



ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 30 JUNE 2007

ONLINE ONE CORPORATION BERHAD
(Company No: 632267-P)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2007**

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2007**
(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
Revenue	10,046	11,629	10,046	11,629
Cost of sales	(8,219)	(10,007)	(8,219)	(10,007)
Gross profit	1,827	1,622	1,827	1,622
Other operating income	17	11	17	11
Operating expenses	(1,343)	(1,317)	(1,343)	(1,317)
Operating profit	501	316	501	316
Interest income	22	29	22	29
Profit before tax	523	345	523	345
Income tax (expenses)/credit	(25)	(6)	(25)	(6)
Profit for the period	498	339	498	339
Attributable to:				
Equity holders of the parent	498	339	498	339
Basic earnings per share (sen)	0.29	0.20	0.29	0.20

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2007****CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2007**

	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2007 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR 31/03/2007 RM'000
Non-current Assets		
Property, plant and equipment	274	295
Development expenditure	5,070	4,981
	<hr/> 5,344	<hr/> 5,276
Current Assets		
Inventories	228	228
Trade receivables	10,291	16,562
Other receivables and prepaid expenses	1,656	421
Short-term investments	1,569	1,026
Short-term deposits with a licensed bank	2,036	2,020
Cash and bank balances	8,984	3,954
	<hr/> 24,764	<hr/> 24,211
Total assets	<hr/> 30,108	<hr/> 29,487
Equity and Liabilities		
Issued capital	16,950	16,950
Share premium	1,359	1,359
Unappropriated profit	8,360	7,862
Total equity	<hr/> 26,669	<hr/> 26,171
Non-current Liabilities		
Deferred taxation	252	231
	<hr/> 252	<hr/> 231
Current Liabilities		
Trade payables	3,038	2,671
Other payables and accrued expenses	149	414
	<hr/> 3,187	<hr/> 3,085
Total liabilities	<hr/> 3,439	<hr/> 3,316
Total equity and liabilities	<hr/> 30,108	<hr/> 29,487
Net assets per share attributable to ordinary equity holders of the parent (sen)	<hr/> 15.73	<hr/> 15.44

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2007****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

(These figures have not been audited)

	Issued capital RM'000	Share premium RM'000	Non-distributable reserve - Reserve on consolidation RM'000	Distributable reserve - Unappropriated profit RM'000	Total RM'000
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 period	-	-	-	339	339
Balance as at 30 June 2006	<u>16,950</u>	<u>1,359</u>	<u>-</u>	<u>6,380</u>	<u>24,689</u>
Balance as at 1 April 2007	16,950	1,359	-	7,862	26,171
Profit for the period	-	-	-	498	498
Balance as at 30 June 2007	<u>16,950</u>	<u>1,359</u>	<u>-</u>	<u>8,360</u>	<u>26,669</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2007****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(These figures have not been audited)

	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	498	339
Adjustments for:		
Deferred expenditure written off	-	253
Amortisation of development expenditure	171	142
Depreciation of property, plant and equipment	35	37
Interest income	(22)	(29)
Income tax expense	25	6
Operating Profit Before Working Capital Changes	707	748
Changes In Working Capital:		
Net change in current assets	5,050	4,648
Net change in current liabilities	101	(4,502)
Cash From Operations	5,858	894
Net income tax paid	(17)	(22)
Interest received	22	29
Net Cash Generated From Operating Activities	5,863	901
CASH FLOW USED IN INVESTING ACTIVITIES		
Placement of short-term investments	(543)	-
Development expenditure incurred	(260)	(285)
Purchase of property, plant and equipment	(14)	(52)
Net Cash Used In Investing Activities	(817)	(337)
NET INCREASE IN CASH AND CASH EQUIVALENT	5,046	564

(Forward)

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 FOR THE FIRST QUARTER ENDED 30 JUNE 2007**

	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	<u>5,974</u>	<u>8,493</u>
CASH AND CASH EQUIVALENT AT END OF PERIOD	<u>11,020</u>	<u>9,057</u>

Notes:

Cash and cash equivalent comprise:

	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
Short-term deposits with a licensed bank	2,036	5,157
Cash on hand and at banks	<u>8,984</u>	<u>3,900</u>
	<u>11,020</u>	<u>9,057</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2007 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2007 except for the adoption of the following new/revised FRS during the current financial year under review:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRS does not have any significant financial impact on the Group.

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.

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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

Incorporation of wholly-owned subsidiary, Ace Biomass Sdn Bhd

On 31 July 2007, the Board announced that Online One had on 27 July 2007 incorporated a wholly-owned subsidiary known as Ace Biomass Sdn Bhd ("Ace Biomass").

Ace Biomass was incorporated for the purposes of carrying out research and development and sales and trading of biomass products.

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 RM10.0 million for the current quarter under review as compared to RM11.6 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 and sales of provision of information management services. Sales of total information technology solutions had decreased by RM0.8 million whilst sales of provision of information management services decreased by RM1.2 million. Revenue from sales of software applications and related maintenance fees had increased by RM0.4 million. Gross profit which stood at RM1.8 million, increased by RM0.2 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 higher profit of approximately RM498,000 as compared to approximately RM339,000 in the preceding year corresponding quarter. The increase is mainly attributable to improved overall gross profit margin.

B2 Variation of results against preceding quarter

	CURRENT QUARTER 30/06/2007 RM'000	IMMEDIATE PRECEDING QUARTER 31/03/2007 RM'000
Revenue	10,046	12,117
Profit before taxation ("PBT")	523	234

The Group's revenue for the quarter under review has decreased, mainly from sales of total information technology solutions and provision of information management services which declined by RM2.2 million and RM0.1 million respectively whilst revenue from sales of software applications and related maintenance fees improved by approximately RM0.2 million

The Group however, recorded a higher PBT of approximately RM523,000 as compared to previous quarter of approximately RM234,000. PBT in the previous quarter was significantly lower as a result of increased provision for doubtful debts and higher operating expenses incurred and further to that, the Group managed to command for an improved gross profit margin for the current quarter under review.

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 current financial year to be satisfactory.

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

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
In respect of the current period:				
Estimated current tax payable	4	31	4	31
Deferred taxation	21	(25)	21	(25)
Overprovision in prior years	-	-	-	-
	25	6	25	6

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

Proposed acquisition of 1,800,000 ordinary shares of RM1.00 each in Ace Edible Oil Industries Sdn Bhd (“Ace”) representing the entire equity interest in Ace for a total purchase consideration of RM10,700,000 to be fully satisfied in cash (“Proposed Acquisition”)

Online One had on 5 June 2007 entered into the Share Sale Agreement (“SSA”) with Goh Hian Chew, Boon Joo Lan, Julius Goh Shee Young, Goh Hiong Eng and Goh Yan Ming (“the Vendors”) to acquire the entire issued and paid-up share capital of Ace for a total cash

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consideration of RM11,000,000. Subsequently, on 13 August 2007, a Supplemental Agreement (“SA”) was signed between the aforesaid parties to revise the Purchase Consideration, from RM11,000,000 to RM10,700,000. Upon completion of the Proposed Acquisition, Ace will become a wholly-owned subsidiary of Online One.

As at the date of this announcement, the approval of the FIC and the approval of shareholders for the Proposed Acquisition are still pending.

B9 Status of utilisation of proceeds from Initial Public Offering

The Company raised RM18.309 million from its Initial Public Offering exercise. The details of the utilisation of proceeds as at 30 June 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 30 June 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 30 June 2007.

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B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
Profit for the period (RM'000)	498	339	498	339
Weighted average number of shares in issue ('000)	169,500	169,500	169,500	169,500
Basic earnings per share (sen)	<u>0.29</u>	<u>0.20</u>	<u>0.29</u>	<u>0.20</u>

By Order of the Board

WONG KEO ROU (MAICSA 7021435)
Company Secretary
Kuala Lumpur

Date: 29 August 2007