



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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2007 RM'000	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
Revenue	18,337	7,270	40,849	17,316
Cost of sales	<u>(17,884)</u>	<u>(5,474)</u>	<u>(39,834)</u>	<u>(13,693)</u>
Gross profit	452	1,796	1,015	3,623
Other operating income	32	12	214	29
Operating expenses	<u>(1,754)</u>	<u>(1,408)</u>	<u>(3,690)</u>	<u>(2,750)</u>
Operating (loss)/profit	(1,270)	400	(2,461)	902
Interest expense	(2)	-	(4)	(1)
Interest income	<u>-</u>	<u>24</u>	<u>1</u>	<u>46</u>
(Loss)/Profit before tax	(1,272)	424	(2,464)	947
Income tax expense	<u>(10)</u>	<u>(3)</u>	<u>(21)</u>	<u>(28)</u>
(Loss)/Profit for the period	<u>(1,282)</u>	<u>421</u>	<u>(2,485)</u>	<u>919</u>
Attributable to:				
Equity holders of the parent	<u>(1,282)</u>	<u>421</u>	<u>(2,485)</u>	<u>919</u>
Basic earnings per share (sen)	<u>(0.76)</u>	<u>0.25</u>	<u>(1.47)</u>	<u>0.54</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

ONLINE ONE CORPORATION BERHAD

(Company No: 632267-P)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008**

	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2008 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR 31/03/2008 RM'000
Non-current Assets		
Property, plant and equipment	11,706	11,820
Development expenditure	4,475	5,121
Goodwill	736	736
	<hr/>	<hr/>
	16,917	17,677
Current Assets		
Inventories	3,799	4,482
Trade receivables	6,761	8,392
Other receivables and prepaid expenses	1,149	605
Short-term investments	65	64
Cash and bank balances	1,342	2,249
	<hr/>	<hr/>
	13,116	15,792
Total assets	<hr/> 30,033	<hr/> 33,469
Equity and Liabilities		
Issued capital	16,950	16,950
Share premium	1,359	1,359
Unappropriated profit	5,980	8,465
	<hr/>	<hr/>
Total equity	24,289	26,774
Non-current Liabilities		
Hire purchase creditors	237	237
Deferred taxation	635	673
	<hr/>	<hr/>
	872	910
Current Liabilities		
Trade payables	3,391	5,379
Other payables and accrued expenses	1,462	365
Hire purchase creditors	19	41
	<hr/>	<hr/>
	4,872	5,785
Total liabilities	<hr/> 5,744	<hr/> 6,695
Total equity and liabilities	<hr/> 30,033	<hr/> 33,469
Net assets per share attributable to ordinary equity holders of the parent (sen)	<hr/> 14.33	<hr/> 15.79

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

(These figures have not been audited)

	Issued capital RM'000	Non- distributable reserve - Share premium RM'000	Distributable reserve - Unappropriated profit RM'000	Total RM'000
Balance as at 1 April 2007	16,950	1,359	7,862	26,171
Profit for the period	-	-	919	919
Balance as at 30 September 2007	<u>16,950</u>	<u>1,359</u>	<u>8,781</u>	<u>27,090</u>
Balance as at 1 April 2008	16,950	1,359	8,465	26,774
Loss for the period	-	-	(2,485)	(2,485)
Balance as at 30 September 2008	<u>16,950</u>	<u>1,359</u>	<u>5,980</u>	<u>24,289</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 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

(These figures have not been audited)

	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period	(2,485)	919
Adjustments for:		
Amortisation of development expenditure	659	342
Depreciation of property, plant and equipment	501	69
Property, plant and equipment written off	16	-
Gain on disposal of property, plant and equipment	(75)	-
Interest expense	3	1
Interest income	(1)	(46)
Income tax expense	21	28
Operating (Loss)/Profit Before Working Capital Changes	(1,361)	1,313
Changes In Working Capital:		
Net change in current assets	1,730	1,475
Net change in current liabilities	(891)	184
Cash (Used In)/From Operations	(522)	2,972
Net income tax paid	(20)	(7)
Interest expense	(3)	(1)
Interest received	1	46
Net Cash (Used In)/Generated From Operating Activities	(544)	3,010
CASH FLOW USED IN INVESTING ACTIVITIES		
(Placement)/Withdrawal of short-term investments	(1)	297
Development expenditure incurred	(13)	(494)
Proceeds from disposal of property, plant and equipment	75	-
Purchase of property, plant and equipment	(403)	(162)
Net Cash Used In Investing Activities	(342)	(359)

(Forward)

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	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
CASH FLOW FROM FINANCING ACTIVITY		
Repayment of hire purchase creditor	(21)	-
Net Cash Used In Financing Activity	(21)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(907)	2,651
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	2,249	5,974
CASH AND CASH EQUIVALENT AT END OF PERIOD	1,342	8,625

Notes:

Cash and cash equivalent comprise:

	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
Short-term deposits with a licensed bank	-	2,052
Cash on hand and at banks	1,342	6,573
	1,342	8,625

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008**

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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2008 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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**UNAUDITED INTERIM FINANCIAL REPORT
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The segment information for the six (6) months financial period ended 30 September 2008 was as follows:

	Information Communication Technology RM'000	Biotechnology Related Products RM'000	Holding Company RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External	3,527	37,322	-	-	40,849
Inter-segment	-	-	-	-	-
Total	<u>3,527</u>	<u>37,322</u>	<u>-</u>	<u>-</u>	<u>40,849</u>
RESULTS					
Segment loss	<u>(1,054)</u>	<u>(919)</u>	<u>(342)</u>	<u>(146)</u>	<u>(2,461)</u>
Interest expense					(4)
Interest income					1
Loss before tax					<u>(2,464)</u>
Income tax expense					<u>(21)</u>
Loss for the period					<u>(2,485)</u>
SEGMENT ASSETS	<u>19,014</u>	<u>12,819</u>	<u>19,097</u>	<u>(21,055)</u>	<u>29,875</u>
SEGMENT LIABILITIES	<u>8,350</u>	<u>7,537</u>	<u>2,677</u>	<u>(12,979)</u>	<u>5,585</u>
Capital expenditure	8	57	338	-	403
Depreciation and amortisation	787	170	57	146	1,160

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 Contingent assets and contingent liabilities

There were no material contingent assets as at 30 September 2008.

As at 30 September 2008, the Company is contingently liable to the extent of RM15,000 in respect of guarantees given to third parties for granting credit term to certain subsidiary companies for the purchases of products and/or services.

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A13 Capital commitments

One of the subsidiaries of Online One Corporation Berhad, Ace Edible Oil Industries Sdn Bhd has on 8 April 2008 entered into an agreement to purchase a premium quality oil plant for RM4,760,000.

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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 RM18.34 million for the current quarter under review as compared to RM7.27 million in the preceding year corresponding quarter. The increase in Group revenue was mainly attributable to its Bio-technology segment, from the sales of palm kernel products of RM17.54 million. ICT segment's revenue however declined by approximately RM6.47 million. This was the result of lower revenue contributed from sales of software applications and related maintenance fees and sales of total information technology solutions by RM4.34 million and RM2.13 million respectively. Gross profit had also declined by RM1.34 million as compared to the preceding year corresponding quarter due to lower margin secured from its ICT segment.

For the current quarter under review, the Group recorded a loss of approximately RM1.28 million as compared to profit of approximately RM0.42 million in the preceding year corresponding quarter. The loss is mainly due to lower gross profit margin secured and comparatively higher operating expenses attributable mainly to its operations of palm kernel crushing plant which has yet to reach its critical mass capacity.

For the six (6) months financial period ended 30 September 2008, the Group recorded revenue of approximately RM40.85 million, as compared to RM17.32 million recorded in the corresponding financial period ended 30 September 2007. The increase in the Group's revenue was attributed to the sales of palm kernel products from its bio-technology segment, amounting to approximately RM37.32 million. However, for the Group's ICT segment, the sales of software applications and related maintenance fees and sales of total information technology solutions have decreased by RM6.24 million and RM7.55 million respectively.

The Group generated a lower gross profit of RM1.02 million for the financial period ended 30 September 2008 as compared to RM3.62 million for the financial period ended 30 September 2007. This is primarily due to the lower gross profit margin from its ICT segment.

The Group recorded net loss of approximately RM2.49 million for the six (6) months financial period ended 30 September 2008 as compared to a net profit of approximately RM0.91 million for the corresponding financial period ended 30 September 2007. The decrease is mainly due to lower gross profit margin secured and higher operating expenses as a result of business expansion and operations of its palm kernel crushing plant which has yet to reach its critical mass capacity.

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B2 Variation of results against preceding quarter

	CURRENT QUARTER 30/09/2008 RM'000	IMMEDIATE PRECEDING QUARTER 30/06/2008 RM'000
Revenue	18,336	22,512
Loss before taxation	(1,282)	(1,203)

The decrease in the Group's revenue for the quarter under review is mainly attributable to its Bio-technology segment due to the lower contributions, from the sales of palm kernel products of RM2.13 million and ICT segment, from the sales of software applications and related maintenance fees and sales of total information technology solutions by RM0.77 million and RM1.27 million respectively.

Accordingly, the Group recorded a loss of approximately RM1.28 million as compared to a loss of previous quarter of approximately RM1.20 million.

B3 Prospects

The Group will continue with its conscious effort in its business operation expansion exercise and will continue to seek avenue to enhance its product offering via research and development activities. The current economic turmoil is already adding extra pressure on the Group's operations. Barring unforeseen circumstances, the Board is cautiously optimistic that the performance for the remaining quarters for the 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 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2007 RM'000	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
In respect of the current period:				
Estimated current tax payable	29	3	59	7
Deferred taxation	(19)	-	(38)	21
Overprovision in prior years	-	-	-	-
	<u>10</u>	<u>3</u>	<u>21</u>	<u>28</u>

One of the subsidiaries of Online One Corporation Berhad, Online One Software (MSC) Sdn Bhd, 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.

The Company expects the authority to grant extension of the pioneer status for an additional of five (5) years to 2013. 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.

As at the date of this report, the approval for the extension of pioneer status is still pending.

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.

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B8 Status of corporate proposals announced but not completed

Proposed private placement of up to 10% of the issue and paid-up share capital of Online One Corporation Berhad (“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.

On 19 February 2008, the Company obtained the approval of the Securities Commission (“SC”) for the Proposed Private Placement subject to the certain conditions.

On 15 August 2008, the Company obtained SC’s approval to extend the implementation of the Proposed Private Placement for a further 6 months to 17 February 2009.

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

B9 Status of utilisation of proceeds from Initial Public Offering

There are no proceeds from public issue that was not fully utilised.

B10 Group's borrowings and debt securities

Save as disclosed below, there are no other borrowings or debts securities in the Group:

	Short Term RM’000	Long Term RM’000	Total RM’000
Hire purchase creditor	<u>19</u>	<u>237</u>	<u>256</u>

The hire purchase creditor is in respect of a lease financing for asset utilised by the Company, of which the portion of the borrowing due within one year have been classified as short term. All the borrowings are denominated in Ringgit Malaysia.

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 September 2008.

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**UNAUDITED INTERIM FINANCIAL REPORT
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B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2007 RM'000	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
(Loss)/Profit for the period (RM'000)	(1,282)	421	(2,484)	919
Weighted average number of shares in issue ('000)	169,500	169,500	169,500	169,500
Basic earnings per share (sen)	<u>(0.76)</u>	<u>0.25</u>	<u>(1.47)</u>	<u>0.54</u>

By Order of the Board

WONG KEO ROU (MAICSA 7021435)

Company Secretary

Kuala Lumpur

Date: 27 November 2008