

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 MARCH 2007

ANNOUNCEMENT

The Board of Directors of Scicom (MSC) Berhad (hereinafter referred to as “Scicom” or “the Company”) is pleased to announce the following unaudited consolidated results for the third quarter ended 31 March 2007.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.03.2007	Preceding Year Corresponding Quarter 31.03.2006	Current Year To Date 31.03.2007	Preceding Year Corresponding Period 31.03.2006
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Revenue	27,691	22,187	82,540	51,827
Operating expenses	(25,528)	(19,328)	(73,041)	(45,583)
Other income	0	9	4	30
Net interest income	101	114	339	119
Profit before taxation	2,264	2,982	9,842	6,393
Taxation	323	(520)	(747)	(523)
Profit for the period	2,587	2,462	9,095	5,870
Attributable to:				
- Equity holders of the Company	2,521	2,462	9,033	5,870
- Minority interest	66	0	62	0
	2,587	2,462	9,095	5,870
Basic earnings per share (sen) *	0.96	0.96	3.50	2.39
Diluted earnings per share (sen) *	0.95	0.95	3.43	2.35

* The Basic and Diluted earnings per share for the preceding year corresponding quarter and period have been revised to take into account the bonus issue on 13 October 2006.

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 31.03.2007 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2006 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	18,492	15,806
Deferred tax assets	201	47
	18,693	15,853
Current Assets		
Trade receivables	14,533	8,667
Deposits, prepayments and other receivables	4,645	2,839
Deposits with financial institutions	9,840	16,334
Cash and bank balances	2,176	5,786
	31,194	33,626
TOTAL ASSETS	49,887	49,479
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,302	12,848
Share premium	3,479	15,177
Retained earnings	12,815	9,001
Currency translation reserve	(272)	(29)
	42,324	36,997
Minority interest	70	0
TOTAL EQUITY	42,394	36,997
Non-Current Liabilities		
Borrowings (secured and interest-bearing)	962	1,236
Payables and accruals	5	34
	967	1,270
Current Liabilities		
Payables and accruals	5,994	8,166
Current and tax liabilities	0	1,786
Borrowings (secured and interest-bearing)	532	1,260
	6,526	11,212
TOTAL LIABILITIES	7,493	12,482
TOTAL EQUITY AND LIABILITIES	49,887	49,479
NET ASSETS PER SHARE (RM)	0.16	0.29

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year Period Ended 31.03.2007	Preceding Year Corresponding Period Ended 31.03.2006
	(Unaudited) RM'000	(Unaudited) RM'000
Net cash generated from operating activities	2,377	1,670
Net cash used in investing activities	(7,615)	(2,553)
Net cash (used in) / generated from financing activities	(4,595)	15,457
Net (decrease) / increase in cash and cash equivalents	(9,833)	14,574
Effect of foreign exchange on cash and cash equivalents	(271)	17
Cash and cash equivalents at beginning of financial period	22,120	643
Cash and cash equivalents at end of financial period	12,016	15,234

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable	Attributable to equity holders of the Company	Minority interest	Total equity
	Number of shares	Nominal value	Share premium	Currency translation reserve	Retained earnings			
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31 March 2006 (Unaudited)								
As at 1 July 2005	75,000	7,500	0	(13)	4,510	11,997	0	11,997
Net profit for the financial period, representing total recognised income and expense for the period	0	0	0	0	5,870	5,870	0	5,870
Dividends for the financial year ended:								
- 30 June 2005	0	0	0	0	(2,040)	(2,040)	0	(2,040)
- 30 June 2006	0	0	0	0	(2,560)	(2,560)	0	(2,560)
Rights issue of shares	20,400	2,040	0	0	0	2,040	0	2,040
Issuance of shares	32,600	3,260	16,300	0	0	19,560	0	19,560
Listing expenses	0	0	(1,364)	0	0	(1,364)	0	(1,364)
Issuance of shares pursuant to Employee Share Option Scheme ("ESOS") *	20	2	10	0	0	12	0	12
Currency translation differences	0	0	0	10	0	10	0	10
As at 31 March 2006	128,020	12,802	14,946	(3)	5,780	33,525	0	33,525
9 months ended 31 March 2007 (Unaudited)								
As at 1 July 2006	128,481	12,848	15,177	(29)	9,001	36,997	0	36,997
Dividends for the financial year ended:								
- 30 June 2006	0	0	0	0	(2,589)	(2,589)	0	(2,589)
- 30 June 2007	0	0	0	0	(2,630)	(2,630)	0	(2,630)
Issuance of shares pursuant to ESOS **	5,108	511	1,307	0	0	1,818	0	1,818
Bonus issue	129,433	12,943	(12,943)	0	0	0	0	0
Bonus issue expenses	0	0	(62)	0	0	(62)	0	(62)
Net profit for the financial period, representing total recognised income and expense for the period	0	0	0	0	9,033	9,033	62	9,095
Currency translation differences	0	0	0	(243)	0	(243)	(22)	(265)
Incorporation of new subsidiary	0	0	0	0	0	0	30	30
As at 31 March 2007	263,022	26,302	3,479	(272)	12,815	42,324	70	42,394

* 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.

** Issuance of:

- 952,000 new Scicom shares at an issue price of RM0.60 pursuant to employees exercising their share option under the ESOS on 11 August 2006;
- 1,867,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 11 November 2006; and
- 2,289,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 26 January 2007.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial report.



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UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market. The interim financial report should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2006 and in accordance with the new accounting policies adopted for the year ending 30 June 2007 as reported in the First Quarter Report.

The accounting policies and methods of computation adopted in the Group's annual audited financial statements for the financial year ended 30 June 2006 have been consistently adopted in the preparation of the interim financial report, except for the adoption of certain new and revised FRSs as issued by the Malaysian Accounting Standards Board (“MASB”) that became effective for the Group for the financial period beginning 1 July 2006 (as already reported in the First Quarter Report).

2. AUDITORS' 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 2006.

3. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal 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 period, there were no issuances, repurchases, resale and repayments of debt and equity securities other than the following:

On 13 October 2006, the Company completed the bonus issue of 129,433,000 new ordinary shares on the basis of one (1) new Share for every one (1) existing Share held in Scicom (MSC) Berhad, by way of capitalisation of the share premium account, and

- b. The issuance of new ordinary shares of RM0.10 each pursuant to employees exercising their option under the ESOS on the following exercise dates:

Date of exercise	Issue price per ordinary share	Number of shares exercised
11 August 2006	RM0.60	952,000
11 November 2006	RM0.30	1,867,000
26 January 2007	RM0.30	2,289,000



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7. DIVIDENDS PAID

On 29 September 2006, a final tax exempt dividend of 2 sen per ordinary share amounting to RM2,588,660 was paid in respect of the financial year ended 30 June 2006.

On 8 March 2007, an interim tax exempt dividend of 1 sen per ordinary share amounting to RM2,630,220 was paid in respect of the financial year ending 30 June 2007.

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 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 31.03.2007	Current Year To Date 31.03.2007
	RM'000	RM'000
Revenue		
Malaysia	1,044	3,448
Singapore	14,834	44,944
United Kingdom	1,182	3,160
United States of America	7,914	24,918
Other countries	2,717	6,070
	27,691	82,540

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8. SEGMENT RESULTS AND REPORTING (CONTINUED)

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.03.2007	As At Preceding Financial Year Ended 30.06.2006
	RM'000	RM'000
Total assets		
Malaysia	34,983	34,295
United States of America	11,794	13,087
Other countries	3,110	2,097
	49,887	49,479
Capital expenditure		
Malaysia	3,334	4,001
United States of America	4,138	4,687
Other countries	173	154
	7,645	8,842

9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 31 March 2007. As at 31 March 2007, 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 interim financial report.

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11. CHANGES IN THE COMPOSITION OF THE GROUP

The Board has made the following announcements:

- a. On 8 November 2006,
 - (i) the Company had incorporated a new wholly-owned subsidiary under the Companies Act, 1965 known as Jade Apple Marketing Sdn Bhd ("JAMSB") on 6 November 2006;
 - (ii) the wholly-owned subsidiary of the Company in Singapore, namely Scicom Teleservices Pte. Ltd., had changed its name to Jade Apple Marketing Pte. Ltd. ("JAMPL") with effect from 3 November 2006. JAMPL's issued and paid-up share capital had also increased from SGD2 comprising 2 ordinary shares of SGD1.00 each ("JAMPL Shares") to SGD10,000 comprising 10,000 JAMPL Shares via the allotment of 9,998 JAMPL Shares to Scicom; and
- b. On 5 December 2006,
 - (i) JAMSB's issued and paid-up share capital had increased from RM2 comprising 2 ordinary shares of RM1.00 each ("JAMSB Shares") to RM100,000 comprising 100,000 JAMSB Shares via the issue and allotment of 69,998 JAMSB Shares to Scicom and 30,000 JAMSB Shares to Consult Alliance Singapore Pte. Ltd., which was satisfied by cash at a subscription price of RM1.00 per JAMSB Share on 29th November 2006; and
 - (ii) the Company's entire shareholding in JAMPL comprising 10,000 ordinary shares of SGD1.00 each had been transferred to JAMSB on 29 November 2006 for a cash consideration of SGD10,000 (approximately RM23,200).

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 period.

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12. CONTINGENT LIABILITY OR CONTINGENT ASSET

There was no contingent liability or contingent asset arising since the last audited annual balance sheet date as at 30 June 2006.

13. COMMITMENTS

(a) Capital commitments

In respect of plant and equipment
- Authorised and contracted

Current Year To Date 31.03.2007
RM'000
415

(b) Non-cancelable operating leases

Future minimum lease payments
- not later than 1 year
- later than 1 year and not later than 5 years

Current Year To Date 31.03.2007
RM'000
4,294
1,673
5,967

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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



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15. REVIEW OF PERFORMANCE

Current quarter performance

For the current quarter, the Group recorded revenue and profit after taxation of RM27.69 million and RM2.6 million respectively. The Group's revenue and profit after taxation increased by 25% and 5% respectively as compared to the preceding year corresponding quarter's result.

The increase in revenue is attributable to a full quarter contribution from the operations in US.

The lower profit before taxation is due to the following :

	RM'000
Set up cost for new Australian client *	223
Decrease in contribution from operations in US due to strengthening of the Ringgit against USD	338
	561

* The project for the Australian client is in set up mode and is expected to contribute to the Group's profit in the next financial year.

The results have also been affected by the decrease in recovery of overhead costs as explained in note 16.

Current year to date

For the current year to date, the Group's revenue and profit before taxation amounted to RM82.5 million and RM9.1 million respectively. Revenue and profit before taxation have increased by 59% and 55% as compared to the preceding year corresponding period ended 31 March 2006.

The significant increase in the Group's current year to date result is due to full quarter contribution from projects secured during the financial year ended 30 June 2006.

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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q2 2007	Q3 2007	Variance
Revenue	27,246	27,691	445
Profit before taxation	3,790	2,264	(1,526)
Profit after taxation	3,271	2,587	(684)

	RM'000
Set up cost for new Australian client	223
Decrease in contribution from operations in US due to strengthening of the Ringgit against USD	176
Net decrease in recovery of overheads costs from clients *	1,127
	1,526

* The strengthening of the Ringgit against the USD has resulted in a higher cost of operations for the clients. This has increased the pressure on the Company to maintain its cost competitiveness to its clients which has resulted in a lower recovery of overhead costs from clients.

The decrease in profit before taxation is cushioned by a provision of deferred tax assets and reversal of over-provision of tax in the US subsidiary.

17. CURRENT YEAR PROSPECTS

For the 9 months period ended 31 March 2007, the Group has already exceeded the annual result for the financial year ended 30 June 2006 of RM9.1million. The Board of Directors expects the Group to achieve a satisfactory growth rate for the financial year ending 30 June 2007.

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18. TAXATION

	Current Year Quarter 31.03.2007 RM '000	Current Year To Date 31.03.2007 RM '000
<u>Group</u>		
Current tax	(51)	930
Deferred tax	(272)	(183)
	(323)	747

Scicom's Multimedia Super Corridor pioneer status accords the Company with tax exemption on its statutory income. Current tax expense relates to a subsidiary's operations in the United States of America.

The Group's effective tax rate is thus lower than the Malaysian statutory tax rate of 28%.

19 DIVIDEND

The Board has declared an interim tax exempt dividend of 1 sen per ordinary share in respect of the 2007 financial year, amounting to RM2,630,220 as compared to 2 sen per share tax exempt in respect of the 2006 financial year. The interim dividend was paid on 8 March 2007.

20. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the current quarter and financial period other than the transfer of the Company's entire shareholding in JAMPL to JAMSB (a 70% owned subsidiary of Scicom) on 29 November 2006 for a cash consideration of SGD10,000 (approximately RM23,200) as disclosed under Note 11 above.

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21. PURCHASES AND SALE OF QUOTED SECURITIES

There was no acquisition or disposal of quoted securities during the current financial period. Scicom does not hold any investments in quoted securities as at 31 March 2007.

22. 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 11.04.2007	Transfer **	Amount outstanding	Expected timeframe for utilisation *
	RM'000	RM'000	RM'000	RM'000	
Working Capital	13,060	(13,196)	136	0	12 months from listing date
Capital Expenditure	5,000	(5,000)	0	0	24 months from listing date
Share issue expenses	1,500	(1,364)	(136)	0	3 months from listing date
	19,560	(19,560)	0	0	

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

** The unutilised share issue expenses of RM136,000 had been transferred to be utilised for working capital purposes.

There were no other corporate proposals announced but not completed as at 11 April 2007.

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23. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2007 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease liabilities	962	532	1,494

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at 11 April 2007.

25. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period under review or pending as at 11 April 2007.

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26. EARNINGS PER SHARE (“EPS”)

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

Basic earnings per share

	Current Year Quarter 31.03.2007	Current Year To Date 31.03.2007
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,521	9,033
Weighted average number of ordinary shares in issue ('000)	262,361	258,293
Basic earnings per share (sen)	0.96	3.50

Diluted earnings per share

	Current Year Quarter 31.03.2007	Current Year To Date 31.03.2007
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,521	9,033
Weighted average number of ordinary shares in issue for diluted EPS ('000)	262,361	258,293
Adjusted for share options granted ('000)	3,887	4,856
Adjusted weighted average number of ordinary shares ('000)	266,248	263,149
Diluted earnings per share (sen)	0.95	3.43



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By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
18 April 2007