



(Company No: 591898-H)

**QUARTERLY REPORT**

**Condensed Consolidated Statement of Comprehensive Income**

For the second quarter ended 30 September 2014

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Sep 2014 RM'000	Unaudited 30 Sep 2013 RM'000	Unaudited 30 Sep 2014 RM'000	Unaudited 30 Sep 2013 RM'000
<b>Revenue</b>	<b>7,101</b>	<b>8,899</b>	<b>15,818</b>	<b>17,162</b>
Depreciation and amortization	(573)	(541)	(1,165)	(1,042)
Other operating expenses	(5,860)	(8,086)	(13,476)	(15,466)
Interest expenses	(61)	(52)	(146)	(129)
Interest income	-	1	-	1
Share of results of associates	35	45	60	106
Profit before taxation	642	266	1,091	632
Tax expense	-	-	-	-
<b>Net Profit for the period</b>	<b>642</b>	<b>266</b>	<b>1,091</b>	<b>632</b>
Other comprehensive income:				
Exchange differences on translating foreign operations	(3)	792	(228)	877
<b>Total Comprehensive Income</b>	<b>639</b>	<b>1,058</b>	<b>863</b>	<b>1,059</b>
Net Profit attributable to:				
Equity Holders of Company	642	266	1,091	632
Non-controlling interest	-	-	-	-
	642	266	1,091	632
Total comprehensive income attributable to:				
Equity Holders of Company	639	1,058	863	1,059
Non-controlling interest	-	-	-	-
	639	1,058	863	1,059
Earning per ordinary share (sen):				
- Basic	0.16	0.07	0.27	0.16
- Diluted	0.15	0.06	0.26	0.15

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2014 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 2014 RM'000	Audited 31 Mar 2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	693	681
Intangible assets	10,560	10,343
Investment in associates	530	891
	<u>11,783</u>	<u>10,022</u>
<b>Current assets</b>		
Amount due from contract customers	13,993	10,958
Trade and other receivables	7,294	7,298
Tax recoverable	3	3
Cash and cash equivalents	1,123	6,311
	<u>22,413</u>	<u>24,570</u>
<b>TOTAL ASSETS</b>	<u>34,196</u>	<u>36,485</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	40,654	40,280
Reserves	(16,215)	(17,078)
	<u>24,439</u>	<u>23,202</u>
Non-Controlling Interest	28	28
<b>Total Equity</b>	<u>24,467</u>	<u>23,230</u>
<b>Current liabilities</b>		
Amount due to contract customers	244	48
Trade and other payables	7,004	8,362
Borrowings	2,480	4,844
Taxation	1	1
	<u>9,729</u>	<u>13,255</u>
<b>Total liabilities</b>	<u>9,729</u>	<u>13,255</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>34,196</u>	<u>36,485</u>
Net assets per share (RM)	0.06	0.06

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2014 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 2014  
(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
<b>At 1 April 2014</b>	40,280	8,307	942	4,545	(30,872)	23,202
Total Comprehensive Income for the period	-	-	-	(228)	1,091	863
Employee Stock Option						
- Issue of shares						
- Exercise price	374	-	-	-	-	374
- Value of services received		179	(179)	-	-	-
- Transferred to Accumulated Loss for Lapsed ESOS	-	-	(19)	-	19	-
<b>At 30 September 2014</b>	40,654	8,486	744	4,317	(29,762)	24,439
<b>At 1 April 2013</b>	40,280	8,307	942	3,641	(31,599)	21,571
Total Comprehensive Income for the period	-	-	-	877	632	1,509
<b>At 30 September 2013</b>	40,280	8,307	942	4,518	(30,967)	23,080

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 2014 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 2014  
(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Profit/(Loss) before taxation	1,091	632
Adjustments for :-		
Non-cash items	1,165	1,042
Non-operating items	(112)	68
Operating profit before working capital changes	2,144	1,742
Net change in current assets	(3,031)	(2,602)
Net change in current liabilities	(1,162)	(2,381)
Tax paid	-	-
Net cash from operating activities	(2,049)	1,521
Investing activities		
Purchase of property, plant and equipment	(232)	(264)
Dividend received from associate	412	-
Acquisition of controlling interest in subsidiary, net of cash	-	33
Interest received	-	1
Addition of software development expenditure, net of grant	(1,268)	(1,452)
Net cash used in investing activities	(1,088)	(1,682)
Financing activities		
Proceed from issue of shares	374	-
Proceed/(Repayment) of short term borrowing, net	(2,364)	(2,514)
(Increase)/Decrease in pledged deposit place with bank	-	752
Net cash (used)/generated in financing activities	(1,990)	(1,762)
Net changes in cash and cash equivalents	(5,127)	(1,923)
Cash and cash equivalents at beginning of financial year	6,311	3,528
Effect of exchange rate changes on opening balance	(61)	145
Cash and cash equivalents at end of the financial period	1,123	1,750
Cash and cash equivalents at end of financial period comprise of:		
Cash and cash equivalents (excluding pledged deposits with bank)	1,123	1,750
Cash and cash equivalents at end of the financial period	1,123	1,750

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2014 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 2014.

### **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 31 March 2014.

### **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 2014			Consolidated RM'000
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	
<i>Geographical segments</i>				
External	592	15,226	-	15,818
Inter-segment	-	1,821	(1,821)	-
<b>Total revenue</b>	<u>592</u>	<u>17,047</u>	<u>(1,821)</u>	<u>15,818</u>
<b>Segment result</b>	<u>(685)</u>	<u>1,861</u>	<u>-</u>	<u>1,177</u>
Interest income				-
Interest expense				(146)
Share of results of associates				60
Profit before taxation				<u>1,091</u>
Taxation				-
Profit after taxation				<u>1,091</u>
<b>Segment assets</b>	<u>29,927</u>	<u>38,587</u>	<u>(34,318)</u>	<u>34,196</u>
<b>Segment liabilities</b>	<u>6,570</u>	<u>8,785</u>	<u>(5,626)</u>	<u>9,729</u>
Capital expenditure	5	227	-	232
Depreciation and amortisation	12	1,152	-	1,165

**A11. Subsequent Events**

There were no material events between 1<sup>st</sup> October 2014 and 27<sup>th</sup> November 2014 that would be required to be reflected in the financial statement for the quarter ended 30<sup>th</sup> September 2014.

**A12. 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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**A13. Changes in Contingent Liabilities**

**As at end of current  
quarter ended  
30 Sep 2014  
RM'000**

Guarantees given by the Company to financial institution for credit facilities granted to subsidiaries	2,480 =====
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**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:-

	<b>Individual quarter ended</b>		<b>Cumulative quarter ended</b>	
	<b>30 Sep 2014</b>	<b>30 Sep 2013</b>	<b>30 Sep 2014</b>	<b>30 Sep 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Transactions between the Group with a substantial shareholder				
Rental income	37	33	76	70
Consultancy income	-	-	-	10
	=====	=====	=====	=====



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

### **B1. Performance Review**

#### Current Quarter vs Previous Year Corresponding Quarter

The Group recorded revenue of approximately RM7.1 million for the current quarter under review as compared to revenue of approximately RM8.9 million for the preceding year’s corresponding quarter period ended 30 September 2013. The decrease was mainly due to lower delivery of third party products. Despite the decrease in revenue, the Group recorded a profit before taxation of approximately RM0.6 million for the current quarter as compared to the profit before taxation of approximately RM0.3 million for the preceding year’s corresponding quarter due to lower occurrence of operating expenses.

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

For the 6 months ended 30 September 2014, the Group recorded revenue of RM15.8 million, representing an approximately 8% decrease over the revenue for the 6 months period ended 30 September 2013 of RM17.2 million mainly due to lower delivery of third party products during the period under review. Despite the decrease in revenue, the Group recorded a profit before taxation of approximately RM1.1 million for the 6 months ended 30 September 2014 as compared to the preceding year’s profit before taxation of approximately RM0.6 million due to lower occurrence of operating expenses.

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

	<b>Current Quarter 30 Sep 2014 RM’000</b>	<b>Preceding Quarter 30 Jun 2014 RM’000</b>	<b>Difference (%)</b>
Revenue	7,101	8,717	(18%)
Profit before taxation	641	449	42%

The Group recorded lower revenue of approximately RM7.1 million in the current quarter under review as compared to that achieved in the preceding quarter ended 30 June 2014. This is mainly due to the lower delivery of third party products. The Group ended the current quarter with an improved profit before tax of RM0.6 million as compared to that in the immediate preceding quarter due to lower occurrence of operating expenses.

The Group ended the current quarter with a secured order book of RM43.3 million as compared to RM46.8 million as at the end of immediate preceding quarter.

### **B3. Prospect**

Although the Group’s order book has increased, the Group is operating in a challenging market. The Group believes that its operating performance for the current financial year will be dependent on its ability to manage cost, increase operational efficiency and success of its focused marketing strategies.





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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 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	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 2014 are as follows:

	RM'000
Term loan	
<i>Payable within 12 months</i>	2,480
<i>Payable after 12 months</i>	-
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	2,480
	=====

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

### (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. 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>	<u>Number of options over ordinary shares of RM0.10</u>			
			Granted	Exercised	Lapsed	As at 30.09.14
15.6.2007	30.10.2015	RM 0.10	8,440,000	-	(3,380,000)	5,060,000
01.10.2009	30.10.2015	RM 0.10	5,430,000	(1,740,000)	(200,000)	3,490,000
01.10.2010	30.10.2015	RM 0.10	3,600,000	(1,000,000)	(200,000)	2,400,000
15.04.2011	30.10.2015	RM 0.10	3,440,000	(1,000,000)	-	2,440,000
			<u>20,910,000</u>	<u>(3,740,000)</u>	<u>(3,500,000)</u>	<u>13,390,000</u>

Note: A total of 1,360,000 options were exercised and 1,440,000 options were granted from 1 October 2014 to 26 November 2014. For more information, please refer to the Bursa website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### (b) Proposed private placement and proposed increase in authorized share capital (Collectively referred to as the "Proposals")

On 22 August 2014, the Company proposed to undertake the following:-

1. a private placement of up to twenty percent (20%) of the issued and paid-up share capital of the Company to third party investor(s) to be identified later and Raden Corporation Sdn Bhd, a company related to Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, a director and substantial shareholder of the Company; and
2. to increase the authorized share capital of the Company from fifty million ringgit (RM50,000,000) divided into 500,000,000 ordinary shares to one hundred million ringgit (RM100,000,000) divided into 1,000,000,000 ordinary shares.

On 4 September 2014, Bursa Malaysia Securities Berhad had resolved to approve the listing of and quotation of up to 98,816,280 NOVAMSC Shares, representing up to 20% of the issued and paid-up ordinary share capital of NOVAMSC (excluding treasury shares), to be issued pursuant to the Proposals. On 30 September 2014, the shareholders of the Company had duly approved the above Proposals in an Extraordinary General Meeting of the Company held on even date.



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**B9. Status of Corporate Proposals (cont'd)**

On 21 November 2014 (“Price-Fixing Date”), the Company had fixed the issue price at RM0.138 per Placement Share and the payments from the placee(s) are expected to be received within five (5) market days from the Price-Fixing Date

**B10. Realised and unrealized accumulated losses**

	As at 30 Sep 2014 RM'000	As at 30 Sep 2013 RM'000
i) Total Accumulated Losses of Nova MSC Bhd and its subsidiaries		
- Realized loss	(38,585)	(43,066)
- Unrealised (losses)/gain	84	434
	<u>(38,501)</u>	<u>(42,631)</u>
ii) Total share of retained earning from Associates		
- Realized profit	857	572
- Unrealised gain	-	-
	<u>857</u>	<u>572</u>
iii) Group Consolidation adjustments	7,882	11,092
Total Group accumulated losses as per consolidated accounts	<u>(29,762)</u>	<u>(30,967)</u>

**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 2014 RM'000	Cumulative Quarter ended 30 Sep 2014 RM'000
i) Depreciation and amortization	573	1,165
ii) Foreign exchange loss	2	9
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	-	-



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**B12. Earning Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Sep 2014	Preceding year corresponding quarter 30 Sep 2013	Current year to date 30 Sep 2014	Preceding year corresponding period 30 Sep 2013
<b>(a) Basic earning per share</b>				
Net profit attributable to shareholders (RM'000)	642	266	1,091	632
Weighted average number of ordinary shares ('000)	404,111	402,798	403,194	402,798
Basic earning per share (sen)	0.16	0.07	0.27	0.16
<b>(b) Diluted earnings per share</b>				
Net profit attributable to shareholders (RM'000)	642	266	1,091	632
Weighted average number of ordinary shares ('000)	404,111	402,798	403,194	402,798
Effect of dilution on stock options ('000)	13,390	17,410	13,390	17,410
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	417,501	420,208	416,584	420,208
Diluted earnings per share (sen)	0.15	0.06	0.26	0.15

By the Order of the Board

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

27<sup>th</sup> November 2014