



(Company No: 591898-H)

QUARTERLY REPORT

Unaudited Condensed Consolidated Income Statement

For the fourth quarter ended 31 March 2008

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Mar 2008 RM'000	Unaudited 31 Mar 2007 RM'000	Unaudited 31 Mar 2008 RM'000	Unaudited 31 Mar 2007 RM'000
Revenue	3,916	4,296	17,493	17,721
Depreciation and amortization	(1,004)	(1,165)	(4,027)	(4,065)
Share option expenses	(132)	(103)	(519)	(647)
Write back of impairment loss on intangible asset	-	1,791	-	1,791
Other operating expenses	(3,833)	(3,673)	(15,125)	(13,888)
Interest expenses	(48)	(78)	(196)	(401)
Interest income	22	21	42	41
(Loss)/Profit before taxation	(1,079)	1,089	(2,332)	552
Tax expense	(7)	(5)	(7)	(5)
(Loss)/Profit for the period	(1,086)	1,084	(2,339)	547
(Loss)/Earnings per ordinary share (sen):				
- Basic	(0.32)	0.36	(0.71)	0.19
- Diluted	N.M	0.35	N.M.	0.18

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 March 2008 RM'000	Audited 31 March 2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	141	178
Intangible assets	22,366	23,779
	<u>22,507</u>	<u>23,957</u>
Current assets		
Inventories	-	383
Amount due from contract customers	3,682	995
Trade and other receivables	7,398	4,368
Tax recoverable	-	1
Cash and cash equivalents	2,557	2,261
	<u>13,637</u>	<u>8,008</u>
TOTAL ASSETS	<u>36,144</u>	<u>31,965</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	33,567	30,577
Reserves	(13,980)	(12,604)
Total equity	<u>19,587</u>	<u>17,973</u>
Current liabilities		
Trade and other payables	11,941	11,288
Borrowings	4,616	2,704
	<u>16,557</u>	<u>13,992</u>
Total liabilities	<u>16,557</u>	<u>13,992</u>
TOTAL EQUITY AND LIABILITIES	<u>36,144</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 March 2008

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	-	-	-	284	-	284
Shares issues expenses written off	-	(129)	-	-	-	(129)
Net gain/(loss) not recognized in the income statement	-	(129)	-	284	-	155
Employee Stock Option - Value of Employee services	-	-	519	-	-	519
Net loss for the period	-	-	-	-	(2,339)	(2,339)
At 31 March 2008	33,567	8,530	830	2,028	(25,368)	19,587
At 1 April 2006	28,090	8,009	-	1,927	(23,576)	14,450
Issuance of new shares -exercise of stock options	2,487	66	-	-	-	2,553
Exchange differences on translation of the financial statements of foreign entity	-	-	-	(183)	-	(183)
Shares issues expenses written off	-	(41)	-	-	-	(41)
Net gain/(loss) not recognized in the income statement	-	(41)	-	(183)	-	(224)
Employee Stock Option - Value of Employee services	-	-	647	-	-	647
Net loss for the period	-	-	-	-	547	(537)
At 31 March 2007	30,577	8,034	647	1,744	(23,029)	17,973

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 year ended 31 March 2008

Group	Year To Date ended	Year To Date ended
	31 Mar 2008 RM'000	31 Mar 2007 RM'000
Loss before taxation	(2,332)	552
Adjustments for :-		
Non-cash items	4,547	2,921
Non-operating items	(42)	(41)
Operating profit before working capital changes	2,173	3,432
Net change in current assets	(5,335)	3,235
Net change in current liabilities	655	(2,040)
Tax (paid)/recovered	(6)	6
Net cash from operating activities	(2,513)	4,633
Investing activities		
Purchase of property, plant and equipment	(126)	(46)
Interest received	42	41
Addition of software development expenditure, net of grant	(1,879)	(2,565)
Net cash used in investing activities	(1,963)	(2,570)
Financing activities		
Proceeds from issuance of new shares	3,279	2,553
Shares issue expenses	(129)	(41)
Decrease/(increase) in pledged deposits with bank	(844)	919
Proceed/(Repayment) of short term borrowing	2,299	(1,853)
Net cash generated in financing activities	4,605	1,578
Net changes in cash and cash equivalents	129	3,641
Cash and cash equivalents at beginning of financial year	100	(3,494)
Effect of exchange rate changes	(289)	(47)
Cash and cash equivalents at end of the financial period	(60)	100
Cash and cash equivalents at end of financial period comprise of:		
Cash and cash equivalents (excluding pledged deposits with bank)	658	1,205
Bank overdraft	(718)	(1,105)
Cash and cash equivalents at end of the financial period	(60)	100

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 March 2008			Consolidated RM'000
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	
<i>Geographical segments</i>				
External	851	16,642	-	17,493
Inter-segment	260	641	(901)	-
Total revenue	1,111	17,283	(901)	17,493
Segment result	(1,062)	(1,116)	-	(2,178)
Interest income				42
Interest expense				(196)
Profit before taxation				(2,332)
Taxation				(7)
Loss after taxation				(2,339)
Segment assets	22,325	32,095	(21,506)	36,144
Segment liabilities	2,683	22,435	(12,770)	16,557
Capital expenditure	32	95	-	126
Depreciation and amortisation	37	3,990	-	4,027

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 April 2008 and 28th May 2008 that would be required to be reflected in the financial statement for the quarter ended 31st March 2008.

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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A12. Contingent Liabilities

During the quarter under review, the Company has issued

1. a corporate guarantee of approximately RM2.2 million to a financial institution in Singapore in respect of a working capital term loan granted by the financial institution to one of its wholly owned subsidiary and
2. a performance guarantee to a client of one of its wholly owned subsidiaries in respect of the client awarding a contract of approximately RM7.8 million to the said subsidiary.



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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 RM3.9 million, which is approximately 9% lower than the revenue of RM4.3 million for the preceding year’s corresponding quarter. The lower revenue was mainly due to delay in award of anticipated orders in the current quarter.

The Group recorded a fourth quarter loss before taxation of approximately RM1.1 million as compared to a profit before taxation of approximately RM1.1 million for the preceding year’s corresponding quarter due mainly to the absence of a write back of impairment loss on intangible asset of RM1.8 million and bad debt recovered of RM0.4 million.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Mar 2008 RM’000	Preceding Quarter 31 Dec 2007 RM’000	Difference (%)
Revenue	3,916	4,481	(13%)
Loss before taxation	(1,079)	(860)	(25%)

The Group reported slightly lower revenue in current quarter due to delay in award of new orders. The Group ended the current quarter with a loss of RM1.1 million as compared to a loss before tax of RM0.9 million as the Group was affected by delay in expected sales orders and higher pre-sales cost in its effort to secure new orders.

The Group ended the current fourth quarter with an order book of RM31.8 million as compared to RM24.4 million as at the end of immediate preceding quarter. The majority of the order book consists of e-government contracts.

B3. Prospect

The outlook remains challenging, although the order book of the Group has increased. The Group will continue to source for new partners or ventures in new markets to improve its financial performance.

B4. Profit Forecast and Profit Guarantee

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



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B5. Taxation

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current taxation (charge)/Write back	(7)	-	(7)	-
Write back of Deferred taxation charge	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	(7)	-	(7)	-
	=====	=====	=====	=====

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

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 March 2008, 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.



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(b) Private Placement Proposed private placement

On 28 March 2008, the Company proposed to implement a private placement of up to 77,202,950 new ordinary shares of RM0.10 each in the Company, representing not more than twenty percent (20%) of the issued and paid-up share capital of the Company. The Placement Shares are proposed to be placed out to Raden Corporation Sdn Bhd (“Raden”) and independent third party investors to be identified at a later date. Raden is deemed interested by virtue of Y.A.M. Tunku Dato’ Seri Nadzaruddin Ibni Tuanku Ja’afar’s directorship in NOVAMSC and his directorship and major shareholdings in Raden. Raden has indicated their interest to subscribe up to 19,300,738 Placement Shares or equivalent up to five percent (5%) of the issued and paid-up share capital of the Company. The Company is currently in the midst of making the application to obtain approval from the relevant authority.

B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 March 2008 are as follows:

	RM'000
Secured due within 12 months	
<i>Bank overdraft</i>	718
<i>Short term borrowing</i>	2,898
<i>Revolving credit</i>	1,000

	4,616
	=====

The above 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

Save as below, 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:

1. On 28 Nov 2007, the Company had filed a law suit against IT-Mega Teknologi Sdn Bhd (“debtor”) for failure to pay a sum of RM567,880. A winding up order was granted by the court on 27 Feb 2008 in favour of the Company. The lawyer advised that some money may be receivable though this is not expected to be material. It is also not expected to have material effect on the Group’s result as the amount due from the said debtor had been fully provided in the accounts in prior years.



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B12. Dividend

No dividend has been recommended for the quarter under review.

B13. (Loss)/Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Mar 2008	Preceding year corresponding quarter 31 Mar 2007	Current year to date 31 Mar 2008	Preceding year corresponding period 31 Mar 2007
(a) Basic earnings per share				
Net (loss)/earning attributable to shareholders (RM'000)	(1,086)	1,084	(2,339)	547
Weighted average number of ordinary shares ('000)	335,665	299,633	328,144	294,226
Basic (loss)/ earnings per share (sen)	(0.32)	0.36	(0.71)	0.19

(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

28th May 2008