



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income

For the second quarter ended 30 September 2013

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Sep 2013 RM'000	Unaudited 30 Sep 2012 RM'000	Unaudited 30 Sep 2013 RM'000	Unaudited 30 Sep 2012 RM'000
Revenue	8,899	8,628	17,162	18,191
Depreciation and amortization	(541)	(1,389)	(1,042)	(2,772)
Other operating expenses	(8,086)	(6,990)	(7,381)	(14,894)
Interest expenses	(52)	(39)	(129)	(70)
Interest income	1	-	1	-
Share of results of associates	45	37	106	45
Profit before taxation	266	247	632	500
Tax expense	-	-	-	-
Net Profit for the period	266	247	632	500
Other comprehensive income:				
Exchange differences on translating foreign operations	792	10	877	624
Total Comprehensive Income	1,058	257	1,509	1,124
Total comprehensive income attributable to:				
Equity Holders of Company	1,058	257	1,509	1,124
Non-controlling interest	-	-	-	-
	1,058	257	1,509	1,124
Earning per ordinary share (sen):				
- Basic	0.07	0.06	0.16	0.12
- Diluted	0.06	0.06	0.15	0.12

Note :

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Financial Position

Group	Unaudited 30 Sep 2013 RM'000	Audited 31 Mar 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	871	571
Intangible assets	9,658	8,756
Investment in associates	828	694
	<u>11,357</u>	<u>10,021</u>
Current assets		
Amount due from contract customers	8,543	6,569
Trade and other receivables	14,447	13,819
Tax recoverable	5	5
Cash and cash equivalents	1,750	4,280
	<u>24,745</u>	<u>24,673</u>
TOTAL ASSETS	<u>36,102</u>	<u>34,694</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	40,280	40,280
Reserves	(17,200)	(18,709)
	<u>23,080</u>	<u>21,571</u>
Non-Controlling Interest	33	-
Total Equity	<u>23,113</u>	<u>21,571</u>
Current liabilities		
Amount due to contract customers	2,377	41
Trade and other payables	8,522	8,478
Borrowings	2,090	4,604
	<u>12,989</u>	<u>13,123</u>
Total liabilities	<u>12,989</u>	<u>13,123</u>
TOTAL EQUITY AND LIABILITIES	<u>36,102</u>	<u>34,694</u>
Net assets per share (RM)	0.06	0.05

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2013
(Unaudited)

Group	Share Capital RM'000	Share premium RM'000	Equity Compensation Reserves RM'000	Translation reserve RM'000	Accumulated loss RM'000	Total RM'000
At 1 April 2013	40,280	8,307	942	3,641	(31,599)	21,571
Total Comprehensive Income for the period	-	-	-	877	632	1,509
At 30 September 2013	40,280	8,307	942	4,518	(30,967)	23,080
At 1 April 2012	40,280	8,307	958	3,101	(26,997)	25,649
Total Comprehensive Income for the period	-	-	-	624	500	1,124
Employee Stock Option - Transferred to Accumulated Loss for Lapsed ESOS	-	-	(16)	-	16	-
At 30 September 2012	40,280	8,307	942	3,725	(26,481)	26,773

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 2013 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Cash Flow Statements

For the period ended 30 September 2013

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Sep 2013 RM'000	30 Sep 2012 RM'000
Profit before taxation	632	500
Adjustments for :-		
Non-cash items	1,042	2,772
Non-operating items	68	88
Operating profit before working capital changes	1,742	3,360
Net change in current assets	(2,602)	(4,506)
Net change in current liabilities	2,381	(1,181)
Tax paid	-	(2)
Net cash from operating activities	1,521	(2,329)
Investing activities		
Purchase of property, plant and equipment	(264)	(111)
Acquisition of controlling interest in subsidiary, net of cash	33	-
Interest received	1	-
Addition of software development expenditure, net of grant	(1,452)	(605)
Net cash used in investing activities	(1,682)	(716)
Financing activities		
Repayment of short term borrowing, net	(2,514)	(607)
Decrease in pledged deposit place with bank	752	(121)
Net cash (used)/generated in financing activities	(1,762)	(728)
Net changes in cash and cash equivalents	(1,923)	(3,773)
Cash and cash equivalents at beginning of financial year	3,528	5,852
Effect of exchange rate changes on opening balance	145	130
Cash and cash equivalents at end of the financial period	1,750	2,209
Cash and cash equivalents at end of financial period comprise of:		
Cash and cash equivalents (excluding pledged deposits with bank)	1,750	2,209
Bank overdraft	-	-
Cash and cash equivalents at end of the financial period	1,750	2,209

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2013 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 accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market. The interim financial report should also be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2013.

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 B9, 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.

A8. Capital Commitments

No material capital commitments were approved and contracted for as at 30 September 2013.

A9. Valuation of Property, Plant and Equipment

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



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A10. Segmental Information

	Period ended 30 September 2013			Consolidated RM'000
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	
<i>Geographical segments</i>				
External	322	16,839	-	17,162
Inter-segment	-	-	-	-
Total revenue	<u>322</u>	<u>16,839</u>	<u>-</u>	<u>17,162</u>
Segment result	<u>(1,011)</u>	<u>1,666</u>	<u>-</u>	<u>655</u>
Interest income				-
Interest expense				(129)
Share of results of associates				106
Loss before taxation				<u>632</u>
Taxation				-
Loss after taxation				<u>632</u>
Segment assets	<u>23,171</u>	<u>35,371</u>	<u>(22,440)</u>	<u>36,102</u>
Segment liabilities	<u>1,311</u>	<u>19,811</u>	<u>(8,133)</u>	<u>12,989</u>
Capital expenditure	3	261	-	264
Depreciation and amortisation	13	1,028	-	1,041

A11. Subsequent Events

There were no material events between 1st July 2013 and 28th August 2013 that would be required to be reflected in the financial statement for the quarter ended 30th September 2013.

A12. Changes in the Composition Of the Group

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

On 9 October 2013, the Company announced that the Company had incorporated a wholly-owned subsidiary in the Republic of Singapore under the name of "novaCITYNETS International Pte Ltd" ("NCI"). At incorporation, the paid-up capital of NCI is Singapore Dollar One Hundred Thousands (SGD100.00) of 100 ordinary shares. The principal activity of NCI is to provide information technology consultancy.



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A13. Changes in Contingent Liabilities

As at end of current
quarter ended
30 Sep 2013
RM'000

Guarantees given by the Company to financial institution for credit facilities granted to subsidiaries	2,090
	=====

A14. Significant Related Party Transaction

The Group has no related party transactions which would have material impact on the financial position and business of the Group during the current quarter under review except the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
Transactions between the Group with a substantial shareholder				
Rental income	33	35	70	69
Consultancy income	-	47	10	47
Development expenses	-	(67)	-	(66)
	=====	=====	=====	=====
Transactions between the Group with a company which certain directors may have or deemed to have substantial interests				
Rental income	-	7	-	14
	=====	=====	=====	=====



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

B1. Performance Review

Current Year-to-date vs Previous Year-to-date

For the 6 months ended 30 September 2013, the Group recorded revenue of RM17.2 million. This represented an approximately 6% decrease over the revenue for the 6 months period ended 30 September 2012 of RM18.2 million. The decrease was mainly due to lower revenue recognition resulting from project milestone completion.

Despite the slight decrease in revenue, the Group recorded a slightly higher profit before taxation of approximately RM0.6 million for the 6 months ended 30 September 2013 as compared to the preceding year’s profit before taxation of approximately RM0.5 million due to lower amortization charges though offset by higher third party cost and travelling expenses.

Current Quarter vs Previous Year Corresponding Quarter

In the current quarter under review, the Group recorded revenue of RM8.9 million and profit before taxation of RM0.25 million which was comparable to revenue of RM8.6 million and profit before taxation of RM0.25 million for the preceding year’s corresponding quarter period ended 30th September 2012.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Sep 2013 RM’000	Preceding Quarter 30 Jun 2013 RM’000	Difference (%)
Revenue	8,899	8,263	8%
Profit/(Loss) before taxation	266	365	(27%)

The Group recorded revenue of approximately RM8.9 million in the current quarter, which was approximately 8% higher than the revenue recorded in the preceding quarter ended 30 June 2013 due to slightly higher delivery of third party products. The Group ended the current quarter with a profit before tax of RM0.3 million as compared to a profit before taxation of RM0.4 million in the immediate preceding quarter.

The Group ended the current quarter with a secured order book of RM28.9 million as compared to RM31.7 million as at the end of immediate preceding quarter.

B3. Prospect

With the Group’s relatively stable order books and focused marketing strategies in the region, the Group is cautiously optimistic that the current year performance will be better than last year.



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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		Cumulative quarter ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
Current taxation charge	-	-	-	-
Utilization of deferred tax asset	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	-	-	-	-
	=====	=====	=====	=====

Net deferred tax assets in respect of unutilized tax losses and development expenditure capitalized have not been recognized because of uncertainty that future taxable profits will be available against which the Company and its subsidiaries can utilize the benefits.

B6. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30 September 2013 are as follows:

	RM'000
Term loan	
<i>Payable within 12 months</i>	2,090
<i>Payable after 12 months</i>	-

	2,090
	=====

The borrowings are secured by pledge of present and future proceeds from certain consultancy contracts.

B7. 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.

B8. Dividend

No dividend has been recommended for the quarter under review.



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B9. Status of Corporate Proposals

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.

Set out below are the details of options over the ordinary shares of the Company under the ESOS:-

<u>Option Grant date</u>	<u>Option Expiry date</u>	<u>Exercise price</u>	Number of options over ordinary shares of RM0.10			As at 30.09.13
			Granted	Exercised	Lapsed	
15.6.2007	30.10.2015	RM 0.10	8,440,000	-	(3,100,000)	5,340,000
01.10.2009	30.10.2015	RM 0.10	5,430,000	-	(200,000)	5,230,000
01.10.2010	30.10.2015	RM 0.10	3,600,000	-	(200,000)	3,400,000
15.04.2011	30.10.2015	RM 0.10	3,440,000	-	-	3,440,000
			20,910,000	-	(3,500,000)	17,410,000

B10. Realised and unrealized accumulated losses

	As at 30 Sep 2013 RM'000	As at 30 Sep 2012 RM'000
i) Total Accumulated Losses of Nova MSC Bhd and its subsidiaries		
- Realized loss	(43,066)	(38,228)
- Unrealised (loss)/gain	434	374
	<u>(42,631)</u>	<u>(37,854)</u>
ii) Total share of retained earning from Associates		
- Realized profit	572	512
- Unrealised gain	-	-
	<u>572</u>	<u>512</u>
iii) Group Consolidation adjustments	<u>11,092</u>	<u>10,861</u>
Total Group accumulated losses as per consolidated accounts	<u>(30,967)</u>	<u>(26,481)</u>



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B11. Notes to Condensed Consolidated Statement of Comprehensive Income

Operating profit is arrived at after charging/(crediting) the following items:

	Individual Quarter ended 30 Sep 2013 RM'000	Cumulative Quarter ended 30 Sep 2013 RM'000
i) Depreciation and amortization	541	1,042
ii) Foreign exchange (gain)/loss	(7)	55
iii) Provision for and write off of receivables	-	-
iv) Provision for and write off of inventories	-	-
v) Gain and loss on disposal of quoted and unquoted investments or properties	-	-
vi) (Write back)/Impairment of intangible asset	-	-
vii) Gain or loss on derivatives	-	-
viii) Exceptional items	-	-

B12. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Sep 2013	Preceding year corresponding quarter 30 Sep 2012	Current year to date 30 Sep 2013	Preceding year corresponding period 30 Sep 2012
(a) Basic earning per share				
Net profit attributable to shareholders (RM'000)	266	247	632	500
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Basic earning per share (sen)	0.07	0.06	0.16	0.12



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B12. Earning Per Share (Cont'd)

(b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
Net profit attributable to shareholders (RM'000)	266	247	632	500
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Effect of dilution on stock options ('000)	17,410	17,410	17,410	17,410
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	420,208	420,208	420,208	420,208
Diluted earnings per share (sen)	0.06	0.06	0.15	0.12

By the Order of the Board

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)
Secretaries
Kuala Lumpur

27th November 2013