



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income

For the second quarter ended 30 September 2017

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Sep 2017 RM'000	Unaudited 30 Sep 2016 RM'000	Unaudited 30 Sep 2017 RM'000	Unaudited 30 Sep 2016 RM'000
Revenue	19,392	24,472	39,957	54,513
Material cost	(2,576)	(8,932)	(5,833)	(21,562)
Depreciation and amortization	(2,073)	(888)	(4,135)	(1,762)
Employee benefits expenses	(11,583)	(11,676)	(24,256)	(25,273)
Other operating expenses	(2,338)	(2,858)	(4,718)	(4,893)
Interest expenses	(86)	(17)	(116)	(55)
Interest income	-	13	6	13
Share of results of associates	(158)	(12)	(107)	(27)
Profit before taxation	578	102	798	954
Tax expense	150	-	299	(26)
Net Profit for the period	728	102	1,097	928
Other comprehensive income:				
Exchange differences on translating foreign operations	(22)	678	(720)	1,998
Total Comprehensive Income	706	780	377	2,926
Net Profit/(Loss) attributable to:				
Equity Holders of Company	891	(18)	1,377	394
Non-controlling interest	(163)	120	(280)	534
	728	102	1,097	928
Total comprehensive income attributable to:				
Equity Holders of Company	885	609	774	2,229
Non-controlling interest	(179)	171	(397)	697
	706	780	377	2,926
Earning per ordinary share (sen):				
- Basic	0.13	0.00	0.20	0.06
- Diluted	0.13	N.M	0.20	0.06

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Statement of Financial Position

Group	Unaudited 30 Sep 2017 RM'000	Audited 31 Mar 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,051	1,187
Goodwill	2,938	2,728
Intangible assets	23,094	24,158
Investment in associates	854	980
Other investment	59	60
Deferred tax asset	557	568
	28,553	29,681
Current assets		
Amount due from contract customers	22,277	17,844
Inventories	87	-
Trade and other receivables	20,502	23,821
Tax recoverable	4	4
Cash and cash equivalents	8,898	7,332
	51,768	49,001
TOTAL ASSETS	80,321	78,682
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	80,787	80,787
Reserves	(35,976)	(36,749)
	44,811	44,037
Non-Controlling Interest	4,155	4,552
Total Equity	48,966	48,589
Non-current liabilities		
Deferred tax liabilities	112	417
Loan and borrowings	6,212	-
	6,324	417
Current liabilities		
Amount due to contract customers	528	2,429
Trade and other payables	20,656	25,074
Borrowings	3,727	1,938
Taxation	120	235
	25,031	29,676
Total liabilities	31,355	30,093
TOTAL EQUITY AND LIABILITIES	80,321	78,682
Net assets per share (RM)	0.07	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 2017 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 30 Sep 2017

(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 2017	80,787	-	279	12,459	(49,488)	44,037	4,552	48,589
Profit for the period	-	-	-	-	1,377	1,377	(280)	1,097
Foreign Currency Translation	-	-	-	(603)	-	(603)	(117)	(720)
-								
At 30 September 2017	80,787	-	279	11,856	(48,111)	44,811	4,155	48,966
At 1 April 2016	55,079	12,255	-	8,322	(29,063)	46,593	26	46,619
Profit for the period	-	-	-	-	394	394	534	928
Foreign Currency Translation	-	-	-	1,834	-	1,834	164	1,998
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	-	(66)	-	-	-	(66)	-	(66)
Employee Stock Option								
- Grant of option	-	-	330	-	-	330	-	330
Changes in ownership interest								
- Acquisition of subsidiary							3,388	3,388
-								
At 30 September 2016	68,324	12,644	330	10,156	(28,669)	62,785	4,112	66,897

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 2017 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Cash Flow Statements

For the period ended 30 Sep 2017

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Profit before taxation	798	954
Adjustments for :-		
Non-cash items	4,135	2,092
Non-operating items	(133)	801
Operating profit before working capital changes	4,800	3,847
Net change in current assets	(3,102)	(2,470)
Net change in current liabilities	(4,418)	(2,499)
Tax paid	(104)	-
Net cash used in operating activities	(2,824)	(1,122)
Investing activities		
Purchase of property, plant and equipment	(178)	(295)
Net cash inflow from acquisition of subsidiary	-	877
Net Interest (paid)/received	(110)	(42)
Addition of software development expenditure, net of grant	(3,256)	(3,503)
Net cash used in investing activities	(3,544)	(2,963)
Financing activities		
Proceeds from issuance of shares	-	8,700
Share issuance expenses	-	(66)
Issuance of bond	6,212	-
Proceeds/(Repayment) of short term borrowing, net	1,829	1,880
Net cash (used)/generated in financing activities	8,041	10,514
Net changes in cash and cash equivalents	1,673	6,429
Cash and cash equivalents at beginning of financial year	6,142	3,238
Effect of exchange rate changes on opening balance	(105)	142
Cash and cash equivalents at end of the financial period	7,710	9,809
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	8,899	10,918
Less: Fixed deposit pledged with bank	(1,189)	(1,109)
Cash and cash equivalents (excluding pledged deposits with bank)	7,710	9,809

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

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 2017.

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 30th Sep 2017.

A9. Valuation of Property, Plant and Equipment

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



(Company No: 591898-H)

A10. Segmental Information

Segmental information for the period ended 30 September 2017 is as follows:-

<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2017</i>				
Revenue				
- External	22,241	17,716	-	39,957
- Internal	-	2,016	(2,016)	-
Total Revenue	22,241	19,732	(2,016)	39,957
Result				
- Segment Result	944	1,831	(1,760)	1,015
- Share of associate result	-	(107)	-	(107)
- Interest income	-	6	-	6
- Interest expense	-	(116)	-	(116)
Profit/(loss) before tax	944	1,614	(1,760)	798
Tax	-	-	299	299
Profit/(loss) after tax	944	1,614	(1,461)	1,097
Segment assets	25,799	92,482	(37,960)	80,321
Segment liabilities	15,851	15,504	-	31,355
Other information				
- Capital Expenditure	10	168	-	178
- Depreciation and amortization	82	2,293	1,760	4,135

<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2016</i>				
Revenue				
- External	39,290	15,223	-	54,513
- Internal	-	1,815	(1,815)	-
Total Revenue	39,290	17,038	(1,815)	54,513
Result				
- Segment Result	1,116	(93)	-	1,023
- Share of associate result	-	(27)	-	(27)
- Interest income	-	13	-	13
- Interest expense	-	(55)	-	(55)
Profit/(loss) before tax	1,116	(162)	-	954
Tax	(26)	-	-	(26)
Profit/(loss) after tax	1,090	(162)	-	928
Segment assets	37,011	61,501	-	98,512
Segment liabilities	15,268	16,345	-	31,615
Other information				
- Capital Expenditure	61	234	-	295
- Depreciation and amortization	79	1,683	-	1,762

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.



(Company No: 591898-H)

A11. Changes in Contingent Liabilities

30 Sep 2017
RM'000

Guarantees given by the Company for credit facilities granted to subsidiaries	3,727
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A12. Subsequent Events

There were no material events between 1st October 2017 and 29th November 2017 that would be required to be reflected in the financial statement for the quarter ended 30th September 2017.

A13. Changes in the Composition of the Group

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

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 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
Transactions between the Group with a substantial shareholder				
Zylog Systems Asia Pacific Pte Ltd				
- Rental income	62	44	93	86
Transactions between the Group with a company in which a director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	88	157	177	283
	=====	=====	=====	=====



(Company No: 591898-H)

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 2017, the Group recorded revenue of approximately RM40.0 million. This represented an approximately 27% decrease over the revenue for the 6 months period ended 30 September 2016 of RM54.5 million. The decrease was due to lower revenue recognition from the order book as a result of lower occurrence of third party cost from RM21.6 million in period ended 30 Sep 2016 to RM5.8 million in the current quarter. The decrease was in line with the project milestone requirements.

The Group recorded a slightly lower profit before taxation of approximately RM0.8 million for the 6 months ended 30 September 2017 as compared to the preceding year’s profit before taxation of approximately RM1.0 million due to lower revenue recognized and higher amortization charges of the fair value of net identifiable assets arising from the acquisition of subsidiary

Current Quarter vs Previous Year Corresponding Quarter

The Group recorded revenue of approximately RM19.4 million for the current quarter under review, which was approximately 21% lower than the revenue of approximately RM24.5 million for the preceding year’s corresponding quarter period ended 30 September 2016. The decrease was due to lower revenue recognition from the order book as a result of lower occurrence of third party cost. The decrease was in line with the project milestone requirements.

Despite the decrease in revenue, the Group recorded a higher quarterly profit before taxation of approximately RM0.6 million for the current quarter as compared to the preceding year’s profit before taxation of approximately RM0.1 million. This was mainly due to higher margin contribution from the Application Solution Segment though party offset by higher amortization of the fair value of net identifiable assets arising from the acquisition of subsidiary.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Sep 2017 RM’000	Preceding Quarter 30 Jun 2017 RM’000	Difference (%)
Revenue	19,392	20,565	(6%)
Profit before taxation	578	220	162%

The Group recorded revenue of approximately RM19.4 million in the current quarter, which was approximately 6% lower as compared to that recorded in the preceding quarter ended 30 Jun 2017 of RM 20.6 million. The decrease was mainly due to lower revenue recognition from the order book as a result of lower occurrence of third party cost.



(Company No: 591898-H)

B2. Variation of Results against the Preceding Quarter (Cont'd)

Despite the decrease in revenue, the Group recorded a profit before taxation of approximately RM0.6 million in the current quarter under review as compared to a profit before taxation of RM0.2 million in the preceding quarter. This was mainly due to the higher margin contribution from the Application Solution Segment.

B3. Prospect

The Group ended the current quarter as at 30 September 2017 with a secured order book of RM70.4 million as compared to RM57.1 million as at the end of immediate preceding quarter. Subsequent to 30th September 2017, the Group had announced a total contract win of approximately RM161.8 million in Singapore. Hence, the Group expects the performance for the current financial year to be better than last financial year.

The Group will continue its strategies to (1) broaden its marketing activities by covering more overseas markets and participation in government tenders, (2) broaden our product offering via R&D and (3) enter into new complimentary business segment. However, the above strategies may take some time to gain traction.

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 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
Current taxation charge	-	-	-	-
Reversal of deferred tax liabilities	150	-	299	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	150	-	299	-
	=====	=====	=====	=====

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.



(Company No: 591898-H)

B6. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30th September 2017 are as follows:

	RM'000
Term loan	
<i>Payable within 12 months</i>	3,727
Convertible Bond	
<i>Payable after 12 months</i>	6,212

	9,939
	=====

The term loan is secured by corporate guarantee by the Company.

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 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.

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

<u>Option</u> <u>Grant date</u>	<u>Option</u> <u>Expiry date</u>	<u>Exercise</u> <u>price</u>	<u>Number of options over ordinary shares of RM0.10</u>			<u>As at</u> <u>30.09.17</u>
			Granted	Exercised	Forfeited	
02.6.2016	17.11.2025	RM 0.10	15,000,000	-	(10,500,000)	4,500,000



(Company No: 591898-H)

(b) Acquisition of subsidiary

To fund the acquisition of CNAD, 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”). 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	3,434
Estimated professional fee	400	266
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 RM5,000,000. The amount is expected to be utilized within twelve (12) months from this report.

(c) Proposed Private Placement

On 20th October 2017, the Company announced that it proposed to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company. On 26 October 2017, the Company announced that Bursa Securities had resolved to approve the listing and quotation of up to 88,821,317 Placement Shares representing up to 10% of the issued shares of the Company (excluding treasury shares), to investors to be identified and at an issue price to be determined, subject to conditions to be met in relation to the private placement.

B10. Realised and unrealized accumulated losses

	As at 30 Sep 2017 RM'000	As at 30 Sep 2016 RM'000
i) Total Accumulated Losses of Nova MSC Bhd and its subsidiaries		
- Realized loss	(47,924)	(36,813)
- Unrealised gain	(157)	61
	<u>(48,081)</u>	<u>(36,751)</u>
ii) Total share of retained earnings from Associates		
- Realized profit	872	374
- Unrealised gain	-	-
	<u>872</u>	<u>374</u>
iii) Group Consolidation adjustments	(902)	7,708
Total Group accumulated losses as per consolidated accounts	<u>(48,111)</u>	<u>(28,669)</u>



(Company No: 591898-H)

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 2017 RM'000	Cumulative Quarter ended 30 Sep 2017 RM'000
i) Depreciation and amortization	2,073	4,135
ii) Foreign exchange (gain)/loss	128	138
iii) Provision for and write off of receivables	-	-
iv) Provision for and write off of inventories	-	-
v) Loss on decognition of associate	-	-
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 2017	Preceding year corresponding quarter 30 Sep 2016	Current year to date 30 Sep 2017	Preceding year corresponding period 30 Sep 2016
(a) Basic earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	891	(18)	1,377	394
Weighted average number of ordinary shares ('000)	683,241	683,241	683,241	643,718
Basic (loss)/earnings per share (sen)	0.13	(0.00)	0.20	0.06



(Company No: 591898-H)

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
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	891	(18)	1,377	412
Weighted average number of ordinary shares ('000)	683,241	683,241	683,241	643,718
Effect of dilution on stock options ('000)	4,500	4,500	4,500	2,975
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	687,741	687,741	687,741	646,693
Diluted earnings per share (sen)	0.13	N.M*	0.20	0.06

*N.M.: Diluted earnings per share was not calculated as the outstanding ESOS options were considered to be anti-dilutive

By the Order of the Board

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

29th November 2017