



ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 MARCH 2007

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2006 RM'000	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
Revenue	12,117	13,922	43,125	45,509
Cost of sales	<u>(10,250)</u>	<u>(12,661)</u>	<u>(35,965)</u>	<u>(40,013)</u>
Gross profit	1,867	1,261	7,160	5,496
Other operating income	51	379	142	726
Operating expenses	<u>(1,451)</u>	<u>(950)</u>	<u>(5,281)</u>	<u>(3,377)</u>
Operating profit	467	690	2,021	2,845
Interest income	<u>17</u>	<u>61</u>	<u>107</u>	<u>128</u>
Profit before tax	484	751	2,128	2,973
Income tax (expenses)/credit	<u>(60)</u>	<u>101</u>	<u>(151)</u>	<u>(77)</u>
Profit for the period/year	<u>424</u>	<u>852</u>	<u>1,977</u>	<u>2,896</u>
Attributable to:				
Equity holders of the parent	<u>424</u>	<u>852</u>	<u>1,977</u>	<u>2,896</u>
Basic earnings per share (sen)	<u>0.25</u>	<u>0.50</u>	<u>1.17</u>	<u>1.71</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2007**

	UNAUDITED AS AT END OF CURRENT QUARTER 31/03/2007 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR 31/03/2006 RM'000
Non-current Assets		
Property, plant and equipment	295	254
Development expenditure	4,958	3,992
	<u>5,253</u>	<u>4,246</u>
Current Assets		
Inventories	337	394
Trade receivables	17,100	8,988
Other receivables and prepaid expenses	402	11,207
Cash and bank balances	7,000	8,493
	<u>24,839</u>	<u>29,082</u>
Total assets	<u>30,092</u>	<u>33,328</u>
Equity and Liabilities		
Issued capital	16,950	16,950
Share premium	1,359	1,359
Reserve on consolidation	-	2,533
Unappropriated profit	8,018	3,508
Total equity	<u>26,327</u>	<u>24,350</u>
Non-current Liabilities		
Deferred taxation	306	255
	<u>306</u>	<u>255</u>
Current Liabilities		
Trade payables	3,059	3,092
Other payables and accrued expenses	400	5,631
	<u>3,459</u>	<u>8,723</u>
Total liabilities	<u>3,765</u>	<u>8,978</u>
Total equity and liabilities	<u>30,092</u>	<u>33,328</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>15.53</u>	<u>14.37</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007**

(These figures have not been audited)

	Issued capital RM'000	Non-distributable reserve - Share premium RM'000	Reserve on consolidation RM'000	Distributable reserve - Unappropriated profit RM'000	Total RM'000
Balance as at 1 April 2005	11,300	7,105	2,533	612	21,550
Issue of shares – Bonus issue	5,650	(5,650)	-	-	-
Expenses in relation to the bonus issue	-	(96)	-	-	(96)
Profit for the year	-	-	-	2,896	2,896
Balance as at 31 March 2006	<u>16,950</u>	<u>1,359</u>	<u>2,533</u>	<u>3,508</u>	<u>24,350</u>
Balance as at 1 April 2006	16,950	1,359	2,533	3,508	24,350
Effect of adopting FRS 3	-	-	(2,533)	2,533	-
Profit for the year	-	-	-	1,977	1,977
Balance as at 31 March 2007	<u>16,950</u>	<u>1,359</u>	<u>-</u>	<u>8,018</u>	<u>26,327</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007**

(These figures have not been audited)

	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	1,977	2,896
Adjustments for:		
Deferred expenditure written off	271	-
Amortisation of development expenditure	651	97
Depreciation of property, plant and equipment	164	130
Fixed assets written off	15	8
Allowance for doubtful receivables	-	14
Interest income	(107)	(128)
Income tax expense	151	77
Operating Profit Before Working Capital Changes	3,122	3,094
Changes In Working Capital:		
Net change in current assets	2,517	(11,816)
Net change in current liabilities	(5,264)	6,004
Cash Used In Operations	375	(2,718)
Net income tax paid	(138)	(215)
Interest received	107	128
Net Cash Generated From/(Used In) Operating Activities	344	(2,805)
CASH FLOW USED IN INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	1
Development expenditure incurred	(1,617)	(3,457)
Purchase of property, plant and equipment	(220)	(158)
Net Cash Used In Investing Activities	(1,837)	(3,614)
CASH FLOW FROM FINANCING ACTIVITY		
Expenses incurred in relation to bonus issue	-	(96)
Net Cash Used In Financing Activity	-	(96)

(Forward)

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	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENT	(1,493)	(6,515)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	<u>8,493</u>	<u>15,008</u>
CASH AND CASH EQUIVALENT AT END OF YEAR	<u>7,000</u>	<u>8,493</u>

Notes:

Cash and cash equivalent comprise:

	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
Fixed deposits with a licensed bank	2,020	5,117
Cash on hand and at banks	<u>4,980</u>	<u>3,376</u>
	<u>7,000</u>	<u>8,493</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
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A EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial report is unaudited and had been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market, and should be read in conjunction with the Group’s financial statements for the year ended 31 March 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2006 except for the adoption of the following new/revised FRS during the current financial year under review:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have any significant financial impact on the Group, except as presented below:

FRS 3: Business Combinations

Under FRS 3, any excess of the Group’s interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as “negative goodwill”), after reassessment, is now recognised immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the negative goodwill of RM2,533,000 as at 1 April 2006, which was previously recognised as a Reserve on Consolidation by the Group, was derecognised with a corresponding increase in unappropriated profit.

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**UNAUDITED INTERIM FINANCIAL REPORT
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A2 Qualification of annual financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A3 Seasonal or cyclical factors

The Group's interim operations were not subject to any significant seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows, which are unusual by reason of their nature, size or incidence.

A5 Changes in estimates

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the quarter under review.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter under review.

A7 Dividends paid

There were no dividends paid during the quarter under review.

A8 Segment information

The Group operates predominantly in the information communication technology industry and principally in Malaysia. Accordingly, the financial information by geographical and business segments of the Group's operations are not presented.

A9 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the quarter under review.

A10 Subsequent events

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements of the quarter under review.

A11 Changes in the composition of the Group

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

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A12 Contingent assets and contingent liabilities

There were no material contingent assets or contingent liabilities as at the date of this report.

A13 Capital commitments

There were no capital commitments as at the date of this report.

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**B ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET**

B1 Review of performance

The Group recorded revenue of approximately RM12.1 million for the current quarter under review as compared to RM13.9 million in the preceding year corresponding quarter. The decrease in Group revenue was mainly attributable to lower revenue contributed from sales of total information technology solutions. Sales of total information technology solutions had decreased by RM3.1 million whilst revenue from sales of software applications and related maintenance fees and sales of provision of information management services increased by RM0.7 million and RM0.6 million respectively. Gross profit which stood at RM1.9 million, increased by RM0.6 million as compared to preceding year corresponding quarter. The increase in gross profit is mainly attributable to improved overall gross profit margin for the current quarter under review.

For the current quarter under review, the Group recorded lower profit of approximately RM424,000 as compared to approximately RM852,000 in the preceding year corresponding quarter. The decrease is mainly due to lower sales rebate from principal which is in line with the substantial drop in sales of total information technology solutions. In addition, the lower profit is also due to higher amortisation of development expenditure and operating expenses as a result of business expansion and increase in headcount.

For the financial year ended 31 March 2007, the Group recorded revenue of approximately RM43.1 million, a marginal decrease of 5.27% compared to RM45.5 million recorded in the corresponding financial year ended 31 March 2006. The decrease in revenue was mainly attributed to the decrease in sales of total information technology solutions by approximately RM13.4 million. However, this decrease was mitigated by the increase in revenue from the sales of software applications and related maintenance fees as well as sales from the provision of information management services which increased by RM5.2 million and RM5.8 million respectively compared to the previous year. In line with the increase in revenue from the sales of software applications and related maintenance fees and the provision of information management services, the Group generated higher gross profit of approximately RM7.2 million for the financial year ended 31 March 2007 as compared to RM5.5 million for the financial year ended 31 March 2006.

The Group recorded lower profit of RM2.0 million for the financial year ended 31 March 2007 as compared to RM2.9 million for the corresponding financial year ended 31 March 2006. The decrease is mainly due to higher amortisation of development expenditure, higher operating expenses as a result of business expansion and increase in headcount and the write off of deferred expenditure amounting to RM271,000.

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B2 Variation of results against preceding quarter

	CURRENT QUARTER 31/03/2007 RM'000	IMMEDIATE PRECEDING QUARTER 31/12/2006 RM'000
Revenue	12,117	7,467
Profit before taxation (“PBT”)	484	657

The Group’s revenue for the quarter under review has increased significantly, mainly from sales of total information technology solutions which increased by approximately RM6.9 million whilst revenue from sales of software applications and related maintenance fees and provision of information management services had declined by RM2.0 million and RM0.2 million respectively.

The Group recorded lower PBT of approximately RM484,000 as compared to previous quarter of approximately RM657,000. The lower PBT, despite increase in revenue was resulted from lower gross profit margin and increased operating costs of the Group.

B3 Prospects

The Group will continue with its conscious effort in its business expansion exercise and enhance its product offering via research and development activities with a view to enhance shareholders’ value. Barring unforeseen circumstances, the Board expects the next financial year to be satisfactory.

B4 Profit forecast / Profit guarantee

The Group did not issue any profit forecast or profit guarantee in any public documents.

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**UNAUDITED INTERIM FINANCIAL REPORT
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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2006 RM'000	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
In respect of the current period:				
Estimated current tax payable	15	(2)	100	-
Deferred taxation	45	105	51	251
Overprovision in prior years	-	(204)	-	(174)
	<u>60</u>	<u>(101)</u>	<u>151</u>	<u>77</u>

One of the subsidiaries of Online One Corporation Berhad, Online One Software (MSC) Sdn Bhd, has been accorded Multimedia Super Corridor Status on 15 October 2002 and was granted Pioneer Status on 11 August 2003, which exempted 100% of its statutory business income from taxation for a period of up to five (5) years commencing from 1 April 2003 to 31 March 2008. As such, the effective tax rate for the Group for the quarter under review and financial year-to-date is lower than the statutory income tax rate.

B6 Sale of unquoted investments and properties

There were no disposals of unquoted investments and properties during the quarter under review and financial year-to-date.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the quarter under review.

B8 Status of corporate proposals announced but not completed

There was no corporate proposal announced but not completed as at 29 May 2007, being the latest practical date prior to the date of this report.

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The Company raised RM18.309 million from its Initial Public Offering exercise. The details of the utilisation of proceeds as at 31 March 2007 are as follow:

Purposes	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Project financing	7,000	7,000	7,000	-
Research and development	5,000	5,000	5,000	-
Branding and promotion	1,000	168 ⁽²⁾	168	-
Working capital	3,909	4,771 ⁽¹⁾⁽²⁾	3,939	832
Listing expenses	1,400	1,370 ⁽¹⁾	1,370	-
	<u>18,309</u>	<u>18,309</u>	<u>17,477</u>	<u>832</u>

Notes:

⁽¹⁾ The excess of RM30,000 allocated for listing expenses was utilised for working capital purposes.

⁽²⁾ The balance of RM832,000 allocated for branding and promotion will be utilised for working capital purposes.

B10 Group's borrowings and debt securities

The Group does not have any borrowings and debt securities as at 31 March 2007.

B11 Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B12 Material litigations

The Group has no outstanding material litigation as at the date of this report.

B13 Dividends

The Directors have not recommended or declared any dividends for the quarter ended 31 March 2007.

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B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2006 RM'000	CURRENT YEAR TO DATE 31/03/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2006 RM'000
Profit for the period/year (RM'000)	424	852	1,977	2,896
Weighted average number of shares in issue ('000)	169,500	169,500	169,500	169,500
Basic earnings per share (sen)	<u>0.25</u>	<u>0.50</u>	<u>1.17</u>	<u>1.71</u>

By Order of the Board

WONG KEO ROU (MAICSA 7021435)
Company Secretary
Kuala Lumpur

Date: 30 May 2007