



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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007****CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2006 RM'000	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
Revenue	9,048	7,467	26,364	31,008
Cost of sales	<u>(7,632)</u>	<u>(5,572)</u>	<u>(21,325)</u>	<u>(25,715)</u>
Gross profit	1,416	1,895	5,039	5,293
Other operating income	40	15	69	91
Operating expenses	<u>(1,315)</u>	<u>(1,279)</u>	<u>(4,065)</u>	<u>(3,830)</u>
Operating profit	141	631	1,043	1,554
Interest expense	(1)	-	(2)	-
Interest income	<u>9</u>	<u>26</u>	<u>55</u>	<u>90</u>
Profit before tax	149	657	1,096	1,644
Income tax expense	<u>(47)</u>	<u>(40)</u>	<u>(75)</u>	<u>(91)</u>
Profit for the period	<u>102</u>	<u>617</u>	<u>1,021</u>	<u>1,553</u>
Attributable to: Equity holders of the parent	<u>102</u>	<u>617</u>	<u>1,021</u>	<u>1,553</u>
Basic earnings per share (sen)	<u>0.06</u>	<u>0.36</u>	<u>0.60</u>	<u>0.92</u>

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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(Company No: 632267-P)

(Incorporated in Malaysia)

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

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2007 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR 31/03/2007 RM'000
Non-current Assets		
Property, plant and equipment	7,266	295
Development expenditure	5,147	4,981
Goodwill	4,753	-
	<hr/>	<hr/>
	17,166	5,276
	<hr/>	<hr/>
Current Assets		
Inventories	2,439	228
Trade receivables	9,840	16,562
Other receivables and prepaid expenses	500	421
Short-term investments	64	1,026
Short-term deposits with a licensed bank	-	2,020
Cash and bank balances	1,558	3,954
	<hr/>	<hr/>
	14,401	24,211
	<hr/>	<hr/>
Total assets	31,567	29,487
	<hr/>	<hr/>
Equity and Liabilities		
Issued capital	16,950	16,950
Share premium	1,359	1,359
Unappropriated profit	8,883	7,862
	<hr/>	<hr/>
Total equity	27,192	26,171
	<hr/>	<hr/>
Non-current Liabilities		
Hire purchase creditor	247	-
Deferred taxation	299	231
	<hr/>	<hr/>
	546	231
	<hr/>	<hr/>
Current Liabilities		
Trade payables	3,682	2,671
Other payables and accrued expenses	106	414
Hire purchase creditor	41	-
	<hr/>	<hr/>
	3,829	3,085
	<hr/>	<hr/>
Total liabilities	4,375	3,316
	<hr/>	<hr/>
Total equity and liabilities	31,567	29,487
	<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the parent (sen)	16.04	15.44
	<hr/>	<hr/>

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.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	-	-	-	1,553	1,553
Balance as at 31 December 2006	<u>16,950</u>	<u>1,359</u>	<u>-</u>	<u>7,594</u>	<u>25,903</u>
Balance as at 1 April 2007	16,950	1,359	-	7,862	26,171
Profit for the period	-	-	-	1,021	1,021
Balance as at 31 December 2007	<u>16,950</u>	<u>1,359</u>	<u>-</u>	<u>8,883</u>	<u>27,192</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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(Incorporated in Malaysia)

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

(These figures have not been audited)

	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	1,021	1,644
Adjustments for:		
Deferred expenditure written off	-	271
Amortisation of development expenditure	514	473
Depreciation of property, plant and equipment	199	123
Interest expense	2	-
Interest income	(55)	(91)
Income tax expense	75	-
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	1,756	2,420
Changes In Working Capital:		
Net change in current assets	4,362	2,321
Net change in current liabilities	697	(6,087)
	<hr/>	<hr/>
Cash From/(Used In) Operations	6,815	(1,346)
Net income tax refund/(paid)	74	(91)
Interest expense	(2)	-
Interest received	55	91
	<hr/>	<hr/>
Net Cash Generated/(Used In) From Operating Activities	6,942	(1,346)
	<hr/>	<hr/>
CASH FLOW USED IN INVESTING ACTIVITIES		
Net cash outflow from acquisition of a subsidiary company	Note (11,193)	-
Withdrawal of short-term investments	962	-
Development expenditure incurred	(680)	(1,088)
Purchase of property, plant and equipment	(735)	(207)
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(11,646)	(1,295)
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(Forward)

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown from hire purchase creditor	288	-
Net Cash From Financing Activities	288	-
NET DECREASE IN CASH AND CASH EQUIVALENT	(4,416)	(2,641)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	5,974	8,493
CASH AND CASH EQUIVALENT AT END OF PERIOD	1,558	5,852

Cash and cash equivalent comprise of:

	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
Short-term deposits with a licensed bank	-	2,008
Cash on hand and at banks	1,558	3,844
	1,558	5,852

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

Note:

Acquisition of subsidiary company

The fair value of assets acquired and liabilities assumed from the acquisition of a subsidiary company are as follows:

	RM'000
Property, plant and equipment	6,436
Other receivables and prepaid expenses	10
Other payables and accrued expenses	(6)
	<hr/>
	6,440
Less: Minority interest	-
	<hr/>
Net assets acquired	6,440
Goodwill on consolidation	4,753
	<hr/>
Consideration satisfied by cash	11,193
Less: Cash and bank balances	-
	<hr/>
Net cash outflow from acquisition of a subsidiary company	<hr/> 11,193 <hr/>

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.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

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 financial 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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(Company No: 632267-P)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007****A8 Segment information**

The segment information for the nine (9) months financial period ended 31 December 2007 are as follows:

	Information Communication Technology RM'000	Biotechnology Related Products RM'000	Holding Company RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External	24,205	2,159	-	-	26,364
Inter-segment	-	-	-	-	-
Total	24,205	2,159	-	-	26,364
RESULTS					
Segment profit/(loss)	1,652	(245)	(364)	-	1,043
Interest expense					(2)
Interest income					55
Profit before tax					1,096
Income tax expense					(75)
Profit for the period					1,021
SEGMENT ASSETS	21,601	10,420	18,651	(19,105)	31,567
SEGMENT LIABILITIES	9,756	4,225	1,593	(11,199)	4,375
Capital expenditure	1,090	5	320	-	1,415
Depreciation and amortisation	617	88	8	-	713

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 for 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.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

Acquisition of 1,800,000 ordinary shares of RM1.00 each in Ace Edible Oil Industries Sdn Bhd (“AceEOI”) representing the entire equity interest in AceEOI

On 21 November 2007, the Board announced that Online One had on 16 November 2007 completed the acquisition of the entire issued and paid-up share capital of Ace Edible Oil Industries Sdn Bhd.

The principal activities of AceEOI are palm kernel crushing, refining of palm oil and palm kernel oil.

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.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

**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 RM9.0 million for the current quarter under review as compared to RM7.5 million in the preceding year corresponding quarter. The increase in Group revenue was mainly attributable to its newly acquired subsidiary, from the sales of palm kernel products of RM2.2 million. Generally its ICT segment's revenue had declined by approximately RM0.7 million. This was the result of lower revenue contributed from sales of software applications and related maintenance fees by RM3.0 million. Sales of total information technology solutions and sales of provision of information management services recorded an increased of RM1.9 million and RM0.4 million respectively. Gross profit, however, had declined by RM0.5 million as compared to the preceding year corresponding quarter due to lower gross profit margin secured from its ICT segment.

For the current quarter under review, the Group recorded lower profit of approximately RM102,000 as compared to approximately RM617,000 in the preceding year corresponding quarter. The decrease is mainly due to lower gross profit margin secured and higher operating expenses as a result of business expansion.

For the nine (9) months financial period ended 31 December 2007, the Group recorded revenue of RM26.4 million, as compared to RM31.0 million recorded in the corresponding financial period ended 31 December 2006. The decrease in revenue was due to the decline in its ICT business which recorded a decrease of revenue of RM6.8 million. The Group generated marginally lower gross profit of RM5.0 million for the financial period ended 31 December 2007 as compared to RM5.3 million for the financial period ended 31 December 2006, mainly due to lower gross profit margin from its provision of information management services business activity.

The Group recorded lower net profit of approximately RM1.0 million for the nine (9) months financial period ended 31 December 2007 as compared to approximately RM1.6 million for the corresponding financial period ended 31 December 2006. The decrease is mainly due to lower gross profit margin secured and higher operating expenses as a result of business expansion.

B2 Variation of results against preceding quarter

	CURRENT QUARTER 31/12/2007 RM'000	IMMEDIATE PRECEDING QUARTER 30/09/2007 RM'000
Revenue	9,048	7,270
Profit before taxation ("PBT")	149	424

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(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

The Group's revenue for the quarter under review has increased, mainly contributed from its newly acquired subsidiary, from the sales of palm kernel products of RM2.2 million. Revenue from sales of total information technology solutions and sales of provision of information management services also contributed higher revenue of RM2.0 million and RM0.4 million respectively whilst revenue from sales of software applications and related maintenance fees declined by approximately RM2.8 million.

The Group however, recorded a lower PBT of approximately RM149,000 as compared to previous quarter of approximately RM424,000. The decrease was mainly due to lower 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.

B4 Profit forecast / Profit guarantee

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

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2006 RM'000	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
In respect of the current period:				
Estimated current tax payable	-	27	85	58
Deferred taxation	47	13	6	(7)
Overprovision in prior years	-	-	-	-
	<u>47</u>	<u>40</u>	<u>91</u>	<u>51</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.

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(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

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 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.

Shareholders’ approval for the Proposed Acquisition was obtained on 26 September 2007. The Proposed Acquisition was completed on 16 November 2007 with the announcement of the same released to Bursa Malaysia Securities Berhad on 21 November 2007.

Proposed private placement of up to 10% of the issue and paid-up share capital of Online One to investors to be identified (“Proposed Private Placement”)

OSK Investment Bank Berhad (“OSK”), on behalf of the Board of Directors of Online One had on 22 January 2008 announced that the Company proposed to implement a private placement of up to 16,950,000 new ordinary shares of RM0.10 each in Online One representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified.

The Company had on 20 February 2008 announced that it had obtained the approval of the Securities Commission (“SC”) and the approval of the Equity Compliance Unit of the SC for the Proposed Private Placement subject to the conditions stated in the aforesaid announcement.

As at the date of this report the Proposed Private Placement is still pending completion.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007****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 31 December 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⁾	4,771	-
Listing expenses	1,400	1,370 ⁽¹⁾	1,370	-
	<u>18,309</u>	<u>18,309</u>	<u>18,309</u>	<u>-</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 was 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 December 2007.

B11 Off balance sheet financial instruments

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

B12 Material litigation

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 December 2007.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007**

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2006 RM'000	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
Profit for the period (RM'000)	102	617	1,021	1,553
Weighted average number of shares in issue ('000)	169,500	169,500	169,500	169,500
Basic earnings per share (sen)	<u>0.06</u>	<u>0.36</u>	<u>0.60</u>	<u>0.92</u>

By Order of the Board

WONG KEO ROU (MAICSA 7021435)
Company Secretary
Kuala Lumpur

Date: 26 February 2007