



(Company No: 591898-H)

QUARTERLY REPORT

Unaudited Condensed Consolidated Income Statement

For the third quarter ended 31 December 2007

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Dec 2007 RM'000	Unaudited 31 Dec 2006 RM'000	Unaudited 31 Dec 2007 RM'000	Unaudited 31 Dec 2006 RM'000
Revenue	4,481	5,086	13,576	13,425
Depreciation and amortization	(978)	(912)	(3,023)	(2,901)
Share option expenses	(134)	(103)	(388)	(544)
Other operating expenses	(4,191)	(3,992)	(11,289)	(10,215)
Interest expenses	(38)	(69)	(148)	(322)
Interest income	-	2	20	20
(Loss)/Profit before taxation	(860)	12	(1,252)	(537)
Tax expense	-	-	-	-
(Loss)/Profit for the period	(860)	12	(1,252)	(537)
(Loss)/Earnings per ordinary share (sen):				
- Basic	(0.26)	0.00	(0.38)	(0.18)
- Diluted	N.M	N.M.	N.M.	N.M.

Note :

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



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Unaudited Condensed Consolidated Balance Sheet

Group	Unaudited 31 December 2007 RM'000	Audited 31 March 2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	121	178
Intangible assets	22,604	23,779
	<u>22,725</u>	<u>23,957</u>
Current assets		
Inventories	387	383
Amount due from contract customers	3,183	995
Trade and other receivables	4,221	4,368
Tax recoverable	5	1
Cash and cash equivalents	2,392	2,261
	<u>10,188</u>	<u>8,008</u>
TOTAL ASSETS	<u>32,913</u>	<u>31,965</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	33,567	30,577
Reserves	(13,001)	(12,604)
Total equity	<u>20,566</u>	<u>17,973</u>
Current liabilities		
Trade and other payables	9,506	11,288
Borrowings	2,842	2,704
	<u>12,347</u>	<u>13,992</u>
Total liabilities	<u>12,347</u>	<u>13,992</u>
TOTAL EQUITY AND LIABILITIES	<u>32,913</u>	<u>31,965</u>
Net assets per share (RM)	<u>0.06</u>	<u>0.05</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



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Unaudited Condensed Consolidated Statement of Changes in Equity

For the period ended 31 December 2007

Group	Reserves					Total RM'000
	Share Capital RM'000	Share premium RM'000	Equity Compensation Reserves RM'000	Translation reserve RM'000	----- Non-distributable----- Distributable Accumulated loss RM'000	
At 1 April 2007	30,577	8,370	311	1,744	(23,029)	17,973
Issuance of new shares	2,990	289	-	-	-	3,279
Exchange differences on translation of the financial statements of foreign entity	-	-	-	274	-	274
Shares issues expenses written off	-	(96)	-	-	-	(96)
Net gain/(loss) not recognized in the income statement	-	(96)	-	274	-	178
Employee Stock Option - Value of Employee services	-	-	388	-	-	388
Net loss for the period	-	-	-	-	(1,252)	(1,252)
At 31 December 2007	33,567	8,563	699	2,018	(24,281)	20,566
At 1 April 2006	28,090	8,009	-	1,927	(23,576)	14,450
Issuance of new shares -exercise of stock options	1,812	66	-	-	-	1,878
Exchange differences on translation of the financial statements of foreign entity	-	-	-	(31)	-	(31)
Shares issues expenses written off	-	(10)	-	-	-	(10)
Net gain/(loss) not recognized in the income statement	-	(10)	-	(31)	-	(41)
Employee Stock Option - Value of Employee services	-	-	544	-	-	544
Net loss for the period	-	-	-	-	(537)	(537)
At 31 December 2006	29,902	8,065	544	1,896	(24,113)	16,294

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



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Unaudited Condensed Consolidated Cash Flow Statements

For the period ended 31 December 2007

Group	Year To Date ended	Year To Date ended
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Loss before taxation	(1,252)	(537)
Adjustments for :-		
Non-cash items	3,410	3,445
Non-operating items	(20)	(20)
Operating profit before working capital changes	2,138	2,888
Net change in current assets	(2,051)	1,982
Net change in current liabilities	(1,782)	(3,727)
Tax recovered/(paid)	(1)	7
Net cash from operating activities	(1,696)	1,150
Investing activities		
Purchase of property, plant and equipment	(91)	(40)
Interest received	20	20
Addition of software development expenditure, net of grant	(1,500)	(593)
Net cash used in investing activities	(1,571)	(613)
Financing activities		
Proceeds from issuance of new shares	3,279	1,878
Shares issue expenses	(96)	(10)
Decrease/(increase) in pledged deposits with bank	456	581
Proceed/(Repayment) of short term borrowing	534	(1,392)
Net cash generated in financing activities	4,173	1,057
Net changes in cash and cash equivalents	906	1,594
Cash and cash equivalents at beginning of financial year	100	(3,494)
Effect of exchange rate changes	77	(52)
Cash and cash equivalents at end of the financial period	1,083	(1,952)
Cash and cash equivalents at end of financial period comprise of:		
Cash and cash equivalents (excluding pledged deposits with bank)	1,791	633
Bank overdraft	(708)	(2,585)
Cash and cash equivalents at end of the financial period	1,083	(1,952)

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



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Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation.

The interim financial report is unaudited and has been prepared in compliance with FRS134 Interim Financial Reporting and should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31st March 2007 except for the adoption of the following new/revised Financial Reporting Standards (FRS) issued by MASB that are effective for the Group's annual reporting date, 31st March 2008:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRSs does not have any financial impact on the Group.

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 are no changes in the estimates of amount reported that have material effect in the current quarter.

A6. Debt and Equity Securities

Other than as disclosed in note B8, 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

	Period ended 31 December 2007			Consolidated RM'000
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	
<i>Geographical segments</i>				
External	464	13,112	-	13,576
Inter-segment	137	638	(775)	-
Total revenue	601	13,750	(775)	13,576
Segment result	(1,607)	483	-	(1,124)
Interest income				20
Interest expense				(148)
Profit before taxation				(1,252)
Taxation				-
Loss after taxation				(1,252)
Segment assets	22,325	32,095	(21,506)	32,914
Segment liabilities	2,683	22,435	(12,770)	12,348
Capital expenditure	25	66	-	91
Depreciation and amortisation	28	2,995	-	3,023

A9. Valuation of Property, Plant and Equipment

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

A10. Subsequent Events

There were no material events between 1st January 2008 and 25th February 2008 that would be required to be reflected in the financial statement for the quarter ended 31st December 2007.

A11. Changes in the Composition Of the Group

On 11 September 2007, novaCITYNETS Pte Ltd and novaHEALTH Pte Ltd, both wholly owned subsidiaries of the Company, had issued new ordinary shares to the Company and the Company had subscribed for 1,805,000 new ordinary shares in novaCITYNETS Pte Ltd and 2,000,000 new ordinary shares in novaHEALTH Pte Ltd for S\$1,805,000 and \$2,000,0000 respectively by offsetting against the amount due from the subsidiaries. There were no changes in the composition of the Group during the quarter under review.



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Part B – Additional Information required by Bursa Malaysia Securities Berhad’s Listing Requirements

B1. Performance Review

For the quarter under review, the Group recorded revenue of approximately RM4.5 million, which is approximately 12% lower than the revenue of RM5.1 million for the preceding year’s corresponding quarter ended 31st December 2006. This was partly due to lower completion of projects from its existing order book and delay in award of expected new sales orders during the quarter.

In line with the lower revenue achieved, the Group, recorded a third quarter loss before taxation of approximately RM0.9 million as compared to the profit before taxation of approximately RM12 thousands for the preceding year’s corresponding quarter, coupled with higher staff cost and amortization expenses.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Dec 2007 RM’000	Preceding Quarter 30 Sep 2007 RM’000	Difference (%)
Revenue	4,481	4,807	(7%)
Loss before taxation	(860)	(501)	72%

The Group reported slightly lower revenue in current quarter due to lower completion of projects from its existing order book. The Group ended the current quarter with a loss of RM0.9 million as compared to a loss before tax of RM0.5 million as the Group was affected by delay in expected sales orders, higher staff cost and higher pre-sales cost in its effort to secure new orders.

The Group ended the current third quarter with an order book of RM24.4 million as compared to RM18.9 million as at the end of immediate preceding quarter. The majority of the order book consists of e-government contracts.

B3. Prospect

With the delay in the finalization in certain expected sales orders in the current financial period, the Group does not expect the performance of the Group to be profitable in the last quarter of the current financial year.

A detailed review on the intangible asset and project progress will be carried out in the 4th quarter ending 31 March 2008. In the event that there is impairment to the value of the intangible assets and the project work in progress, the necessary write-down will be effected in that quarter and this may have an adverse effect on the result.



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B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee.

B5. Taxation

	Individual quarter ended 30 December		Cumulative quarter ended 30 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current taxation (charge)/Write back	-	-	-	-
Write back of Deferred taxation charge	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	-	-	-	-
	=====	=====	=====	=====

The Company was granted Multimedia Super Corridor ("MSC") status on 29 October 2002. By virtue of this status, the Company obtained its pioneer status incentive which includes five year exemption on statutory business income under Section 127 of the Income Tax Act, 1967 which expires in January 2008. The Company is in discussion with the relevant authority to obtain an extension to our MSC status.

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) Employee Share Option Scheme ("ESOS")

At an extraordinary general meeting on 28 September 2004, the Company's shareholders approved the establishment of a ten (10) year ESOS of up to thirty percent (30%) of the issued and paid-up capital of the Company, subject to a maximum entitlement of fifteen percent (15%) for the first five (5) years to eligible Directors and employees of the Group



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On 20 March 2006, a total of 17,810,000 options had been issued to eligible employees of the Group. On 21 June 2006, a total of 7,300,000 options had been issued to eligible Directors of the Group. On 30 August 2006, a total of 960,000 options had been issued to eligible employees of the Group. On 15 June 2007, another 8,440,000 options had been granted to eligible employees of the Group. As at 31 December 2007, a total of 11,865,000 options had been exercised while a total of 3,495,000 options had lapsed or expired due to staff resignation.

B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 December 2007 are as follows:

	RM'000
Secured due within 12 months	
<i>Bank overdraft</i>	708
<i>Short term borrowing</i>	1,134
<i>Revolving credit</i>	1,000

	2,842
	=====

The borrowings are secured by way of corporate guarantees and pledge of fixed deposits of approximately RM600,000 and certain account receivables.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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.

B12. Dividend

No dividend has been recommended for the quarter under review.



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B13. (Loss)/Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
(a) Basic earnings per share				
Net (loss)/earning attributable to shareholders (RM'000)	(860)	12	(1,252)	(537)
Weighted average number of ordinary shares ('000)	335,665	299,015	325,655	292,433
Basic (loss)/ earnings per share (sen)	(0.26)	0.00	(0.38)	(0.18)

(b) Diluted earnings per share

Diluted earning per share was not calculated as the outstanding ESOS options were considered to be anti-dilutive.

By the Order of the Board

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

25th February 2008