



(Company No: 591898-H)

**QUARTERLY REPORT**

**Condensed Consolidated Statement of Comprehensive Income**

For the first quarter ended 30 June 2016

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Jun 2016 RM'000	Audited 30 Jun 2015 RM'000	Unaudited 30 Jun 2016 RM'000	Audited 30 Jun 2015 RM'000
<b>Revenue</b>	<b>30,041</b>	<b>8,210</b>	<b>30,041</b>	<b>8,210</b>
Material cost	(12,630)	(1,329)	(12,630)	(1,329)
Depreciation and amortization	(874)	(665)	(874)	(665)
Employee benefits expenses	(13,597)	(4,869)	(13,597)	(4,869)
Other operating expenses	(2,035)	(1,140)	(2,035)	(1,140)
Interest expenses	(38)	(31)	(38)	(31)
Interest income	-	22	-	22
Share of results of associates	(15)	(10)	(15)	(10)
Profit before taxation	852	188	852	188
Tax expense	(26)	-	(26)	-
<b>Net Profit for the period</b>	<b>826</b>	<b>188</b>	<b>826</b>	<b>188</b>
Other comprehensive income:				
Exchange differences on translating foreign operations	1,320	1,130	1,320	1,130
<b>Total Comprehensive Income</b>	<b>2,146</b>	<b>1,318</b>	<b>2,146</b>	<b>1,318</b>
Net Profit attributable to:				
Equity Holders of Company	412	189	412	189
Non-controlling interest	414	(1)	414	(1)
	826	188	826	188
Total comprehensive income attributable to:				
Equity Holders of Company	1,620	1,318	1,620	1,318
Non-controlling interest	526	-	526	-
	2,146	1,318	2,146	1,318
Earning per ordinary share (sen):				
- Basic	0.07	0.04	0.07	0.04
- Diluted	0.07	0.04	0.07	0.04

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

**Condensed Consolidated Statement of Financial Position**

<b>Group</b>	<b>Unaudited 30 Jun 2016 RM'000</b>	<b>Audited 31 Mar 2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,293	850
Intangible assets	18,501	16,742
Investment in associates	1,015	7,073
Provisional Goodwill	14,337	-
	35,146	24,665
<b>Current assets</b>		
Amount due from contract customers	22,115	10,111
Trade and other receivables	30,793	20,749
Tax recoverable	4	3
Cash and cash equivalents	11,388	3,238
	64,300	34,101
<b>TOTAL ASSETS</b>	99,446	58,766
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	68,324	55,079
Reserves	(6,148)	(8,487)
	62,176	46,593
Non-Controlling Interest	4,004	26
<b>Total Equity</b>	66,180	46,619
<b>Non-current liabilities</b>		
Deferred payables	2,500	-
	2,500	-
<b>Current liabilities</b>		
Amount due to contract customers	244	803
Trade and other payables	29,211	9,274
Borrowings	1,219	2,050
Taxation	92	20
	30,766	12,147
<b>Total liabilities</b>	33,266	12,147
<b>TOTAL EQUITY AND LIABILITIES</b>	99,446	58,766
Net assets per share (RM)	0.09	0.09

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2016 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 June 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
<b>At 1 April 2016</b>	55,079	12,255	-	8,322	(29,063)	46,593	26	46,619
Profit for the period	-	-	-	-	412	412	414	826
Foreign Currency Translation	-	-	-	1,208	-	1,208	112	1,320
Issuance of new shares								
- For acquisition of subsidiary	4,545	455	-	-	-	5,000	-	5,000
- Private placement	8,700	-	-	-	-	8,700	-	8,700
- Share issuance expense	-	(67)	-	-	-	(67)	-	(67)
Employee Stock Option								
- Grant of option	-	-	330	-	-	330	-	330
Changes in ownership interest								
- Acquisition of subsidiary							3,452	3,452
<b>At 30 June 2016</b>	68,324	12,643	330	9,530	(28,651)	62,176	4,004	78,087
<b>At 1 April 2015</b>	49,359	11,659	514	5,989	(29,674)	37,847	28	37,875
Profit for the period	-	-	-	-	189	189	-	189
Foreign Currency Translation	-	-	-	1,130	-	1,130	-	1,130
Employee Stock Option								
- Issue of shares								
o Exercise price	208	111	(111)	-	-	208	-	208
<b>At 30 June 2015</b>	49,567	11,770	403	7,119	(29,485)	39,374	28	39,402

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 2016 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 Jun 2016

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Jun 2016 RM'000	30 Jun 2015 RM'000
Profit before taxation	852	188
Adjustments for :-		
Non-cash items	1,203	665
Non-operating items	407	714
Operating profit before working capital changes	2,462	1,567
Net change in current assets	(4,389)	(1,475)
Net change in current liabilities	2,286	(704)
Tax paid	-	-
Net cash from operating activities	359	(612)
Investing activities		
Purchase of property, plant and equipment	(141)	(88)
Net cash inflow from acquisition of subsidiary	855	-
Interest received	-	22
Addition of software development expenditure, net of grant	(1,954)	(1,476)
Net cash used in investing activities	(1,240)	(1,542)
Financing activities		
Proceeds from issuance of shares	8,700	208
Share issuance expenses	(65)	-
Proceeds/(Repayment) of short term borrowing, net	(831)	(859)
Net cash (used)/generated in financing activities	7,804	(651)
Net changes in cash and cash equivalents	6,923	(2,805)
Cash and cash equivalents at beginning of financial year	3,238	8,940
Effect of exchange rate changes on opening balance	96	54
Cash and cash equivalents at end of the financial period	10,257	6,189
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	11,388	6,189
Less: Fixed deposit pledged with bank	(1,131)	-
Cash and cash equivalents (excluding pledged deposits with bank)	10,257	6,189

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2016 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 2016.

### **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 Jun 2016.

### **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

Segmental information for the period ended 30 June 2016 is as follows:-

<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
2016				
Revenue				
- External	22,141	7,900	-	30,041
- Internal	-	927	(927)	-
Total Revenue	22,141	8,827	(927)	30,041
Result				
- Segment Result	872	33	-	905
- Share of associate result	-	(15)	-	(15)
- Interest income	-	-	-	-
- Interest expense	-	(38)	-	(38)
Profit/(loss) before tax	872	(21)	-	852
Tax	(26)	-	-	(26)
Profit/(loss) after tax	846	(21)	-	826
Segment assets	40,764	58,682	-	99,446
Segment liabilities	19,970	13,296	-	33,266
Other information				
- Capital Expenditure	74	67	-	141
- Depreciation and amortization	41	833	-	874

<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
2015				
Revenue				
- External	-	8,210	-	8,210
- Internal	-	-	-	-
Total Revenue	-	8,210	-	8,210
Result				
- Segment Result	-	207	-	207
- Share of associate result	-	(10)	-	(10)
- Interest income	-	22	-	22
- Interest expense	-	(31)	-	(31)
Profit/(loss) before tax	-	188	-	188
Tax	-	-	-	-
Profit/(loss) after tax	-	188	-	188
Segment assets	-	48,441	-	48,441
Segment liabilities	-	9,039	-	9,039
Other information				
- Capital Expenditure	-	88	-	88
- Depreciation and amortization	-	665	-	665

# The Building Control and Automation segment is involved in the provision of integrated control and automation system for buildings and facilities.

@ The Application Solution segment is involved in the provision of e-business solution for the healthcare industry, construction, city, town council and telecommunication industries.



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**A11. Changes in Contingent Liabilities**

30 Jun 2016  
RM'000

Guarantees given by the Company to financial institution for credit facilities granted to subsidiaries	1,219
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**A12. Subsequent Events**

There were no material events between 1<sup>st</sup> July 2016 and 22<sup>nd</sup> August 2016 that would be required to be reflected in the financial statement for the quarter ended 30<sup>th</sup> June 2016.

**A13. Changes in the Composition of the Group**

On 7 April 2016, the Company acquired an additional 31% equity interest in its 20% owned associate, CNA Development Pte Ltd (“CNAD”), as a result of the Company’s acquisition of 19,375 ordinary shares in CNAD from Stone Villa Limited. Upon the acquisition, CNAD became a 51% subsidiary of the Company.

*Purchase Consideration for the acquisition of CNAD*

The Purchase Consideration will be satisfied in the following manner:

<b>Date</b>	<b>Consideration</b>	<b>Amount RM</b>
April 2016	Issuance of 45,454,545 Consideration Shares to Stone Villa Limited	5,000,000
Within 90 days subsequent to the issuance of the audited accounts of CNAD for the financial year ending 31 March 2017	To be paid in cash	Such amounts calculated in accordance with the an agreed upon formula but up to a maximum of RM5,000,000
Within 90 days subsequent to the issuance of the audited accounts of CNAD for the financial year ending 31 March 2018	To be paid in cash	
<b>Total</b>		<b>Up to 10,000,000</b>

*Provisional accounting for the acquisition of CNAD*

As the independent valuation in connection with the purchase price allocation exercise is still underway as at the date of this announcement, the acquisition of CNAD has been accounted for using provisional amounts.

Based on the preliminary findings by the independent valuer, intangible assets, including inter alia, licenses and order book have been identified but yet to be quantified. Accordingly, these have been provisionally recognised as goodwill. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, will be made within the 'measurement period' i.e. one year from 31 March 2016 on a retrospective basis.



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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 Jun 2016</b>	<b>30 Jun 2015</b>	<b>30 Jun 2016</b>	<b>30 Jun 2015</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				
Zylog Systems Asia Pacific Pte Ltd				
- Rental income	42	39	42	39
Transactions between the Group with a company in which a director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	126	-	126	-
	=====	=====	=====	=====





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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

The Group achieved revenue of approximately RM30.0 million for the current quarter under review as compared to revenue of approximately RM8.2 million for the preceding year’s corresponding quarter period ended 30 June 2015. The significant increase was due to contribution from the newly acquired subsidiary.

In line with the increase in revenue, the Group recorded a higher profit before taxation of approximately RM0.8 million for the current quarter ended 30 June 2016 as compared to the preceding year’s profit before taxation of approximately RM0.2 million.

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

	<b>Current Quarter 30 Jun 2016 RM’000</b>	<b>Preceding Quarter 31 Mar 2016 RM’000</b>	<b>Difference (%)</b>
Revenue	30,041	8,342	260%
Profit before taxation	826	38	2,073%

The Group recorded revenue of approximately RM30.0 million in the current quarter, which is significantly higher than that recorded in the preceding quarter ended 31 March 2016 of RM 8.3 million due to contribution from the newly acquired subsidiary. In line with the increase in revenue, the Group ended the current quarter with a profit before tax that is significantly higher than that in the preceding quarter.

With the acquisition of CNAD, the Group ended the current quarter with a secured order book of RM87.1 million as compared to RM40.8 million as at the end of immediate preceding quarter.

### **B3. Prospect**

Although the Group’s order book has increased, the business sentiment remains weak. The Group will continue its 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 current financial year to remain challenging.



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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 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	RM'000	RM'000	RM'000	RM'000
Current taxation charge	(26)	-	(26)	-
Utilization of deferred tax asset	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	(26)	-	(26)	-
	=====	=====	=====	=====

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<sup>th</sup> June 2016 are as follows:

	RM'000
Term loan	
<i>Payable within 12 months</i>	1,219
<i>Payable after 12 months</i>	-
	-----
	1,219
	=====

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.

**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 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, the following options was granted pursuant to the New ESOS Scheme:-

a)	Grant Date		2 Jun 2016
b)	Exercise price of options		RM 0.10
c)	Options granted	i) Tranche 1 :	4,500,000 (vested)
		ii) Tranche 2 :	Up to 10,500,000
d)	Number of options granted to Executive Director	i) Tranche 1 :	2,000,000 (vested)
		ii) Tranche 2 :	Up to 5,000,000
e)	Vesting period of options	i) Tranche 1 :	Vested upon award
		ii) Tranche 2 :	subject to the achievement of certain performance criteria by the eligible employees over the performance period concluding at the end of the financial year ending 31 March 217

### (b) 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. The shareholders of the Company approved the Proposed Private Placement in an extraordinary general meeting held on 7 April 2016.

In June 2016, 87,000,000 new ordinary shares of par value RM0.10 each were allotted to third party investors at an issue price of RM0.10 per share. The proceeds of RM8.7 million had been utilized as follows:-

Use of proceeds from private placement	Amount raised (RM'000)	Amount utilized (RM'000)
Funding for the Purchase Consideration of CNAD*	5,000	-
Working capital	3,300	3,300
Estimated professional fee	400	400
Total	8,700	3,700

\* Pursuant to the terms of the Share Sales Agreement between the Company and Stone Villa Limited, the Company shall satisfy up to RM5.00 million of the purchase consideration in acquisition of CNAD vide cash. Such amounts should be calculated in accordance with the an agreed upon formula but subject to a maximum of RM5,000,00. The amount is expected to be utilized within twenty-four (24) months from this report.



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**B10. Realised and unrealized accumulated losses**

	<b>As at 30 Jun 2016 RM'000</b>	<b>As at 30 Jun 2015 RM'000</b>
i) Total Accumulated Losses of Nova MSC Bhd and its subsidiaries		
- Realized loss	(36,680)	(38,517)
- Unrealised gain	47	130
	<u>(36,633)</u>	<u>(38,387)</u>
ii) Total share of retained earnings from Associates		
- Realized profit	385	484
- Unrealised gain	-	-
	<u>385</u>	<u>484</u>
iii) Group Consolidation adjustments	<u>7,597</u>	<u>8,418</u>
Total Group accumulated losses as per consolidated accounts	<u>(28,651)</u>	<u>(29,485)</u>

**B11. Notes to Condensed Consolidated Statement of Comprehensive Income**

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

	<b>Individual Quarter ended 30 Jun 2016 RM'000</b>	<b>Cumulative Quarter ended 30 Jun 2016 RM'000</b>
i) Depreciation and amortization	874	874
ii) Foreign exchange (gain)/loss	192	192
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**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
<b>(a) Basic earnings per share</b>				
Net profit attributable to shareholders (RM'000)	412	189	412	189
Weighted average number of ordinary shares ('000)	603,760	494,709	603,760	494,709
Basic earnings per share (sen)	0.07	0.04	0.07	0.04
<b>(b) Diluted earnings per share</b>				
Net profit attributable to shareholders (RM'000)	412	189	412	189
Weighted average number of ordinary shares ('000)	603,760	494,709	603,760	494,709
Effect of dilution on stock options ('000)	1,434	6,835	1,434	6,835
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	605,194	501,544	605,194	501,544
Diluted earnings per share (sen)	0.07.	0.04	0.07	0.04

By the Order of the Board

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

22<sup>nd</sup> August 2016