by itself (or by companies related to it) in conjunction with another person (collectively "Offerors") may make for the purchase of Mr. Siva's entire shareholding in MEGB consisting of 123,656,700 ordinary shares of RM0.20 each in MEGB ("MEGB Shares") ("Available Shares"), representing approximately 32.9% of the issued and paid-up share capital of MEGB, at a cash offer price of RM0.60 for each MEGB Share.
- d) Further to the announcements dated 24 July 2014, 30 July 2014 and 31 July 2014, the Company had announced that the Proposed Acquisition of 30% of the Issued and paid-up share capital of In-Fusion Education Sdn Bhd (Now known as CUCMS Education Sdn Bhd) for a purchase consideration of RM10,000,000.00 ("Proposed Acquisition") has been completed on 10 November 2014.
- e) Further to the Company's announcement dated 25 August 2014, the Company had announced that SMR Proelt Sdn Bhd (Formerly known as Evergreen Portal Sdn Bhd) ("SMR Proelt"), a wholly owned subsidiary of the Company has on 17 November 2014 entered into an agreement with PADU Corporation to formalize the appointment of SMR Proelt to undertake the Professional Up-Skilling of English Language Teachers (Pro-ELT) Program.

**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 30.09.2014  
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 RM37.23 million with a profit before tax ("PBT") of RM4.57 million compared with a revenue of RM12.21 million and PBT of RM1.69 million in the same quarter of 2013 (Q3, 2013). PBT of the reporting quarter increased by RM2.89 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 158% to RM90.32 million for the cumulative quarter 2014 compared to the previous year's corresponding quarter of RM34.95 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 minor decreased by RM0.18 million for the current quarter from RM4.76 million in the immediate preceding quarter mainly due to higher admin and marketing expenses incurred during the current quarter.

**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 30.09.2014 RM'000	Cumulative Quarter 30.09.2014 RM'000
Income tax		
Current tax	980	3,039
(Over) / under provision of tax in prior year	170	59
Deferred tax liabilities	6	2
	<u>1,156</u>	<u>3,100</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 10 November 2014, the Company had announced that a wholly-owned subsidiary, Strategic Ambience Sdn Bhd ("SASB") has on 10 November 2014, received an undertaking from Mr. Siva Kumar a/l M Jeyapalan ("Mr. Siva"), a major shareholder and Executive Director of Masterskill Education Group Berhad ("MEGB") committing to accept any offer which SASB either by itself (or by companies related to it) in conjunction with another person (collectively "Offerors") may make for the purchase of Mr. Siva's entire shareholding in MEGB consisting of 123,656,700 ordinary shares of RM0.20 each in MEGB ("MEGB Shares") ("Available Shares"), representing approximately 32.9% of the issued and paid-up share capital of MEGB, at a cash offer price of RM0.60 for each MEGB Share ("Undertaking").

**B7 Group Borrowings and Debt Securities**

	30.09.2014 RM'000
<u>Secured short -term</u>	
Overdraft	-
Hire purchase payables	680
Term Loan	3,570
<u>Secured long -term</u>	
Hire purchase payables	762
Term Loan	11,578
Total borrowings	<u>16,590</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	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,923	1,053	6,884	3,166
Weighted average no. of ordinary shares of RM 0.10 each ('000)	224,366	192,505	207,740	191,915
Basic profit per ordinary shares (sen)	<u>1.303</u>	<u>0.547</u>	<u>3.314</u>	<u>1.650</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	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,923	1,053	6,884	3,166
Weighted average no. of ordinary shares of RM 0.10 each ('000)	224,366	192,505	207,740	191,915
Effect of dilution for ESOS ('000)	254	1,548	254	1,548
Adjusted weighted average number of ordinary shares in issue and issuable	<u>224,620</u>	<u>194,053</u>	<u>207,994</u>	<u>193,463</u>
Diluted earnings per shares (sen)	<u>1.302</u>	<u>0.543</u>	<u>3.310</u>	<u>1.637</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 September 2014 are as follows:-

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		Audited
- Realised	36,605	29,784
- Unrealised	(713)	(812)
Total group retained profits as per consolidated accounts	35,892	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	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Operating profit has been arrived at after charging:-				
Amortisation of developments cost	627	410	1,704	1,547
Depreciation of property, plant and equipment	1,085	437	3,264	1,316
Interest expenses	350	42	1,036	146
Loss on disposal of property, plant and equipment	-	-	-	1
Realised loss on foreign exchange	-	(54)	17	-
Unrealised loss on foreign exchange	-	174	-	203
After crediting:-				
Interest Income	16	47	43	118
Rental Income	62	54	198	162
Realised gain on foreign exchange	-	96	-	96
Unrealised gain on foreign exchange	(43)	-	88	-

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

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

Details of Utilisation	Proposed utilisation	Actual utilisation as at 30.09.2014
	RM'000	RM'000
Proceeds from Private Placement		12,538
a) Working Capital	7,448	631
b) Bank Borrowing	4,920	1,215
c) Estimated expenses for the Proposed Private Placement	170	156
Total	12,538	2,002

The amount is expected to be utilised within 12 months from the date of the completion of the Private Placement, being 9 July 2015.