



# SMRT HOLDINGS BERHAD (659523-T)

website : <http://www.smrhub.com/>

## 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 2014	31 DECEMBER 2013	31 DECEMBER 2014	31 DECEMBER 2013
			Unaudited	Audited	
	RM	RM	RM	RM	
Revenue	31,539,098	17,451,064	121,863,658	52,398,173	
Cost of sales	(20,276,787)	(5,741,851)	(77,363,809)	(30,866,033)	
Gross Profit	11,262,311	11,709,214	44,499,849	21,532,140	
Other operating income	139,047	269,154	922,309	551,911	
Administrative expenses	(10,887,181)	(5,692,474)	(32,224,868)	(11,628,339)	
Profit from operations	514,177	6,285,893	13,197,290	10,455,712	
Finance costs	(348,165)	(36,293)	(1,383,736)	(182,608)	
Profit before income tax	166,012	6,249,600	11,813,554	10,273,104	
Income tax expenses	(1,800,436)	(1,165,407)	(4,900,054)	(2,023,130)	
Profit for the period	(1,634,424)	5,084,193	6,913,500	8,249,974	
Profit attributable to:					
Equity Holders of the Parent	(1,420,903)	5,037,783	5,463,401	8,204,138	
Non controlling interest	(213,521)	46,410	1,450,099	45,836	
	(1,634,424)	5,084,193	6,913,500	8,249,974	
Earnings per share attributable to Equity Holders of the Parent					
- Basic (sen)	B9	(0.66)	2.61	2.55	4.26
- Diluted (sen)	B9	(0.66)	2.59	2.55	4.23

**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 FOURTH QUARTER  
ENDED 31 DECEMBER 2014**

**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	
	Note	31 DECEMBER 2014	31 DECEMBER 2013	31 DECEMBER 2014
			Unaudited	Audited
	RM	RM	RM	RM
Profit for the period	(1,634,424)	5,084,193	6,913,500	8,249,974
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	799,207	487,526	650,988	720,779
Revaluation of office suite	-	664,000	-	664,000
Amortisation of revaluation reserve	(11,871)	(12,013)	(47,487)	(42,637)
Other comprehensive income, net of tax	787,336	1,139,513	603,501	1,342,142
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(847,088)</b>	<b>6,223,706</b>	<b>7,517,001</b>	<b>9,592,116</b>
Total comprehensive income attributable to:				
Equity Holders of the Parent	(633,567)	6,177,296	6,066,902	9,546,280
Non controlling interest	(213,521)	46,410	1,450,099	45,836
	<b>(847,088)</b>	<b>6,223,706</b>	<b>7,517,001</b>	<b>9,592,116</b>
	-	-	-	-

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2014**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i>	<i>Audited</i>
	<b>31 DECEMBER 2014</b>	<b>31 DECEMBER 2013</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	8,937,135	7,773,431
Goodwill on consolidation	13,198,867	5,123,819
Intangible assets	10,145,991	1,500,000
Development costs	8,591,388	8,816,460
	<u>40,873,381</u>	<u>23,213,710</u>
<b>CURRENT ASSETS</b>		
Inventories	33,658	48,886
Trade receivables	46,924,394	20,424,874
Other receivables, prepayments & deposits	9,048,961	15,298,399
Tax recoverable	789,181	398,261
Deposits placed with licensed bank	2,079,148	828,252
Cash and bank balances	16,723,316	3,185,199
	<u>75,598,658</u>	<u>40,183,871</u>
<b>TOTAL ASSETS</b>	<b><u>116,472,039</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	23,517,495	19,478,141
Share premium	21,256,938	9,027,702
Treasury Shares	(2,376,144)	(1,485,130)
Foreign currency translation reserve	1,384,956	733,968
Revaluation reserve	2,326,888	2,374,375
Legal Reserve	203,809	203,809
Share-based payment reserved in relating to ESOS	44,930	376,620
Retained profits	<u>35,410,732</u>	<u>28,972,561</u>
	81,769,604	59,682,046
Non controlling interest	(5,548,696)	124,826
<b>TOTAL EQUITY</b>	<u>76,220,908</u>	<u>59,806,872</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	634,316	535,971
Term Loan	15,559,800	-
Deferred tax liabilities	25,415	25,060
	<u>16,219,531</u>	<u>561,031</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	1,250,498	111,068
Other payables and accruals	13,773,557	1,046,924
Hire purchase payables	373,605	1,357,621
Term Loan	5,196,000	-
Tax payables	3,437,940	514,065
Bank overdrafts - secured	-	-
	<u>24,031,600</u>	<u>3,029,678</u>
<b>TOTAL LIABILITIES</b>	<u>40,251,131</u>	<u>3,590,709</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>116,472,039</u></b>	<b><u>63,397,581</u></b>
Number of ordinary shares at RM0.10 sen par each	235,174,953	194,781,409
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>34.8</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 FOURTH QUARTER  
ENDED 31 DECEMBER 2014**

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

	Attributable to Equity Holders of the Company				Non-Distributable							Distributable
	Share Capital	Share Premium	Share Based Payment Reserved	Treasury Shares	Foreign Currency Translation Reserve	Revaluation Reserve	Legal Reserve	Retained Profits	Sub-total	Non Controlling Interest	Total Equity	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Current period-to-date ended 31 DECEMBER 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	955,318	750,147	(331,690)	-	-	-	-	-	1,373,775	-	1,373,775	
- Warrants Converted	1,124,936	899,949	-	-	-	-	-	-	2,024,885	-	2,024,885	
Profit for the period	-	-	-	-	-	-	-	5,463,401	5,463,401	1,450,099	6,913,500	
Other Comprehensive income for the period	-	-	-	-	650,988	(47,487)	-	-	603,501	-	603,501	
Total comprehensive income for the period	-	-	-	-	650,988	(47,487)	-	5,463,401	6,066,902	1,450,099	7,517,001	
Amortisation of revaluation reserve	-	-	-	-	-	-	-	47,487	47,487	-	47,487	
Acquisition of Subsidiary	-	-	-	-	-	-	-	927,283	927,283	(7,123,621)	(6,196,338)	
Shares-Buy back	-	-	-	(891,014)	-	-	-	-	(891,014)	-	(891,014)	
Balance at the end of period	23,517,495	21,256,938	44,930	(2,376,144)	1,384,956	2,326,888	203,809	35,410,732	81,769,604	(5,548,696)	76,220,908	
	-	-	-	-	-	-	-	-	-	-	-	
<b>Corresponding period-to-date ended 31 DECEMBER 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	216,530	155,139	(74,114)	-	-	-	-	-	297,555	-	297,555	
Profit for the period	-	-	-	-	-	-	-	8,204,138	8,204,138	45,836	8,249,974	
Other Comprehensive income for the period	-	-	-	-	720,779	(42,637)	-	-	678,142	-	678,142	
Total comprehensive income for the period	-	-	-	-	720,779	(42,637)	-	8,204,138	8,882,280	45,836	8,928,116	
Amortisation of revaluation reserve	-	-	-	-	-	-	-	42,637	42,637	-	42,637	
Revaluation of Office suite	-	-	-	-	-	664,000	-	-	664,000	-	664,000	
Lapsed ESOS	-	-	-	-	-	-	-	(7,465)	(7,465)	-	(7,465)	
Shares-Buy back	-	-	-	(670,574)	-	-	-	-	(670,574)	-	(670,574)	
Interim Dividend paid	-	-	-	-	-	-	-	(937,007)	(937,007)	-	(937,007)	
Reversal of prior year ESOS fair value	-	(213,852)	221,317	-	-	-	-	-	7,465	-	7,465	
Exercised of ESOS	-	-	66,681	-	-	-	-	-	66,681	-	66,681	
Balance at the end of period	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	

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.

	CURRENT PERIOD ENDED 31 DECEMBER 2014	Notes	CORRESPONDING PERIOD ENDED 31 DECEMBER 2013
	RM		RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	11,813,554		10,273,104
Adjustments for:			
Depreciation	4,306,029		1,730,773
Amortisation	2,272,243		2,127,375
Amortisation of financial assets	(137,898)		(9,660)
Amortisation of PPA	450,000		
Interest Income	(91,824)		(184,970)
Interest expenses	1,383,736		182,608
Bad debts Written Off	1,074		-
Loss / (gain) on Disposal PPE	123,824		156,471
PPE written off	-		21,842
Impairment loss on goodwill on consolidation	1,500,000		1,539,432
Share-based payments reserved in relating to ESOS	-		66,681
Effects of foreign exchange rate changes	665,100		745,222
Operating profit before working capital changes	22,285,838		16,648,878
Changes in working capital			
Receivables	2,847,290	(1)	(10,433,590)
Payables	(11,310,678)		(887,056)
Inventories	15,227		(7,933)
Cash (used in) / generated from operations	13,837,677		5,320,299
Tax paid	(3,288,824)		(2,578,416)
Tax refund	11,371		465
Interest expenses	(85,468)		(972)
Interest Received	91,824		184,970
<b>Net cash generated from / (used in) operating activities</b>	<b>10,566,580</b>		<b>2,926,346</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(875,644)		(371,919)
Deposit held as security	(1,250,895)		(130,869)
Net Cash inflow on investment in subsidiary	(25,941,821)	(1)	-
Proceeds from disposal of property, plant & equipment	9,800		10,150
Purchase of Intellectual rights / Intangible Asset	-		(1,500,000)
Addition of Development Cost	(1,988,449)		(5,177,568)
<b>Net cash generated from / (used in) investing activities</b>	<b>(30,047,009)</b>		<b>(7,170,206)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds on issuance of shares capital	4,039,354		1,941,730
Premium on issuance of shares Capital	11,897,547		2,410,045
Term Loan Facilities	24,340,000		-
Share Buy Back	(891,015)		(670,574)
Repayment of hire purchase payables	(1,484,872)		(1,403,357)
Repayment of finance lease payables	-		(67,524)
Repayment of Term Loan	(3,584,200)		-
Interim Dividend Paid	-		(937,007)
Interest paid	(1,298,268)		(181,636)
<b>Net cash generated from / (used in) financing activities</b>	<b>33,018,546</b>		<b>1,091,677</b>
<b>Net decrease in cash and cash equivalents</b>	<b>13,538,117</b>		<b>(3,152,183)</b>
Foreign exchange translation differences	-		(67,626)
Opening balance of cash and cash equivalents	3,185,199		6,405,008
<b>Closing balance of cash and cash equivalents</b>	<b>16,723,316</b>		<b>3,185,199</b>
<b>Cash and cash equivalents</b>			
Fixed deposits with licensed bank	2,079,148		828,252
Cash and bank balances	16,723,316		3,185,199
Overdraft	-		-
	18,802,464		4,013,451
Less: Deposits held as security	(2,079,148)		(828,252)
<b>Closing balance of cash and cash equivalents</b>	<b>16,723,316</b>		<b>3,185,199</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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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: -

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments / Improvements to MFRSs</u>		
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 320,000 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 2,542,766 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 Private Placement	19,591	1,959	10,579	12,538
Issuance of shares via ESOS	9,553	955	418	1,373
Transfer of ESOS reserved upon exercised of ESOS	-	-	332	332
Conversion of Warrants to Ordinary Shares	11,249	1,125	900	2,025
As at 31 December 2014	<b>235,174</b>	<b>23,517</b>	<b>21,257</b>	<b>44,774</b>

- d) During the current quarter under review, the Company has repurchased 58,500 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM0.6207 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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
- Technology & implementation services	3,563	9,937	21,756	13,527
- Consulting, training, others	13,382	21,587	47,804	55,044
- Education	17,647	-	59,484	-
- Investment holding & management services	-	-	-	-
Elimination of inter-segment sales	(3,053)	(14,073)	(7,180)	(16,173)
Total operations	31,539	17,451	121,864	52,398
<b>Segment Results</b>				
- Technology & implementation services	950	5,718	7,089	5,549
- Consulting, training, others	(132)	2,261	2,355	6,884
- Education	1,297	-	4,608	-
- Investment holding & management services	(1,155)	614	(1,462)	1,064
Consolidation adjustments	(2,594)	(3,509)	(5,676)	(5,247)
Profit after tax for total operations	(1,634)	5,084	6,914	8,250

**(b) Analysis by geographical areas**

Revenue	3 months ended 31 December 2014			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	31,538	1	-	31,539
Inter-segment	2,870	183	(3,053)	-
Total	34,408	184	(3,053)	31,539

Revenue	12 months ended 31 December 2014			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	118,679	3,185	-	121,864
Inter-segment	5,796	1,384	(7,180)	-
Total	124,475	4,569	(7,180)	121,864

<b>Segment assets</b>	219,849	11,681	(115,058)	116,472
<b>Segment liabilities</b>	129,818	185	(89,752)	40,251
<b>Depreciation &amp; amortisation</b>	6,916	53	-	6,969

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

- a) On 8 January 2015, Maybank Investment Bank Berhad ("Maybank IB") had announced on behalf of the company that the Ministry of International Trade and Industry ("MITI") had, vide its letter dated 26 December 2014 (which was received on 7 January 2015), informed that it has no objection to the implementation of the Proposed Transfer undertaken by the Company. The MITI had also recognised certain of the Company's existing shareholders as Bumiputera investors and therefore, the Company would have complied with the minimum 12.5% Bumiputera equity requirement upon the Company's listing on the Main Market of Bursa Securities.
- b) On 9 January 2015, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each in Vibrant Hallmark Sdn Bhd ("Vibrant Hallmark") representing the 100% equity interest in Vibrant Hallmark for a total cash consideration of RM2.00.
- c) On 9 January 2015, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each in Regalia Acres Sdn Bhd ("Regalia Acres") representing the 100% equity interest in Regalia Acres for a total cash consideration of RM2.00.
- d) Further to the announcements dated 30 June 2014, 14 August 2014 and 8 January 2015, on 9 January 2015, Maybank IB had announced on behalf of the Company that after due and careful consideration, the Company has decided to withdraw its application in relation to the Proposed Transfer which was submitted to the Securities Commission Malaysia on 14 August 2014.
- e) On 21 January 2015, the Company had announced that SMR HR Solutions Sdn Bhd has been changed name to SMR HRD Solutions Sdn Bhd with effect from 20 January 2015 as stipulated in the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia, which was received by us on 21 January 2015.
- f) On 9 February 2015, the Company announced that Vibrant Hallmark Sdn Bhd, a wholly-owned subsidiary has changed its name to SMR Shared Services Sdn Bhd with effect from 5 February 2015 as stipulated in the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia, which was received on 9 February 2015.
- g) On 9 February 2015, the Company announced that Regalia Acres Sdn Bhd, a wholly-owned subsidiary has changed its name to SMR Management Sdn Bhd with effect from 5 February 2015 as stipulated in the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia, which was received on 9 February 2015.
- h) On 16 February 2015, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each in Smartchrome Sdn Bhd ("Smartchrome") representing the 100% equity interest in Smartchrome for a total cash consideration of RM2.00.
- i) Further to the announcement dated 10 November 2014, 10 December 2014 and 24 December 2014 in relation to:
- (I) Proposed acquisition by Strategic Ambience Sdn Bhd ("SASB"), a wholly-owned subsidiary of the Company, of approximately 23% of the voting shares of Masterskill Education Group Berhad ("MEGB") ("Proposed Acquisition"); and
- (II) Proposed Placement of up to 10% of the enlarged issued and paid up share capital of the Company ("Proposed Placement")
- (Collectively referred to as "Proposals")



Maybank IB had announced on behalf of the Company for Proposals as follows:-

On 12 January 2015, the Company & Strategic Ambience Sdn Bhd ("SASB") had entered into the following agreements :-

i) conditional share sale agreement ("SSA") between SASB, Arenga Pinnata Sdn Bhd ("Arenga"), a 95.17%-owned subsidiary of Creador II, LLC ("Creador") and Siva Kumar A/L Jeyapalan ("Mr. Siva" or "Vendor") in relation to the proposed acquisition of Mr. Siva's entire shareholding in MEGB consisting of 115,656,700 ordinary shares of RM0.20 each in MEGB ("MEGB Shares"), representing 30.75% of the issued and paid-up share capital of MEGB (excluding treasury shares) ("Voting Shares of MEGB") as at 6 January 2015, being the latest practicable date prior to this Announcement, of which 86,500,212 MEGB Shares ("Available Shares"), representing approximately 23% of the Voting Shares of MEGB, shall be acquired by SASB and the remaining 29,156,488 MEGB Shares, representing 7.75% of the Voting Shares of MEGB, shall be acquired by Arenga; and

ii) collaboration agreement between SASB and Arenga, setting out the terms of their relationship as shareholders in MEGB and the collaboration arrangement with regard to the proposed conditional takeover offer to be launched by Arenga.

iii) SASB also intends to enter into a management agreement with MEGB in due course wherein SASB will provide advisory and management support services to MEGB and its subsidiaries ("MEGB Group") in respect of the operation and management of the MEGB Group and its business ("Management Agreement"). Further details of the Management Agreement will be announced once the Management Agreement is entered into.

iv) Arenga had on the same day launched a conditional takeover offer to acquire all the remaining Voting Shares of MEGB not already held by Arenga and the persons acting in concert with it in relation to the takeover offer ("PAC") ("Offer"). The PACs are SASB, SMRT, Creador II, LP and Creador, which is also the ultimate offeror is Creador.

On 12 January 2015, the Company proposes to undertake the proposed placement of up to 10% of the issued and paid-up share capital of the Company ("Proposed Placement"). On 15 January 2015, Maybank IB had announced additional information provided for the Proposed Placement.

On 20 January 2015, the additional listing application for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Placement on the ACE Market has been submitted to Bursa Malaysia.

On 30 January 2015, SASB has entered into a management agreement with MEGB on 29 January 2015 wherein SASB will provide advisory and management support services to the MEGB Group in respect of the operation and management of the MEGB Group and its business ("Management Agreement").

On 13 February 2015, Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide Maybank IB's letter dated 13 February 2015, approved the listing and quotation of the Placement Shares to be issued pursuant to the Proposed Placement, subject to the following conditions:

(i) the Company and Maybank IB must fully comply with the relevant provisions under the ACE Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Placement

(ii) the Company and Maybank IB to inform Bursa Securities upon the completion of the Proposed Placement;

(iii) the Company to furnish Bursa Securities with a written confirmation of the Company's compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed; and

(iv) the Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the extraordinary general meeting for the Proposed Placement.

j) On 17 February 2015, the Company had announced the Notice of Extraordinary General Meeting ("EGM") to be held at No 3410 Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 5 March 2015 at 10.00am, for the purpose of considering and if deemed fit, passing the resolutions for the Proposals.

#### A11 Changes in the Composition of the Group

a) On 10 November 2014, the Company had announced that the acquisition of 2 ordinary shares of RM1.00 each in Strategic Ambience Sdn Bhd ("Strategic Ambience") representing the 100% equity interest in Strategic Ambience for a total cash consideration of RM2.00. Strategic Ambience is currently dormant. The principal activities of Strategic Ambience will be subsequently amended to reflect the intended activities.

b) On 11 November 2014, the Company had announced the completion of proposed acquisition 30% of the issued and paid-up share capital of CUCMS Education Sdn Bhd ("CUCMS Education") will be held by the Company and the remaining 70% by the SMR Education Sdn Bhd, our wholly owned subsidiary. The principal activities of CUCMS Education are managing and operating the Cyberjaya University College of Medical Sciences ("CUCMS"). CUCMS has faculties in medicine, pharmacy, traditional and complementary medicine and allied health sciences, and centre for foundation in science, language and general studies, graduate studies, research and commercialisation, medical sciences education and distance and continuing education.

#### A12 Contingent Liabilities or Contingent Assets

As at 31.12.2014  
RM'000

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

44,590

#### A13 Capital Commitments

There were no capital commitments during the current quarter under review.

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## PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE AMLR

### 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 RM31.54 million with a profit before tax ("PBT") of RM0.17 million compared with a revenue of RM17.45 million and PBT of RM6.25 million in the same quarter of 2013 (Q4, 2013). PBT of the reporting quarter decreased by RM6.08 million mainly due to one off corporate exercise expenses of approximately RM221,530, impairment of goodwill of RM1.5mill as well as amortisation of intangible assets RM0.5 mill.

#### 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 RM121.86 million for the cumulative quarter 2014 compared to the previous year's corresponding quarter of RM52.40 million. The increased in revenue is mainly due to revenue contributed from education sector subsequent to the acquisition of CUCMS in Jan 2014.

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

The Group's PBT recorded decreased by RM4.40 million for the current quarter from RM4.57 million in the immediate preceding quarter mainly due to one off corporate exercise expenses of approximately RM221,530, impairment of goodwill of RM1.5mill as well as amortisation of intangible assets RM0.5mill.

### B3 Prospects for the current financial year

The Group maintains a positive outlook on its performance for year 2015. 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 2015.

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 31.12.2014 RM'000	Cumulative Quarter 31.12.2014 RM'000
Income tax		
Current tax	1,712	4,751
(Over) / under provision of tax in prior year	92	151
Deferred tax liabilities	(4)	(2)
	<u>1,800</u>	<u>4,900</u>

Income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the fiscal year.

Management Made Easy Sdn Bhd, a wholly-owned subsidiary, was awarded Multimedia Super Corridor Statues ("MSC Status") on 15th July 2013 thereby making said subsidiary eligible for Pioneer Status for 100% tax exemption for a period of five years or an investment tax allowance for up to five years and no duties on the importation of multimedia equipment by Multimedia Development Corporation Sdn Bhd which expire on 15th June 2018.

### 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:-
- 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
  - 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:-

- the Securities Commission of Malaysia ("SC"), for the Proposed Transfer; and
- the Equity Compliance Unit of the SC, for the resultant equity structure upon completion of the Proposed Transfer; and
- 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.

Further to the announcements dated 30 June 2014, 14 August 2014 and 8 January 2015, on 9 January 2015, Maybank IB had announced on behalf of the Company that after due and careful consideration, the Company has decided to withdraw its application in relation to the Proposed Transfer on 9 January 2015.

b) As explained in Note A10 (i) above, the Company had :-

On 10 November 2014, a wholly-owned subsidiary, Strategic Ambience Sdn Bhd ("SASB") 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").

On 12 January 2015, the Company & Strategic Ambience Sdn Bhd ("SASB") had entered into the following agreements :-

i) conditional share sale agreement ("SSA") between SASB, Arenga Pinnata Sdn Bhd ("Arenga"), a 95.17%-owned subsidiary of Creador II, LLC ("Creador") and Siva Kumar A/L Jeyapalan ("Mr. Siva" or "Vendor") in relation to the proposed acquisition of Mr. Siva's entire shareholding in MEGB consisting of 115,656,700 ordinary shares of RM0.20 each in MEGB ("MEGB Shares"), representing 30.75% of the issued and paid-up share capital of MEGB (excluding treasury shares) ("Voting Shares of MEGB") as at 6 January 2015, being the latest practicable date prior to this Announcement, of which 86,500,212 MEGB Shares ("Available Shares"), representing approximately 23% of the Voting Shares of MEGB, shall be acquired by SASB and the remaining 29,156,488 MEGB Shares, representing 7.75% of the Voting Shares of MEGB, shall be acquired by Arenga; and

ii) collaboration agreement between SASB and Arenga, setting out the terms of their relationship as shareholders in MEGB and the collaboration arrangement with regard to the proposed conditional takeover offer to be launched by Arenga.

iii) SASB also intends to enter into a management agreement with MEGB in due course wherein SASB will provide advisory and management support services to MEGB and its subsidiaries ("MEGB Group") in respect of the operation and management of the MEGB Group and its business ("Management Agreement"). Further details of the Management Agreement will be announced once the Management Agreement is entered into.

iv) Arenga had on the same day launched a conditional takeover offer to acquire all the remaining Voting Shares of MEGB not already held by Arenga and the persons acting in concert with it in relation to the takeover offer ("PAC") ("Offer"). The PACs are SASB, SMRT, Creador II, LP and Creador, which is also the ultimate offeror is Creador.

On 12 January 2015, the Company proposes to undertake the proposed placement of up to 10% of the issued and paid-up share capital of the Company ("Proposed Placement"). On 15 January 2015, Maybank IB had announced additional information provided for the Proposed Placement.

On 20 January 2015, the additional listing application for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Placement on the ACE Market has been submitted to Bursa Malaysia.

On 30 January 2015, SASB has entered into a management agreement with MEGB on 29 January 2015 wherein SASB will provide advisory and management support services to the MEGB Group in respect of the operation and management of the MEGB Group and its business ("Management Agreement").

On 13 February 2015, Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide Maybank IB's letter dated 13 February 2015, approved the listing and quotation of the Placement Shares to be issued pursuant to the Proposed Placement.

On 17 February 2015, the Company had announced the Notice of Extraordinary General Meeting ("EGM") to be held at No 3410 Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 5 March 2015 at 10.00am, for the purpose of considering and if deemed fit, passing the resolutions for the Proposals.

**B7 Group Borrowings and Debt Securities**

	31.12.2014
	RM'000
<u>Secured short -term</u>	
Hire purchase payables	374
Term Loan	5,196
<u>Secured long -term</u>	
Hire purchase payables	634
Term Loan	15,560
Total borrowings	<u>21,764</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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	(1,421)	5,038	5,463	8,204
Weighted average no. of ordinary shares of RM 0.10 each ('000)	215,094	192,811	214,217	192,604
Basic profit per ordinary shares (sen)	<u>(0.661)</u>	<u>2.613</u>	<u>2.550</u>	<u>4.260</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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	(1,421)	5,038	5,463	8,204
Weighted average no. of ordinary shares of RM 0.10 each ('000)	215,094	192,811	214,217	192,604
Effect of dilution for ESOS ('000)	213	1,495	213	1,495
Adjusted weighted average number of ordinary shares in issue and issuable	<u>215,307</u>	<u>194,306</u>	<u>214,430</u>	<u>194,099</u>
Diluted earnings per shares (sen)	<u>(0.660)</u>	<u>2.593</u>	<u>2.548</u>	<u>4.227</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 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		Audited
- Realised	36,660	29,784
- Unrealised	(1,249)	(812)
Total group retained profits as per consolidated accounts	<u>35,411</u>	<u>28,972</u>

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	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Operating profit has been arrived at after charging:-				
Amortisation of developments cost	510	580	2,214	2,127
Depreciation of property, plant and equipment	1,042	412	4,306	1,728
Interest expenses	348	37	1,384	183
Loss on disposal of property, plant and equipment	-	-	-	1
Property, plant and equipment written off	-	22	-	22
Realised loss on foreign exchange	(17)	62	-	62
Unrealised loss on foreign exchange	446	327	446	530
After crediting:-				
Interest Income	55	67	98	185
Rental Income	70	54	268	216
Realised gain on foreign exchange	-	52	-	148
Unrealised gain on foreign exchange	(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 RM'000	Actual utilisation as at 31.12.2014 RM'000
Proceeds from Private Placement		<b>12,538</b>
a) Working Capital	7,448	2,007
b) Bank Borrowing	4,920	2,407
c) Estimated expenses for the Proposed Private Placement	170	156
Total	12,538	4,570

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