



(Company No: 591898-H)

## QUARTERLY REPORT

### Unaudited Condensed Consolidated Income Statement

For the third quarter ended 31 December 2003

	Note	Individual Quarter ended		Cumulative Quarter ended	
		31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>A8</b>	10,962	-	23,883	-
<b>Operating profit</b>		911	-	3,184	-
Interest income		53	-	107	-
Interest expense		(42)	-	(116)	-
			-		-
<b>Profit before taxation</b>	<b>A8</b>	922	-	3,175	-
Taxation	<b>B5</b>	(315)	-	(441)	-
<b>Net profit for the period</b>		607	-	2,734	-
Earning per ordinary share (sen)	<b>B13</b>	0.24	-	1.23	-

Note :

Comparative figures for the preceding year are not available as this is Nova MSC Berhad's second quarterly report to the Kuala Lumpur Stock Exchange.

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the period ended 31 March 2003.



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## Unaudited Condensed Consolidated Balance Sheet

	Note	As at End of Current Quarter 31 Dec 2003 RM'000	As at Preceding Financial Year Ended 31 Mar 2003 RM'000
<b>Plant and equipment</b>	A9	783	569
<b>Intangible assets</b>		17,477	14,109
<b>Current assets</b>			
Inventories		582	562
Contract work in progress		19,631	7,705
Trade and other receivable		7,006	7,003
Cash and cash equivalents		7,590	2,841
		34,809	18,111
<b>Current liabilities</b>			
Trade and other payables		9,843	10,731
Provision for taxation		28	-
Borrowings	B9	2,892	2,003
		12,763	12,734
Net Current Assets		22,046	5,377
		40,306	20,055
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital		25,590	15,803
Reserves		13,401	3,366
		38,991	19,169
<b>Long term and deferred liabilities</b>			
Deferred taxation		1,315	886
		40,306	20,055
<b>Net tangible asset per share (RM)</b>			
per ordinary share of RM0.10		0.08	
per ordinary share of RM1.00			0.32

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the period ended 31 March 2003.



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## Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2003

Group	Share capital RM'000	Non Distributable Share premium RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
<b>At 1 April 2003</b>	15,803	1,570	70	1,726	19,169
Issue of shares	7,255	10,865	-	-	18,120
Bonus issue	2,532	(2,532)	-	-	-
Listing expense	-	(1,758)	-	-	(1,758)
Exchange differences on translation of the financial statements of foreign entities	-	-	726	-	726
Net losses not recognised in the income statement	-	(1,758)	726	-	(1,032)
Net profit for the period	-	-	-	2,734	2,734
<b>At 31 December 2003</b>	<u>25,590</u>	<u>8,145</u>	<u>796</u>	<u>4,460</u>	<u>38,991</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the period ended 31 March 2003.



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## Unaudited Condensed Consolidated Cash Flow Statements

For the nine months ended 31 December 2003

	<b>31 Dec 2003</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>	
Profit before taxation	3,175
Adjustments for:	
Non cash items	2,992
Non operating items	(107)
Operating profit before working capital changes	<u>6,060</u>
Net changes in current assets	(11,949)
Net changes in current liabilities	(888)
Cash generated from operations	<u>(6,777)</u>
Taxation paid	-
<b>Net cash generated from/(used in) operating activities</b>	<u>(6,777)</u> -----
<b>Cash flows from investing activities</b>	
Purchase of plant and equipment	(814)
Addition of software development expenditure	(5,760)
Interest received	107
<b>Net cash used in investing activities</b>	<u>(6,467)</u> -----
<b>Cash flows from financing activities</b>	
Proceed from issuance of share capital	18,120
Listing expenses	(1,758)
<b>Net cash generated from financing activities</b>	<u>16,362</u> -----
Net increase in cash and cash equivalents	3,118
Cash and cash equivalents at 1 April 2003	838
Effect of foreign exchange differences	742
Cash and cash equivalents at 31 December 2003	<u><u>4,698</u></u>

The unaudited Condensed Consolidated Statement Cash Flow Statement should be read in conjunction with the annual audited financial statements for the period ended 31 March 2003.



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## **Part A – Explanatory Notes Pursuant to MASB 26**

### **A1. Basis of Preparation.**

The interim financial report is unaudited and is prepared in accordance with MASB 26 “Interim Financial Reporting” and Appendix 7A of the Listing Requirement of the Kuala Lumpur Stock Exchange for MESDAQ market, and should be read in conjunction with the Group’s annual audited financial statements for the period ended 31<sup>st</sup> March 2003.

The accounting policies and presentation adopted for the Interim financial report are consistent with those adopted for the annual financial statements for the period ended 31<sup>st</sup> March 2003.

### **A2. Auditors’ Report on Preceding Annual Financial Statements**

The audit report of the preceding annual financial statements was not subject to any qualification.

### **A3. Comments About Seasonal or Cyclical Factors**

The business of the Group is not affected by any significant seasonal or cyclical factors.

### **A4. Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items during the quarter.

### **A5. Changes in Estimates**

There were no changes in the estimates of amounts reported that have material effect in the current quarter.

### **A6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

### **A7. Dividend Paid**

No dividend was paid during the quarter under review.



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**A8. Segmental Information**

	<b>Nine Months ended 31 December 2003</b>			
	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<i>Geographical segments</i>				
External	2,759	21,124	-	23,883
Inter-segment	1,000	-	(1,000)	-
<b>Total revenue</b>	<u>3,759</u>	<u>21,124</u>	<u>(1,000)</u>	<u>23,883</u>
<b>Segment result</b>	<u>2,392</u>	<u>792</u>	<u>-</u>	<u>3,184</u>
Interest income				107
Interest expense				(116)
Profit before taxation				3,175
Taxation				(441)
Profit after taxation				<u>2,734</u>
<b>Segment assets</b>	23,398	42,378	(12,707)	53,069
Investment in subsidiaries	14,373	-	(14,373)	-
<b>Segment liabilities</b>	<u>197</u>	<u>26,588</u>	<u>(12,707)</u>	<u>14,078</u>
Capital expenditure	321	493	-	814
Depreciation and amortisation	81	2,911	-	2,992

**A9. Valuation of Property, Plant and Equipment**

The Company did not revalue any of its property, plant and equipment.

**A10. Subsequent Events**

There were no material events between 31<sup>st</sup> December 2003 and 25<sup>th</sup> February 2004 that have not been reflected in the financial statement for the quarter ended 31<sup>st</sup> December 2003.

**A11. Changes in the Composition Of the Group**

There were no changes in the composition of the Group during the quarter under review.



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**A12. Contingent Liabilities**

During the quarter under review, the Company has issued corporate guarantees to a bank in respect of overdraft and bank guarantee facilities for one of its wholly owned subsidiary amounting to approximately RM1.3 million.



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**Part B – Explanatory Notes Pursuant to Appendix 7A of the Listing Requirements of KLSE for MESDAQ Market**

**B1. Performance Review**

For the current quarter under review, the Group achieved consolidated revenue and profit before tax of approximately RM10.9 million and RM0.9 million respectively. For the nine months period ended 31 December 2003, the Group's revenue and profit before tax amounted to approximately RM23.9 million and RM3.2 million respectively.

The Group ended the current third quarter with an order book of RM23.8 million as compared to RM28.2 million as at the end of immediate preceding quarter. The majority of the order book consists of e-government contracts. Orders from the healthcare sector were delayed due likely to change in the focus of hospital management and re-prioritization of hospital expenditures in the SARS aftermath.

**B2. Variation of Results against the Preceding Quarter**

	<b>Current Quarter 31 December 2003 RM'000</b>	<b>Preceding Quarter 30 September 2003 RM'000</b>	<b>Difference (%)</b>
Revenue	10,962	6,505	68%
Profit before taxation	922	1,051	(12%)

The Group reported significant higher revenue in current quarter due to completion of certain projects. However, the Group ended the current quarter with a 12% lower profit before tax as compared to the immediate preceding quarter as the Group was affected by lower margins and higher amortisation. The Group also incurred higher marketing and pre-sales cost in its effort to expand its overseas business and also to penetrate new overseas markets.

**B3. Commentary on current year prospects**

For the current quarter, the Group's operations were adversely affected by delay in healthcare sector orders due to SARS. This impacted the performance of the current year. The Group will continue its focus on R&D and overseas sales & marketing effort.

**B4. Profit Forecast and Profit Guarantee**

The Company did not issue any profit forecast or profit guarantee.





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**B5. Taxation**

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current taxation	14	-	28	-
Deferred taxation	301	-	413	-
	-----	-----	-----	-----
	315	-	441	-
	=====	=====	=====	=====

The current taxation charge is in respect of interest income. There is no taxation charge on the business sources of income as the Company was granted a Pioneer Status effective from 15<sup>th</sup> January 2003, which exempts 100% of the Company's statutory business income from taxation for a period of 5 years, with an option to extend a further period of another 5 years. The subsidiaries are not subject to income tax due to utilization of brought forward tax losses. However, this is subject to approval from the relevant tax authorities.

**B6. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investment and properties during the quarter.

**B7. Quoted and marketable securities**

The Group does not have any investment in quoted securities.

**B8. Status of Corporate Proposals**

**(a) Listing on the Mesdaq Market of the Kuala Lumpur Stock Exchange ("Public Issue")**

On 21 July 2003, the Company issued a prospectus for the issuance of 55,000,000 new ordinary shares of RM0.10 at an issue price of RM0.28 per ordinary share by way of private placement and public offer payable in full on application in conjunction with its listing on the Mesdaq Market of the Kuala Lumpur Stock Exchange.

The Company was listed on the Mesdaq Market of the Kuala Lumpur Stock Exchange on 19<sup>th</sup> August 2003.



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**(b) Status of utilisation of listing proceeds**

The status of utilisation of the proceeds raised from the Public Issue pursuant to the listing of the Company on the Mesdaq Market of the Kuala Lumpur Stock Exchange ("KLSE") amounting to RM15.4 million is as follows:

Description	Proposed	Actual	Balance
	Utilisation	Utilisation	
	RM'000	As at 31 Dec 2003 RM'000	RM'000
(i) R & D expenditure	5,500	2,230	3,270
(ii) Proposed overseas projects/investment	1,850	-	1,850
(iii) Working capital	6,150	6,292	- #
(iv) Listing expenses	1,900	1,758	- #
	-----	-----	-----
	15,400	10,280	5,120
	=====	=====	=====

# The balance of listing expenses were utilised for working capital purpose.

**B9. Group Borrowings and Debt Securities**

The total borrowings of the Group as at 31 December 2003 are as follows:

	RM'000
<i>Singapore Dollar Bank Overdraft</i>	
Secured due within 12 months	2,892
	-----
	2,892
	=====

The bank overdrafts are secured by way of corporate guarantee from the Company and pledge of fixed deposits.

**B10. Off Balance Sheet Financial Instruments**

The Company does not have any financial instrument with off balance sheet risk.



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**B11. Material Litigation**

The Company 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.

**B12. Dividend**

No dividend has been recommended for the quarter under review.

**B13. Earnings Per Share**

The earnings per share was calculated by dividing the Company's profit after taxation by the weighted number of Ordinary Shares in the respective period as follows:-

	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	2003	2002	2003	2002
Net profit attributable to shareholders (RM'000)	607	-	2,734	-
Weighted average number of ordinary shares in issue during the period ('000)	255,900	-	222,773	-
Basic earnings per ordinary share (sen)	0.24	-	1.23	-
	=====	=====	=====	=====

By the Order of the Board

Loy Tuan Bee (BC/L/168)  
Wong Wai Yin (MAICSA 7003000)  
Secretaries  
Kuala Lumpur

25<sup>th</sup> February 2004