

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2009**

CONDENSED CONSOLIDATED INCOME STATEMENT

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS PERIOD ENDED		9 MONTHS PERIOD ENDED	
		30 SEPTEMBER 2009	30 SEPTEMBER 2008	30 SEPTEMBER 2009	30 SEPTEMBER 2008
		RM	RM	RM	RM
Revenue		2,294,463	2,653,106	7,260,322	10,054,905
Cost of sales		(523,826)	(2,473,136)	(1,453,041)	(6,433,326)
Gross Profit		1,770,637	179,970	5,807,281	3,621,579
Other operating income		(4,930)	17,806	30,930	102,967
Administrative expenses		(1,919,112)	(3,044,576)	(5,616,815)	(6,259,761)
Operating profit		(153,405)	(2,846,800)	221,396	(2,535,215)
Finance costs		(50,355)	(23,670)	(146,977)	(28,509)
Negative Goodwill From Acquisition of Subsidiary Company		319,439	33,123	319,439	33,123
Profit before taxation		115,679	(2,837,347)	393,858	(2,530,601)
Taxation		(7,059)	(131,324)	(70,885)	(204,320)
Pre-acquisition Profit Adjustment		-	-	-	(122,513)
Profit for the financial period		<u>108,620</u>	<u>(2,968,671)</u>	<u>322,973</u>	<u>(2,857,434)</u>
Attributable to:					
Equity holders of the Company		110,571	(3,084,964)	122,675	(2,973,727)
Minority interest		(1,951)	116,293	200,298	116,293
		<u>108,620</u>	<u>(2,968,671)</u>	<u>322,973</u>	<u>(2,857,434)</u>
		-	-	-	-
Earnings per share attributable to equity holders of the Company					
- Basic (sen)	B12	0.08	(3.08)	0.09	(2.97)
- Diluted (sen)	B12	-	-	-	-

Note:

The unaudited condensed consolidated income statements 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 2008.

SMRT Q3 2009- BURSA

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2009**

CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>Unaudited</i>	<i>Audited</i>
	30 SEPTEMBER 2009	31 DECEMBER 2008
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	7,501,384	8,857,390
Investment in an associate	36,660	36,660
Goodwill on consolidation	6,654,291	6,654,291
Intangible assets	14,181	26,436
Development costs	17,318,667	17,395,712
	<u>31,525,183</u>	<u>32,970,489</u>
CURRENT ASSETS		
Inventories	105,356	55,133
Trade receivables	3,464,834	657,418
Other receivables, prepayments & deposits	157,525	219,175
Amount owing by a related company	2,945	-
Tax recoverable	164,387	152,128
Deposits placed with licensed bank	299,300	115,178
Cash and bank balances	404,389	477,525
	<u>4,598,736</u>	<u>1,676,557</u>
TOTAL ASSETS	<u>36,123,919</u>	<u>34,647,046</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	13,333,333	13,333,333
Share premium	5,061,195	5,061,195
Foreign currency translation reserve	(21,516)	(29,327)
Revaluation reserve	1,900,555	1,900,555
Retained profits	8,209,296	8,086,621
	<u>28,482,863</u>	<u>28,352,377</u>
Minority interest	74,761	881,322
TOTAL EQUITY	<u>28,557,624</u>	<u>29,233,699</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	163,297	157,940
Deferred tax liabilities	62,111	62,111
	<u>225,408</u>	<u>220,051</u>
CURRENT LIABILITIES		
Trade payables	673,356	705,947
Other payables and accruals	3,594,226	2,611,243
Amount owing to a related company	61,998	-
Hire purchase payables	15,548	82,499
Bank overdraft - secured	2,995,759	1,793,607
	<u>7,340,887</u>	<u>5,193,296</u>
TOTAL LIABILITIES	<u>7,566,295</u>	<u>5,413,347</u>
TOTAL EQUITY AND LIABILITIES	<u>36,123,919</u>	<u>34,647,046</u>
	-	-
Number of ordinary shares at RM0.10 sen par each	133,333,333	133,333,333
Net Assets per share attributable to ordinary equity holders of the Company (sen)	<u>21.4</u>	<u>21.3</u>

Note:

The unaudited condensed consolidated balance sheet 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 2008.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2009**

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

	← Attributable to Equity Holders of the Company →					Distributable		
	Non-Distributable							
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Profits	Sub-total	Minority Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
Current Year-to-date ended 30 September 2009								
As at 1 January 2009	13,333,333	5,061,195	(29,327)	1,900,555	8,086,621	28,352,377	881,322	29,233,699
Profit for the period	-	-	-	-	122,675	122,675	200,298	322,973
Foreign currency translation	-	-	7,811	-	-	7,811	-	7,811
Acquisition of Subsidiary	-	-	-	-	-	-	(1,006,859)	(1,006,859)
Balance at the end of period	13,333,333	5,061,195	(21,516)	1,900,555	8,209,296	28,482,863	74,761	28,557,624
Current Year-to-date ended 30 September 2008								
As at 1 January 2008	10,000,000	8,394,528	(9,315)	-	15,390,699	33,775,912	-	33,775,912
Profit for the period	-	-	-	-	(2,973,727)	(2,973,727)	116,293	(2,857,434)
Foreign currency translation	-	-	(10,181)	-	-	(10,181)	-	(10,181)
Bonus issue expenses	-	-	-	-	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	725,922	725,922
Balance at the end of period	10,000,000	8,394,528	(19,496)	-	12,416,972	30,792,004	842,215	31,634,219

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 2008.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2009**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT PERIOD ENDED 30 SEPTEMBER 2009	CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2008
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	393,858	(2,530,601)
Adjustments for:		
Depreciation	884,923	839,916
Amortisation	599,622	756,736
Foreign exchange rate changes	10,960	-
Interest Income	(6,146)	(12,460)
Interest expenses	146,977	28,509
Allowance for doubtful debts written back	-	(86,255)
Loss / (Gain) in Disposal PPE	(24,584)	4,814
Bad debts written off	4,525	-
Negative goodwill written off	(319,438)	-
Operating profit before working capital changes	1,690,697	(999,341)
Changes in working capital		
Receivables	(2,775,305)	2,488,417
Work-in-progress	-	791,871
Payables	263,490	1,440,147
Inventories	(50,222)	2,393
Cash (used in)/generated from operations	(871,340)	3,723,487
Intellectual property rights	-	(6,676)
Tax paid	(70,885)	(213,394)
Net cash generated from operating activities	(942,225)	3,503,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,695)	(488,005)
Development costs	-	(2,678,580)
Acquisition of subsidiary	-	(2,378,040)
Deposit held as security	(299,300)	-
Proceeds from disposal of property, plant & equipment	105,407	-
Interest Income	6,146	12,460
Net cash used in investing activities	(221,442)	(5,532,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in amounts owing by related parties	68,103	-
Repayment of hire purchase payables	(147,925)	(65,671)
Interest paid	(146,977)	(28,509)
Net cash used in from financing activities	(226,799)	(94,180)
Net decrease in cash and cash equivalents	(1,390,466)	(2,122,928)
Foreign exchange fluctuating difference	-	(12,142)
Opening balance of cash and cash equivalents	(1,200,904)	1,773,544
Closing balance of cash and cash equivalents	(2,591,370)	(361,526)
Cash and cash equivalents		
Fixed deposits with licenced bank	299,300	106,912
Cash and bank balances	404,389	213,023
Overdraft	(2,995,759)	(681,461)
	(2,292,070)	(361,526)
Less: Deposits held as security	(299,300)	-
Closing balance of cash and cash equivalents	(2,591,370)	(361,526)

Note:

The unaudited condensed consolidated 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 2008.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of Preparation

These interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Bursa Malaysia Securities Berhad for the 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 2008. 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 2008.

The significant accounting policies and presentation adopted by the Group for these interim condensed financial statements are consistent with those of the audited financial statements for the FYE 31 December 2008.

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 2008 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 changes in estimates of amounts reported that have a material effect on the results for the current financial quarter under review.

A5 Debt and equity securities

There were no issuance, cancellation or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review.

A6 Valuation of Property, Plant and Equipment

The value of office suite has been brought forward, without amendments from the last year's annual audited financial statements.

A7 Dividend Paid

No dividend was paid during the financial quarter under review.

A8 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items or events, which affected the assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A9 Segmental Information**(a) Analysis of segmental revenue and results**

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- software & implementation services	1,425	197	3,498	5,982
- outsourcing, consulting, learning & development	861	2,496	4,121	4,113
- investment holding & management services	1,023	-	1,023	-
Elimination of inter segment sales	(1,015)	-	(1,382)	(40)
Total	2,294	2,653	7,260	10,055
Segment Results				
- software & implementation services	(366)	(2,341)	(414)	(1,221)
- outsourcing, consulting, learning & development	(349)	(556)	949	(646)
- investment holding & management services	510	(74)	(470)	(870)
Consolidation adjustments	313	(120)	258	(120)
Profit after tax	109	(3,091)	323	(2,857)

(b) Analysis by geographical areas

Revenue	3 months ended 30 September 2009				9 months ended 30 September 2009			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Group RM'000	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Group RM'000
External sales	668	1,626	-	2,294	1,896	5,364	-	7,260
Inter-segment	1,015	-	(1,015)	-	1,155	227	(1,382)	-
Sales	1,683	1,626	(1,015)	2,294	3,051	5,591	(1,382)	7,260

Segment assets	51,826	627	(16,394)	36,059
Segment liabilities	14,873	1,351	(8,722)	7,502
Depreciation & amortisation	882	3	-	885

A10 Material Events Subsequent to the end of the current quarter

- a) On 28th October 2009, the Company had announced that SMR Services Sdn. Bhd. ("SMRS"), a wholly-owned subsidiary of SMRTech had on 27 October 2009 signed a Memorandum of Agreement ("MOA") with UMS Link Holdings Sdn Bhd, a company wholly-owned by Universiti Malaysia Sabah for the purpose of collaboration in developing and promoting human resource management. The MOA is for a period of one year from the date of signing.

A11 Changes in the Composition of the Group

On 18th August 2009, the Company had announced on the acquisition of additional 601,500 ordinary shares of RM1.00 each in SMR L&D at RM1.14 per share, representing approximately 22.16% of the total issued and paid-up share capital of SMR L&D for a total cash consideration of RM685,710.00 from Dr. Nadarajah A/L Manickam, Mr Murugappan A/L Kalaimani and madam Meenakshi a/p Malayandi. The further acquisition of 601,500 shares in SMR L&D had increased the Company's equity shareholding in SMRL&D to 99.08% .

A12 Contingent Liabilities or Contingent Assets**As at 30.9.2009****RM'000**

Corporate Guarantees issued to financial institutions in respect of banking facilities granted to subsidiary companies	4,700
Bank Guarantee issued by a subsidiary company in favour of third parties	10
	<hr/>
	4,710
	<hr/>

Save for the above, there were no changes in the contingent liabilities and contingent assets of the Group, since the last audited accounts as at 31 December 2008.

A13 Capital Commitments

There is no capital commitments during the quarter .

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET**

B1 Review of Performance

Current quarter compared to preceeding year's corresponding quarter

For the current quarter under review (Q3 2009), the Group had achieved a revenue of RM2.3 million with a profit attributable to equity holders of RM110,571 compared with a turnover of RM2.7 million and loss of RM3.1 million in same quarter of 2008 (Q3 2008).

Gross profit margin was higher at 77% compared to 7% for the preceeding year's corresponding quarter as cost of sales has dropped drastically. Administrative expenses has also dropped 37% to RM1.9 million from RM3.0 million. The additional acquisition of 22.22% equity shareholdings in SMR Learning & Development Sdn. Bhd. ("SMR L&D") has resulted in a negative goodwill of RM319,439.

Current financial period compared to preceeding year's corresponding period

For the 9 months period under review, the Group recorded a revenue of RM7.3 million against RM10.1 million achieved in the corresponding period of the preceding year due to lower sales of software solutions and consulting and outsourcing services.

The Group recorded a profit to equity holders of RM122,675 against loss of RM2.9 million recorded in the corresponding period last year as gross profit margin has improved from 36% to 80% and administrative expenses has recorded a decrease of 10% in the current period. There is a negative goodwill on the acquisition of additional 22.22 % equity shareholdings in SMR L&D of RM319,439.

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

The Group recorded a profit before tax ("PBT") of RM115,679 for the current quarter ("Q3 2009") against a profit before tax of RM70,796 in the last quarter ("Q2 2009") or 63% increase compared to immediate preceding quarter due to improved gross profit margin. However, the administrative expenses have increased by 16% due to an increase in maintenance expenses.

B3 Prospects for the current financial year

2009 will continue to be a challenging year for the Group as the global economic decline will affect the Group especially the software division. However, as most countries, including Malaysia, having stimulus plans with an allocation in their budget focusing in Human Capital development, there is much opportunity for the Group to gain from. While the Group is facing lean times, it will continue to build on its core strength and focus on further increasing operations efficiency by controlling costs and managing its resources and further reviewing its business model, while remaining relevant to market demands.

Training, Consulting and HR Outsourcing will be the focus of the Group in 2009, while software will be used to automate the process and support the Group's value proposition to its customers.

With positive demands still seen in Middle East and Malaysia, the Group's prospects remain positive. There might be reduced spending for many companies resulting in delay in decisions from potential/existing customers, nonetheless, the Group is optimistic of still converting some of the earlier proposals to revenue.

B4 Variance of actual profit from Profit forecast and Profit Guarantee

Dr. Palaniappan A/L Ramanathan Chettiar, Mdm Kamatchi @ Valliammai A/P Malayandi, Krishnan A/L Ramanathan Chettiar, the Vendors of SMR L&D undertook to provide a Profit Guarantee ("PG") of RM3,000,000 (unaudited profit before tax) for the 18 months period from 1st Jan 2008 to 30th June 2009. Notwithstanding this, if in the event the Vendors achieved an audited PBT of SMR L&D of RM2,000,000 for FYE 31st Dec 2008, the Vendors shall be deemed to have met and satisfied the PG and the full transfer consideration shall be payable to the Vendors by the Company.

SMR L&D has recorded an audited PBT of RM520,819 for FYE 2008. The proportion of Purchase Consideration ("PC") withheld in each quarter under each tranches, which do not meet the minimum PBT for the tranches to be achieved shall be payable by the company to the Vendors only upon the audited PBT of SMR L&D for Q1 or the total Q1 and Q2 of FYE 2009 being at least RM1,000,000, failing which all the withheld sums shall be forfeited and the Transfer Consideration shall be deemed duly satisfied by the Company.

The external auditor of SMR L&D has via its letter dated 19 August 2009 confirmed that the audited PBT of SMR L&D for the 6 months period ended 30 June 2009 is at RM1.037 million. Thus, the Vendors have fulfilled the PG condition and the full PC of RM 2,378,040 is payable to them.

B5 Income Tax Expenses

	Current Quarter 30.9.2009 RM'000	Cumulative Quarter 30.9.2009 RM'000
Income tax		
Current tax	7	71
(Over) / under provision of tax in prior year	-	-
	7	71

The effective tax rate for the current financial quarter is lower than the statutory tax rate of 25%. SMR HR Technologies Sdn Bhd, a wholly-owned subsidiary of the Company is accorded tax exemption for 10 years up to 30 December 2011 due to its Multimedia Super Corridor (MSC) status.

B6 Profit on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the quarter under review.

B7 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

B8 Status of corporate proposals announced but not yet completed

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

B9 Group Borrowings and Debt Securities

30.9.2009

RM'000

Secured short -term	
Overdraft	2,996
Hire purchase payables	16
Secured long -term	163
Hire purchase payables	
Total borrowings	<u>3,175</u>

All borrowings are denominated in Ringgit Malaysia.

B10 Off Balance Sheet Financial Instruments

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

B11 Material Litigations

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this quarterly report.

B12 Earnings Per Share ("EPS")

The basic EPS is calculated based on the Group's profit / (loss) attributable to ordinary equity holders of the parent for the current quarter and cumulative year to date, and divided by the weighted average number of shares of RM0.10 each in issue for the current quarter and cumulative year to date as follows :-

(a) Basic earnings per share

	3 months ended		9 months ended		
	30.9.2009	30.9.2008	30.9.2009	30.9.2008	
Profit / (loss) attributable to ordinary equity holders of the parent (RM'000)	A	111	(3,085)	123	(2,974)
Weighted average no. of ordinary shares of RM 0.10 each ('000)	B	133,333	100,000	133,333	100,000
Basic earnings per ordinary shares (sen)		<u>0.08</u>	<u>(3.08)</u>	<u>0.09</u>	<u>(2.97)</u>

(b) Fully diluted earnings per share

The Group has no potential dilutive securities. As such, no dilutive effect on the earnings per share of the Group.

B13 Dividend

There is no dividend declared for the current financial quarter.

