



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income

For the fourth quarter ended 31 March 2016

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Mar 2016 RM'000	Audited 31 Mar 2015 RM'000	Unaudited 31 Mar 2016 RM'000	Audited 31 Mar 2015 RM'000
Revenue	8,342	9,616	30,978	32,283
Depreciation and amortization	(705)	(591)	(2,714)	(2,337)
Other operating expenses	(7,506)	(9,050)	(27,717)	(28,593)
Interest expenses	(50)	(63)	(145)	(285)
Interest income	-	23	39	23
Share of results of associates	(43)	(29)	84	75
Profit before taxation	38	(94)	525	1,166
Tax expense	(8)	(3)	(15)	(3)
Net Profit for the period	30	(97)	510	1,163
Other comprehensive income:				
Exchange differences on translating foreign operations	(2,396)	680	2,341	1,446
Total Comprehensive Income	(2,366)	583	2,851	2,609
Net Profit attributable to:				
Equity Holders of Company	32	(95)	513	1,165
Non-controlling interest	(2)	(2)	(3)	(2)
	30	(97)	510	1,163
Total comprehensive income attributable to:				
Equity Holders of Company	(2,363)	583	2,853	2,611
Non-controlling interest	(3)	-	(2)	(2)
	(2,366)	583	2,851	2,609
Earning per ordinary share (sen):				
- Basic	0.01	(0.02)	0.10	0.27
- Diluted	N.A.	N.M.	N.A.	0.27

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Statement of Financial Position

Group	Unaudited 31 Mar 2016 RM'000	Audited 31 Mar 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	850	709
Intangible assets	16,742	10,980
Investment in associates	7,269	589
	<u>24,861</u>	<u>12,278</u>
Current assets		
Amount due from contract customers	10,197	18,931
Trade and other receivables	20,274	8,325
Tax recoverable	3	3
Cash and cash equivalents	3,238	8,940
	<u>33,712</u>	<u>36,199</u>
TOTAL ASSETS	<u>58,573</u>	<u>48,477</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	55,079	49,359
Reserves	(8,479)	(11,512)
	<u>46,600</u>	<u>37,847</u>
Non-Controlling Interest	26	28
Total Equity	<u>46,626</u>	<u>37,875</u>
Current liabilities		
Amount due to contract customers	804	239
Trade and other payables	9,073	8,359
Borrowings	2,050	1,999
Taxation	20	5
	<u>11,947</u>	<u>10,602</u>
Total liabilities	<u>11,947</u>	<u>10,602</u>
TOTAL EQUITY AND LIABILITIES	<u>58,573</u>	<u>48,477</u>
Net assets per share (RM)	<u>0.09</u>	<u>0.08</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Statement of Changes in Equity

For the period ended 31 March 2016

(Unaudited)

Group	Share Capital	Share Premium	Equity Compensation Reserves	Translation Reserves	Accumulated Loss	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2015	49,359	11,659	514	5,989	(29,674)	37,847	28	37,875
Profit for the period	-	-	-	-	513	513	(3)	510
Foreign Currency Translation	-	-	-	2,340	-	2,340	1	2,341
Issuance of new shares	4,980	299	-	-	-	5,279	-	5,279
Share issuance expense	-	(119)	-	-	-	(119)	-	(119)
Employee Stock Option								
- Issue of shares								
o Exercise price	740	-	-	-	-	740	-	740
o Value of services received	-	416	(416)	-	-	-	-	-
o Transferred to Accumulated Loss for Lapsed ESOS	-	-	(98)	-	98	-	-	-
At 31 March 2016	55,079	12,255	-	8,329	(29,063)	46,600	26	46,626
At 1 April 2014	40,280	8,307	942	4,545	(30,872)	23,202	28	23,230
Profit for the period	-	-	-	-	1,165	1,165	(2)	1,163
Foreign Currency Translation	-	-	-	1,444	-	1,444	2	1,446
Issuance of new shares	8,158	3,100	-	-	-	11,258	-	11,258
Share issuance expense	-	(223)	-	-	-	(223)	-	(223)
Employee Stock Option								
- Grant of new option	-	-	80	-	-	80	-	80
- Issue of shares								
o Exercise price	921	-	-	-	-	921	-	921
o Value of services received	-	475	(475)	-	-	-	-	-
o Transferred to Accumulated Loss for Lapsed ESOS	-	-	(33)	-	33	-	-	-
At 31 March 2015	49,359	11,659	514	5,990	(29,674)	37,847	28	38,875

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 2015 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Cash Flow Statements

For the period ended 31 March 2016

(Unaudited)

Group	Year To Date ended 31 Mar 2016 RM'000	Year To Date ended 31 Mar 2015 RM'000
Profit before taxation	525	1,166
Adjustments for :-		
Non-cash items	2,714	2,337
Non-operating items	1,126	765
Operating profit before working capital changes	4,365	4,268
Net change in current assets	(3,215)	(8,810)
Net change in current liabilities	1,279	(2)
Tax paid	-	-
Net cash from operating activities	2,429	(4,544)
Investing activities		
Purchase of property, plant and equipment	(527)	(355)
Investment in associate	(6,401)	-
Dividend received from associate	-	414
Interest received	39	23
Addition of software development expenditure, net of grant	(7,318)	(2,269)
Net cash used in investing activities	(14,207)	(2,187)
Financing activities		
Proceed from issue of shares	6,018	12,179
Share issues expenses	(119)	(223)
Proceed/(Repayment) of short term borrowing, net	51	(2,845)
Net cash (used)/generated in financing activities	5,950	9,111
Net changes in cash and cash equivalents	(5,828)	2,380
Cash and cash equivalents at beginning of financial year	8,940	6,311
Effect of exchange rate changes on opening balance	126	249
Cash and cash equivalents at end of the financial period	3,238	8,940
Cash and cash equivalents at end of financial period comprise of:		
Cash and cash equivalents (excluding pledged deposits with bank)	3,238	8,940

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2015 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 2015.

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 Mar 2016.



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A9. Valuation of Property, Plant and Equipment

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

A10. Segmental Information

	Period ended 31 March 2016			Consolidated RM'000
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	
<i>Geographical segments</i>				
External	1,359	29,619	-	30,978
Inter-segment	-	-	-	-
Total revenue	<u>1,359</u>	<u>29,619</u>	<u>-</u>	<u>30,978</u>
Segment result	<u>(2,460)</u>	<u>3,007</u>	<u>-</u>	<u>547</u>
Interest income				39
Interest expense				(145)
Share of results of associates				84
Profit before taxation				<u>525</u>
Taxation				(15)
Profit after taxation				<u>510</u>
Segment assets	<u>38,968</u>	<u>51,675</u>	<u>(32,070)</u>	<u>58,573</u>
Segment liabilities	<u>1,545</u>	<u>13,725</u>	<u>(3,323)</u>	<u>11,947</u>
Capital expenditure	18	509	-	527
Depreciation and amortisation	17	2,697	-	2,714

A11. Subsequent Events

There were no material events between 1st April 2016 and 23rd May 2016 that would be required to be reflected in the financial statement for the quarter ended 31st March 2016.



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A12. Changes in the Composition of the Group

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

On 7 April 2016, CNA Development Pte Ltd (“CNAD”) became a 51% subsidiary of the Company as a result of the Company’s acquisition of 19,375 ordinary shares in CNAD from Stone Villa Limited for a total aggregate consideration of up to RM10.00 million to be satisfied via the issuance of 45,454,545 new ordinary shares of RM0.10 each in NOVAMSC and up to RM5.00 million in cash.

A13. Changes in Contingent Liabilities

As at end of current
quarter ended
31 Mar 2016
RM’000

Guarantees given by the Company to financial institution for credit facilities granted to subsidiaries	2,050 =====
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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:-

	Individual quarter ended		Cumulative quarter ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM’000	RM’000	RM’000	RM’000
Transactions between the Group with a substantial shareholder				
Zylog Systems Asia Pacific Pte Ltd				
- Rental income	42	38	167	151
Transactions between the Group with a company in which a director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	512 =====	-	512 =====	-



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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 financial year ended 31 March 2016, the Group recorded revenue of RM31.0 million, representing an approximately 4% decrease over the revenue for the 12 months period ended 31 March 2015 of RM32.3 million. The decrease was mainly due to lower revenue recognition resulting from lower project milestone completion.

In line with the lower revenue and coupled with an allowance for trade receivable of RM0.5 million, the Group recorded a lower profit before taxation of approximately RM0.5 million for the financial year ended 31 March 2016 as compared to the preceding year’s profit before taxation of approximately RM1.2 million.

Current Quarter vs Previous Year Corresponding Quarter

For the current quarter under review, the Group recorded revenue of approximately RM8.3 million as compared to revenue of approximately RM9.6 million for the preceding year’s corresponding quarter period ended 31 March 2015. 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 RM0.03 million for the current quarter as compared to a loss before taxation of approximately RM0.1 million for the preceding year’s corresponding quarter due to better project margin achieved though partly offset by an allowance for long outstanding debt of RM0.5 million.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Mar 2016 RM’000	Preceding Quarter 31 Dec 2015 RM’000	Difference (%)
Revenue	8,342	7,950	5%
Profit before taxation	38	229	(83%)

The Group recorded revenue of approximately RM8.3 million in the current quarter, which is comparable to that recorded in the preceding quarter ended 31 December 2015 of RM 8.0 million. The Group ended the current quarter with a profit before tax that is lower than that in the preceding quarter due to an allowance for long outstanding debt of RM0.5 million.

The Group ended the current quarter with a secured order book of RM40.8 million as compared to RM38.8 million as at the end of immediate preceding quarter. With the acquisition of CNAD in April 2016, CNAD is expected to increase the Group’s order book by another approximately RM65.9 million.



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B3. Prospect

The upheaval in the oil and commodity market has created uncertainty affecting business sentiment. Amidst this backdrop, the Group has embarked on strategies to (1) broaden its marketing activities to cover more overseas markets, (2) introduce a pay-per-use business model incorporating cloud technology and (3) enter into new complimentary business segment in providing integrated building automation and control system. The Group has recently completed the acquisition of CNAD and will be performing the post-acquisition integration work. However, the above strategies may take some time to gain traction. The Group expects the performance for the next financial year to remain challenging.

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	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Current taxation charge	(8)	(3)	(15)	(3)
Utilization of deferred tax asset	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	(8)	(3)	(15)	(3)
	=====	=====	=====	=====

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 31st March 2016 are as follows:

	RM'000
Term loan	
<i>Payable within 12 months</i>	2,050
<i>Payable after 12 months</i>	-

	2,050
	=====

The borrowings are secured by corporate guarantee by the Company to financial institution for credit facilities granted to subsidiaries and pledge of present and future proceeds from certain consultancy contracts.



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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.

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 31.10.15
15.6.2007	30.10.2015	RM 0.10	8,440,000	(3,540,000)	(4,900,000)	-
01.10.2009	30.10.2015	RM 0.10	5,430,000	(5,230,000)	(200,000)	-
01.10.2010	30.10.2015	RM 0.10	3,600,000	(3,400,000)	(200,000)	-
15.04.2011	30.10.2015	RM 0.10	3,440,000	(3,000,000)	(440,000)	-
30.10.2014	30.10.2015	RM 0.10	1,440,000	(1,440,000)	-	-
			<u>22,350,000</u>	<u>(16,610,000)</u>	<u>(5,740,000)</u>	<u>-</u>

The ESOS has expired on 31 Oct 2015.

(b) New Employee Share Option Scheme ("New ESOS")

At an extraordinary general meeting on 27 August 2015, 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. As at the date of this report, no stock option has been granted under this New ESOS.



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B9. Status of Corporate Proposals (Cont'd)

(c) Proposed Acquisition of CNAD

On 7 April 2016, the Company completed the acquisition of 19,375 ordinary shares in CNAD, from Stone Villa Limited ("Stone Villa"), for a total aggregate consideration of up to RM10.00 million to be satisfied via the issuance of 45,454,545 new ordinary shares of RM0.10 each in NOVAMSC and up to RM5.00 million in cash. Pursuant to the acquisition, CNAD becomes a 51% subsidiary of the Company.

(d) Proposed Private Placement

On 18 January 2016, the Company announced that the Company proposed to undertake a proposed private placement of up to 155,022,635 new NOVAMSC Shares, representing 20% of the enlarged issued and paid-up share capital of NOVAMSC ("Placement Shares") after the acquisition of CNAD in item B9(c). On 5 February 2016, the listing application in regards to the above Proposals has been submitted to Bursa Securities. The shareholders of the Company approved the Proposed Private Placement in an extraordinary general meeting held on 7 April 2016.

As at the date of this report, the Company intends to place out the Placement Shares to third party investors to be identified later and at an issue price to be determined by the Board and announced later.

B10. Realised and unrealized accumulated losses

	As at 31 Mar 2016 RM'000	As at 31 Mar 2015 RM'000
i) Total Accumulated Losses of Nova MSC Bhd and its subsidiaries		
- Realized loss	(38,180)	(38,688)
- Unrealised (loss)/gain	(434)	244
	<hr/>	<hr/>
	(38,614)	(38,444)
ii) Total share of retained earnings from Associates		
- Realized profit	579	494
- Unrealised gain	-	-
	<hr/>	<hr/>
	579	494
iii) Group Consolidation adjustments	8,972	8,276
Total Group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(29,063)	(29,674)



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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 31 Mar 2016 RM'000	Cumulative Quarter ended 31 Mar 2016 RM'000
i) Depreciation and amortization	705	2,714
ii) Foreign exchange (gain)/loss	461	693
iii) Provision for and write off of receivables	534	534
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 31 Mar 2016	Preceding year corresponding quarter 31 Mar 2015	Current year to date 31 Mar 2016	Preceding year corresponding period 31 Mar 2015
(a) Basic earning per share				
Net profit attributable to shareholders (RM'000)	32	(95)	513	1,165
Weighted average number of ordinary shares ('000)	550,786	493,593	521,567	433,206
Basic earnings per share (sen)	0.01	(0.02)	0.10	0.27



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B12. Earning Per Share (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
(b) Diluted earnings per share				
Net profit attributable to shareholders (RM'000)	32	(95)	513	1,165
Weighted average number of ordinary shares ('000)	550,786	493,593	521,567	433,206
Effect of dilution on stock options ('000)	-*	8,915	-*	8,311
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	550,786	502,508	521,567	441,517
Diluted earnings per share (sen)	N.A.	N.M.	N.A.	0.27

N.M. – not meaningful

* The ESOS under section B9(a) expired on 31 Oct 2015 and no option was granted under the New ESOS under section B9(b).

By the Order of the Board

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

23rd May 2016