

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 MARCH 2006

ANNOUNCEMENT

The Board of Directors of Scicom (MSC) Berhad is pleased to announce the following unaudited consolidated results for the third quarter ended 31 March 2006. This is the third quarterly announcement made by Scicom to Bursa Malaysia Securities Berhad since its listing on the MESDAQ Market on 26 September 2005.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter 31.3.2006	Preceding Year Corresponding Quarter 31.3.2005 *	Current Year To Date 31.3.2006	Preceding Year Corresponding Period 31.3.2005 *
	RM'000	RM'000	RM'000	RM'000
Revenue	22,187	N/A	51,827	N/A
Operating expenses	(19,328)	N/A	(45,583)	N/A
Other income	9	N/A	30	N/A
Profit from operations	2,868	N/A	6,274	N/A
Net interest income	114	N/A	119	N/A
Profit before taxation	2,982	N/A	6,393	N/A
Taxation	(520)	N/A	(523)	N/A
Profit after taxation	2,462	N/A	5,870	N/A
Basic earnings per share (sen)	1.92	N/A	4.78	N/A
Diluted earnings per share (sen)	1.90	N/A	4.69	N/A

* The comparative figures for the preceding year are not available as Scicom was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 26 September 2005.

The unaudited condensed consolidated income statement should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2005 as disclosed in the Prospectus dated 7 September 2005.

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2006**

	As At End Of Current Quarter 31.3.2006 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.6.2005 (Audited) RM'000
Non-Current Assets		
Plant and equipment	11,953	11,782
Deferred taxation	154	0
	12,107	11,782
Current Assets		
Trade Receivables	14,022	4,934
Deposits, prepayments and other receivables	3,784	2,377
Deposits with financial institutions	14,763	1,765
Cash and Bank Balances	629	872
	33,198	9,948
Current Liabilities		
Payables and accruals	8,636	5,845
Taxation	806	84
Borrowings (secured and interest-bearing)	1,087	2,165
	10,529	8,094
NET CURRENT ASSETS	22,669	1,854
Non-Current Liabilities		
Borrowings (secured and interest-bearing)	1,062	1,034
Payables and accruals	138	468
Deferred taxation	51	137
	1,251	1,639
NET ASSETS	33,525	11,997
Capital and Reserves		
Share capital	12,802	7,500
Share premium	14,946	0
Retained earnings	5,780	4,510
Currency translation reserve	(3)	(13)
SHAREHOLDERS' FUNDS	33,525	11,997
NET ASSETS PER SHARE (RM)	0.26	0.16

The unaudited condensed consolidated balance sheet should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2005 as disclosed in the Prospectus dated 7 September 2005.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current Year Period Ended 31.3.2006 RM'000	Preceding Year Period Ended 31.3.2005 * RM'000
Operating Activities		
Profit after taxation	5,870	N/A
Adjustments:		
Depreciation of plant and equipment	3,092	N/A
Interest expense	168	N/A
Interest income	(287)	N/A
Unrealised foreign exchange gains/losses	25	N/A
Gain on disposal of plant and equipment	(7)	N/A
Taxation	523	N/A
Operating profit before changes in working capital	9,384	N/A
Receivables	(10,539)	N/A
Payables	2,584	N/A
Cash flow from operations	1,429	N/A
Interest received	282	N/A
Interest paid	(5)	N/A
Taxation paid	(36)	N/A
Net cash generated from operating activities	1,670	N/A
Investing Activities		
Proceed from disposal of plant and equipment	133	N/A
Purchase of plant and equipment	(2,686)	N/A
Net cash used in investing activities	(2,553)	N/A
Financing Activities		
Drawdown of fixed deposits	1,600	N/A
Repayment of finance lease principal	(1,329)	N/A
Repayment of Islamic Term Financing	(298)	N/A
Proceeds from issuance of shares	21,612	N/A
Payment of listing expenses	(1,364)	N/A
Dividends	(4,600)	N/A
Interest paid	(164)	N/A
Net cash generated from financing activities	15,457	N/A
Net increase in cash and cash equivalents	14,574	N/A
Effect of foreign exchange on cash and cash equivalents	17	N/A
Cash and cash equivalents at beginning of financial period	643	N/A
Cash and cash equivalents at end of financial period	15,234	N/A

* The comparative figures for the preceding year are not available as Scicom was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 26 September 2005.

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2005 as disclosed in the Prospectus dated 7 September 2005.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	Issued and fully paid ordinary shares of RM0.10 (2004 : RM1) each		Non-distributable		Distributable	Total
	Number of shares	Nominal value	Share premium	Currency translation reserve	Retained earnings	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.3.2005						
As at 1 July 2004	3,000	3,000	0	2	3,602	6,604
Net profit for the financial year	N/A	N/A	N/A	N/A	N/A	N/A
Currency translation differences	N/A	N/A	N/A	N/A	N/A	N/A
As at 31 March 2005	N/A	N/A	N/A	N/A	N/A	N/A
9 months ended 31.3.2006						
As at 1 July 2005	75,000	7,500	0	(13)	4,510	11,997
* Final dividend for the financial year ended 30 June 2005	0	0	0	0	(2,040)	(2,040)
** Right issue of shares	20,400	2,040	0	0	0	2,040
^ Issuance of shares	32,600	3,260	16,300	0	0	19,560
Listing expenses	0	0	(1,364)	0	0	(1,364)
^^ Issuance of shares pursuant to ESOS	20	2	10	0	0	12
^^^ Interim dividend for the financial year ending 30 June 2006	0	0	0	0	(2,560)	(2,560)
Net profit for the financial period	0	0	0	0	5,870	5,870
Currency translation differences	0	0	0	10	0	10
As at 31 March 2006	128,020	12,802	14,946	(3)	5,780	33,525

* Tax exempt final dividend for the financial year ended 30 June 2005 of approximately RM0.027 per ordinary share was paid on 18 August 2005.

** Rights issue of 20,400,000 new ordinary shares of RM0.10 each in Scicom ("Scicom Shares") at an issue price of RM0.10 per ordinary share was completed on 18 August 2005.

^ Public issue of 32,600,000 new Scicom Shares at an issue price of RM0.60 per Scicom Shares on 20 September 2005.

^^ Issuance of 20,000 new Scicom Shares at an issue price of RM0.60 pursuant to employees exercising their option under the ESOS on 20 February 2006.

^^^ Tax exempt interim dividend for the financial year ending 30 June 2006 of approximately RM0.02 per ordinary share was paid on 28 February 2006.

The comparative figures for the preceding year are not available as Scicom was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 26 September 2005.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2005 as disclosed in the Prospectus dated 7 September 2005.



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UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – 31 MARCH 2006

1. BASIS OF PREPARATION

The interim financial statements has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No. 134 – Interim Financial Reporting and Appendix 7A of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) for MESDAQ Market. There is no preceding year corresponding quarter comparative as the Group is still within its first year of listing on Bursa Securities. The interim financial statements should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2005 and in accordance with the new accounting policies adopted for the year ending 30 June 2006 as reported in the First Quarter.

The accounting policies and methods of computation adopted in the Group's annual audited financial statements for the financial year ended 30 June 2005 have been consistently adopted in the preparation of the interim financial statements.

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2005.

3. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors during the quarter under review.

4. UNUSUAL ITEMS

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.



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5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There have been no significant changes in the basis of estimates of amounts previously reported which have a material effect in the quarter under review.

6. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial year to date, there were no issuances, repurchases, resale and repayments of debt and equity securities other than the following:

- a. The rights issue of 20,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 per ordinary share to the shareholders as at the date of issuance on the basis of approximately 0.27 new ordinary share for every one (1) existing ordinary share held, which was completed on 18 August 2005; and
- b. The public issue of 32,600,000 new ordinary shares of RM0.10 each at an issue price of RM0.60 per ordinary share, which was completed on 20 September 2005 in conjunction with Scicom's listing on the MESDAQ Market of Bursa Securities on 26 September 2005.
- c. The issuance of 20,000 new ordinary shares of RM0.10 each at an issue price of RM0.60 per ordinary share pursuant to employees exercising their option under the ESOS on 20 February 2006.

7. DIVIDENDS PAID

On 18 August 2005, a final tax exempt dividend of 2.7 sen per ordinary share amounting to RM2,040,000 was paid in respect of the financial year ended 30 June 2005.

On 28 February 2006, an interim tax exempt dividend of 2 sen per ordinary share amounting to RM2,560,400 was paid in respect of the financial year ending 30 June 2006.

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8. SEGMENT RESULTS AND REPORTING

The Group operates in a single line of business, namely the provision of customer contact centre within the Business Process Outsourcing space. In determining the geographical segments of the Group, segmental revenue and profit from operations is based on the country in which the customer is located. There is no inter-segment transaction during the period under review. Total assets and capital expenditure are determined based on where the assets are located.

The Group derives revenue from customers in the following geographical areas:

	Current Year Quarter 31.3.2006	Current Year To Date 31.3.2006
	RM'000	RM'000
Revenue		
Malaysia	596	2,694
Singapore	13,216	34,648
United Kingdom	1,610	5,564
Finland	1,215	3,371
United States of America	5,550	5,550
	22,187	51,827
Results		
Malaysia	(232)	(53)
Singapore	4,106	11,744
United Kingdom	538	1,630
Finland	518	1,302
United States of America	1,241	1,241
	6,171	15,864
Shared services cost	(3,312)	(9,620)
Other income	9	30
Profit from operations	2,868	6,274

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The Group maintains assets in the following countries:

	As At End Of Current Quarter 31.3.2006	As At Preceding Financial Year Ended 30.6.2005
	RM'000	RM'000
Total assets		
Malaysia	35,158	19,144
Singapore	1	3
United Kingdom	21	18
India	2,270	2,565
United States of America	7,855	0
	45,305	21,730
Capital expenditure		
Malaysia	2,498	5,118
Singapore	0	0
United Kingdom	0	0
India	39	407
United States of America	955	0
	3,492	5,525

9. VALUATION OF PLANT AND EQUIPMENT

There were no revaluation of plant and equipment during the quarter ended 31 December 2005. As at 31 March 2006, all plant and equipment were stated at cost less accumulated depreciation.

10. SUBSEQUENT MATERIAL EVENTS

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



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11. CHANGES IN THE COMPOSITION OF THE GROUP

On 21 November 2005, the Board announced that Scicom International (UK) Ltd (“Scicom UK”), a wholly-owned subsidiary of Scicom, has incorporated a new subsidiary company named Scicom Inc. in the State of Delaware, United States of America (“USA”) on 17 November 2005. The principal activity of Scicom Inc. is the provision of customer contact centre services within the Business Process Outsourcing space in the USA. Scicom UK has subscribed for the entire paid-up share capital in Scicom Inc. of 1,000 shares at USD1,000.

There were no other changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the current financial year to date.

12. CONTINGENT LIABILITY

There were no significant changes in contingent liabilities since the last annual balance sheet as at 30 June 2005.

13. COMMITMENTS

(a) Capital commitments

Capital expenditure of the Group approved by the Directors but not provided for in the condensed financial statements are as follows:

Authorised and contracted
 - Plant and equipment

Current Year To Date 31.3.2006
RM'000
8,619



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(b) Non-cancelable operating leases

The future minimum lease payments under non-cancelable operating leases for the Group are as follows:

- not later than 1 year
- later than 1 year and not later than 5 years

Current Year To Date 31.3.2006
RM'000
4,306
289
4,595

14 SIGNIFICANT RELATED PARTY TRANSACTION

There were no significant related party transactions as at the date of this announcement.

15. REVIEW OF PERFORMANCE

For the current quarter, the Group recorded revenue and profit after taxation of RM22.2 million and RM2.46 million respectively. The Group's Nokia North America ("NAM") Careline centre which commenced operations in February 2006 contributed to the increase in the Group's revenue and profit after taxation for the quarter. For the nine months financial period ended 31 March 2006, the Group's profit after taxation is RM5.87million. This has surpassed the Group's net profit of RM5.408million for the financial year ended 30 June 2005.

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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue and profit before taxation for the quarter under review has shown an increase compared to the preceding quarter as follows:

	Current Year Current Quarter 31.3.2006 RM'000	Current Year Preceding Quarter 31.12.2005 RM'000	Increase RM'000	% of change
Revenue	22,187	15,337	6,850	45%
Profit before taxation	2,982	1,931	1,051	54%

The increase is mainly attributable to the contribution from the Group's new project (refer to note 15) and increase in billings for existing projects.

17. CURRENT YEAR PROSPECTS

For the nine months financial period ended 31 March 2006, the Group has surpassed the net profit for the preceding financial year ended 30 June 2005. With continuing contribution from the Group's newly secured projects, Singtel and Nokia NAM, the Group is expected to maintain a double digit growth rate that will match or exceed the growth rate for the preceding financial year.

18. PROFIT FORECAST

As of 31 March 2006, the Group has achieved 69% of the Group's forecast profit after taxation for the financial year ending 30 June 2006. The Board of Directors is confident of achieving the forecast profit after taxation of RM8.538 million as disclosed in the Group's prospectus dated 7 September 2005.

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19. TAXATION

	Current Year Quarter 31.3.2006 RM '000	Current Year To Date 31.3.2006 RM '000
<u>Group</u>		
Current tax	702	757
Deferred tax	(182)	(234)
	520	523

The Group's effective tax rate is lower than the Malaysian statutory tax rate of 28%. This is primarily due to the Company's Multimedia Super Corridor pioneer status which accords the Company with tax exemption on the Company's statutory income. The Group's current tax for the quarter under review is mainly taxation charge on profit generated by the Group's newly incorporated USA subsidiary, Scicom Inc.

20. DIVIDEND

No dividend was declared during the quarter under review.

21. PROFIT/(LOSS) ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the current financial year.

22. PURCHASES AND SALES OF QUOTED SECURITIES

Scicom does not hold any investments in quoted securities as at 31 March 2006. There was no acquisition or disposal of quoted securities during the current financial year.

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23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

The status of utilisation of proceeds raised from the Initial Public Offering is as follows:

	Proposed utilisation proceeds *	Amount utilised as at 24.4.2006	Transfer **	Amount outstanding	Expected timeframe for utilisation *
	RM'000	RM'000	RM'000	RM'000	
Working Capital	13,060	(11,854)	136	1,342	12 months from listing date
Capital Expenditure	5,000	(759)	0	4,241	24 months from listing date
Share issue expenses	1,500	(1,364)	(136)	0	3 months from listing date
	19,560	(13,977)	0	5,583	

* Proposed utilisation as set out in Scicom's prospectus dated 7 September 2005.

** The unutilised share issue expenses of RM136,000 is transferred to working capital.

There were no other corporate proposals announced but not completed as at 24 April 2006.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2006 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance Lease	1,087	1,062	2,149

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25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no outstanding off balance sheet financial instruments as at 24 April 2006.

26. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period under review or pending as at 24 April 2006.

27. EARNINGS PER SHARE

The basic and diluted earnings per share for the quarter under review are computed as follows:

Basic earnings per share

	Current Year Quarter 31.3.2006	Current Year To Date 31.3.2006
Profit after taxation for the financial period (RM'000)	2,462	5,870
Weighted average number of ordinary shares in issue ('000)	128,009	122,734
Basic earnings per share (sen)	1.92	4.78

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Diluted earnings per share

	Current Year Quarter 31.3.2006	Current Year To Date 31.3.2006
Profit after taxation for the financial period (RM'000)	2,462	5,870
Weighted average number of ordinary shares in issue for diluted EPS ('000)	128,009	122,734
Adjusted for share options granted ('000)	1,474	2,353
Adjusted weighted average number of ordinary shares ('000)	129,483	125,087
Diluted earnings per share (sen)	1.90	4.69

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
28 April 2006