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SMR Tech to use proceeds on R&D

SMR Technologies Bhd (SMRT), en route to a listing on the Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (Mesdaq) Market, plans to use a third of the proceeds from its initial public offering (IPO) on research and development (R&D).



PALAN: 'At this moment in time, SMRT is focused on organic growth'

The company, ranked among the top three computer programme makers for human resource (HR) development in Malaysia by research company IDC, plans to raise RM9.9 million from its IPO and subsequent listing due by December.

"Out of the RM9.9 million we hope to raise from the listing, about 30 to 40 per cent will be used for R&D," SMRT chairman Dr R. Palan told Business Times in an interview.

Palan, who owns about 30 per cent of SMRT, said that the company will offer 30 million shares of 10 sen apiece at an issue price of 33 sen a share. Of that amount, five million shares will be set aside for business associates and employees.

The group employs 29 workers, of which 17 conduct R&D.

Asked if the company intends to grow through acquisitions, Palan said: "At this moment in time, SMRT is focused on organic growth. If, however, there're synergistic opportunities, we're open to such options."

The SMRT group, set up in 2001, has been developing computer software on competency management, performance management, Web-based online learning, training and HR outsourcing services. These applications run on the group's best-selling software under the brand name of HRDPower.

Among SMRT's biggest clients are plastic packaging manufacturer BP Plastics Holding Bhd; Tenaga Generation Sdn Bhd, a subsidiary of national utility company Tenaga Nasional Bhd; and the Pan-Pacific Resorts and Hotels Worldwide group.

For 2005, Palan expects the Multimedia Super Corridor-status SMRT group to report RM3 million net profit on revenue of RM6 million, an increase of 60 and 45 per cent respectively from a year ago.

SMRT's wholly-owned subsidiary is SMR HR Technologies Sdn Bhd, of which Palan is also the founding chairman.