

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 MARCH 2008

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 2008.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.3.2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.3.2007 (Unaudited) RM'000	Current Year To Date 31.3.2008 (Unaudited) RM'000	Preceding Year To Date 31.3.2007 (Unaudited) RM'000
Revenue	29,320	27,201	86,414	82,027
Operating expenses	(27,692)	(24,886)	(83,127)	(72,328)
Operating profit from continuing operations	1,628	2,315	3,287	9,699
Other operating income	0	0	22	4
(Losses)/ profit from discontinued operations *	(466)	64	431	16
Finance income	66	137	232	466
Finance costs	(27)	(36)	(100)	(127)
Profit before taxation	1,201	2,480	3,872	10,058
Taxation	(92)	107	(242)	(963)
Profit for the financial year	1,109	2,587	3,630	9,095
Attributable to:				
- Equity holders of the Company	1,109	2,521	3,630	9,033
- Minority interest	0	66	0	62
	1,109	2,587	3,630	9,095
Earnings per share attributable to equity holders of the Company:				
- Basic (sen) *	0.42	0.96	1.37	3.50
- Diluted (sen) *	0.42	0.95	1.36	3.43

* Details are disclosed under note 21 of the announcement

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 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 31.3.2008 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2007 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	14,692	18,340
Long term debtor	2,212	0
Deferred tax assets	0	197
	16,904	18,537
Current Assets		
Trade receivables	18,470	19,861
Deposits, prepayments and other receivables	9,902	6,397
Deposits with a licensed bank	4,523	7,632
Cash and bank balances	995	277
	33,890	34,167
TOTAL ASSETS	50,794	52,704
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,526	26,360
Share premium reserve	3,925	3,594
Retained earnings	13,423	15,096
Currency translation reserve	(461)	(239)
	43,413	44,811
Minority interest	0	26
TOTAL EQUITY	43,413	44,837
Non-Current Liabilities		
Payables and accruals	0	5
Deferred tax liabilities	295	0
Borrowings (secured and interest-bearing)	109	215
	404	220
Current Liabilities		
Payables and accruals	5,890	5,551
Dividend payable	0	0
Current and tax liabilities	743	418
Borrowings (secured and interest-bearing)	344	1,678
	6,977	7,647
TOTAL LIABILITIES	7,381	7,867
TOTAL EQUITY AND LIABILITIES	50,794	52,704
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		
	0.16	0.17

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 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	Minority interest	Total equity	
	Number of shares	Nominal value	Share premium reserve	Currency translation reserve	Retained earnings			
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
9 months ended 31.3.2007 (Unaudited)								
As at 1 July 2006	128,481	12,848	15,177	(29)	9,001	36,997	0	36,997
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	(243)	0	(243)	(22)	(265)
Net profit for the financial period	0	0	0	0	9,033	9,033	62	9,095
Total recognised income and expense for the financial period	0	0	0	(243)	9,033	8,790	40	8,830
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)
Bonus issue	129,433	12,943	(12,943)	0	0	0	0	0
Bonus issue expenses	0	0	(62)	0	0	(62)	0	(62)
Listing expenses	0	0	0	0	0	0	0	0
Issuance of shares pursuant to Employee Share Option Scheme ("ESOS") *	5,108	511	1,307	0	0	1,818	0	1,818
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
9 months ended 31.3.2008 (Unaudited)								
As at 1 July 2007	263,603	26,361	3,594	(239)	15,096	44,812	26	44,838
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	(222)	0	(222)	12	(210)
Net profit for the financial period	0	0	0	0	3,630	3,630	(38)	3,592
Total recognised income and expense for the financial period	0	0	0	(222)	3,630	3,408	(26)	3,382
Dividends for the financial year ended/ending:								
- 30 June 2007	0	0	0	0	(2,650)	(2,650)	0	(2,650)
- 30 June 2008	0	0	0	0	(2,653)	(2,653)	0	(2,653)
Issuance of shares pursuant to ESOS **	1,655	165	331	0	0	496	0	496
As at 31 March 2008	265,258	26,526	3,925	(461)	13,423	43,413	0	43,413

* Issuance of 952,000 new Scicom shares at an issue price of RM0.60 pursuant to employees exercising their option under the ESOS on 11 August 2006.

** Issuance of 1,443,000, 122,000 and 90,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 31 July 2007, 31 October 2007 and 31 January 2008, respectively

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 2007 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 31.3.2008 (Unaudited) RM'000	Preceding Year To Date 31.3.2007 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	3,630	9,033
Adjustments:		
Depreciation of plant and equipment	5,207	5,163
Interest expense	100	127
Interest income	(232)	(466)
Unrealised foreign exchange loss	106	(9)
Gain on disposal of plant and equipment	0	(203)
Taxation	242	747
Waiver of debts	0	0
Gain on disposal of discontinued operations	(431)	0
Minority interest share of profit	0	62
Operating profit before changes in working capital	8,622	14,454
Receivables	(3,974)	(7,036)
Payables	379	(2,201)
Cash flow from operations	5,027	5,217
Interest received	232	466
Taxation refund/ (paid)	461	(3,307)
Net cash flow generated from operating activities	5,720	2,376
Investing Activity		
Purchase of plant and equipment	(1,705)	(7,645)
Net cash (outflow)/ inflow from disposal of discontinued operations	(191)	30
Net cash flow used in investing activity	(1,896)	(7,615)
Financing Activities		
Repayment of finance lease principal	(707)	(1,003)
Proceeds from issuance of shares	497	1,818
Payment of bonus issue expenses	0	(63)
Payment of dividends	(5,303)	(5,219)
Interest paid	(100)	(127)
Net cash flow used in financing activities	(5,613)	(4,594)
Net decrease in cash and cash equivalents	(1,789)	(9,833)
Effect of foreign exchange on cash and cash equivalents	130	(271)
Cash and cash equivalents at beginning of financial year	7,177	21,972
Cash and cash equivalents at end of financial year	5,518	11,868

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 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 2007.

The accounting policies and methods of computation adopted in the Group's annual audited financial statements for the financial year ended 30 June 2007 have been consistently adopted in the preparation of the interim financial statements except for the adoption of the following new and revised FRS issued by Malaysian Accounting Standards Board (“MASB”) that are effective for the Group for the financial period beginning 1 July 2007:

- FRS 117 – Leases
- FRS 124 – Related Party Disclosures

The adoption of FRS 117 and 124 does not have significant financial impact on the Group.

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 2007.

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 other than the disposal of Jade Apple Marketing Sdn Bhd.

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5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were 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, there were no issuances, repurchases, resale and repayments of debt and equity securities other than 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	Proceeds from the shares issued
31 July 2007	RM0.30	1,443,000	432,900
31 October 2007	RM0.30	122,000	36,600
31 January 2008	RM0.30	90,000	27,000

7. DIVIDENDS PAID

On 26 October 2007, a final tax exempt dividend of 1 sen per ordinary share amounting to RM2,650,460 was paid in respect of the financial year ended 30 June 2007.

On 7 March 2008, an interim tax exempt dividend of 1 sen per ordinary share amounting to RM2,652,579 was paid in respect of the financial year ending 30 June 2008.



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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 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 31.3.2008 RM'000	Current Year To Date 31.3.2008 RM'000
Revenue		
Malaysia	1,913	5,866
Singapore	16,781	45,672
United States of America	7,927	23,668
Australia	978	3,373
United Arab Emirates *	0	2,654
Other countries	1,721	5,181
	29,320	86,414

* The revenue for the customer in the United Arab Emirates have been transferred and combined with the revenue from Singapore as the billing entity of the customer has been relocated to Singapore.

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8. SEGMENT RESULTS AND REPORTING (cont'd)

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.3.2008	As At Preceding Financial Period Ended 31.3.2007
	RM'000	RM'000
Total assets		
Malaysia	38,725	34,983
United States of America	8,633	11,794
Other countries	3,436	3,110
	50,794	49,887
Capital expenditure		
Malaysia	1,633	3,334
United States of America	0	4,138
Other countries	154	173
	1,787	7,645

9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 31 March 2008. As at 31 March 2008, all plant and equipment were stated at cost less accumulated depreciation.

10. SUBSEQUENT MATERIAL EVENTS

There were no other material events subsequent to the end of the quarter up to the date of the interim financial report.



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11. CHANGES IN THE COMPOSITION OF THE GROUP

On 1 April 2008, the Company announced the disposal of 70,000 Jade Apple Marketing Sdn Bhd (“JAMSB”) shares representing its entire interest of 70% in JAMSB for a cash consideration of RM70,000 on 31 March 2008.

There were no other changes in the composition of the Group during the financial period.

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 2007.

13. COMMITMENTS

Commitments for the Group not provided for as of 31 December 2007 are as follows:

(a) Capital commitments

- In respect of plant and equipment
- Authorised and contracted
- Authorised but not yet contracted

Current Year To Date 31.3.2008
RM'000
649
0



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(b) Non-cancelable operating leases

	Current Year To Date 31.3.2008
	RM'000
Future minimum lease payments	
- not later than 1 year	4,193
- later than 1 year and not later than 5 years	1,332
	5,525

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

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 RM29.3 million and RM1.1 million respectively. The Group's revenue increased by 7.8% but profit after taxation decreased by 57.1% respectively as compared to the preceding year corresponding quarter's result. The reduction in profit after taxation is mainly due to the strengthening of the Ringgit against the USD and net losses from the discontinued operations.

	Q3 2008	Q3 2007	Variance
Revenue	29,320	27,691	1,629
Operating profit from continuing operations	1,628	2,315	(687)

The reduction in operating profit from continuing operations is mainly due to the strengthening of the Ringgit against the USD.

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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q3 2008	Q2 2008	Variance
Revenue	29,320	28,550	(770)
Operating profit from continuing operations	1,628	1,884	(256)

The reduction in operating profit from continuing operations is mainly due the following:

	RM'000
Reduction in revenue due to strengthening of the Ringgit against the USD	(192)
Reduced billings for training and consultancy	(235)
Increase in profit due to higher contribution from new projects and lower cost	171
Net increase in profit before taxation	(256)

17. CURRENT YEAR PROSPECTS

The continuing appreciation of the Ringgit Malaysia has translated to a reduction in the Group's earnings and this is expected to be a recurrent factor for foreseeable future. Scicom is in negotiation with the current clients to mitigate these losses and have also implemented a Ringgit Malaysia denominated costing model for new prospects and clients (outside of the United States).

The slow growth in revenues and profits to date has been as a result of longer sales cycles for the Group's large contract prospects from MNC clients. The group expects that the focused business development efforts carried out over the last 12 months will materialise over the next 3 months resulting in increased revenues and profits for the next financial year.

The Group currently has a healthy pipeline and order book and is confident that investments made in management resources and capital expenditure in order to scale will result in the Group achieving substantially higher revenue and profit for the next financial year as compared to the current financial year to date. The Board of Directors continues to expect the Group second half earnings to be better than the first half for financial year ending 30 June 2008.

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18. EXPLANATORY NOTES FOR VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not publish any profit forecast in respect of the financial year ending 30 June 2008.

19. TAXATION

	Current Year Quarter 31.3.2008 RM '000	Current Year To Date 31.3.2008 RM '000
<u>Group</u>		
Current tax	41	114
Deferred tax	51	128
	92	242

Scicom's Multimedia Super Corridor pioneer status accords the Company with tax exemption on its statutory income. The Group's effective tax rate is thus lower than the Malaysian statutory tax rate of 28%.

20. DIVIDENDS

The Board has declared an interim dividend of 1 sen per share tax exempt in respect for the financial year ending 30 June 2008, amounting to RM2,652,579. The dividend was paid on 7 March 2008.

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

The particulars of the disposal of the unquoted investment in JAMSB as disclosed under note 11 and are classified as discontinued operations in the financial statements, are as follows:

	Current Year Quarter 31.3.2008 RM '000	Current Year To Date 31.3.2008 RM '000
Revenue	(406)	2,614
Operating expenses	(4,042)	(6,165)
Loss before taxation	(4,448)	(3,551)
Taxation	(317)	(317)
Losses after taxation	(4,765)	(3,868)

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The disposal of the discontinued operations had the following effect on the financial results of the Group:

	Current Year Quarter 31.3.2008 RM '000	Current Year To Date 31.3.2008 RM '000
Proceeds from disposal of discontinued operations	70	70
Net assets of discontinued operations	(4,229)	(4,229)
Post-tax gain on disposal of discontinued operations	4,299	4,299
Post-tax losses from discontinued operations	(4,765)	(3,868)
(Losses) / Gain on disposal of discontinued operations	(466)	431

There was no acquisition or other disposal of unquoted securities during the current financial period

22. 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 2008.

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Memorandum of Understanding with PT Infomedia Nusantara (“Infomedia”) a subsidiary of PT Telekomunikasi Indonesia.

The Group is pleased to announce that PT Telekomunikasi Indonesia International has disclosed that they are now a substantial shareholder in Scicom for the specific purpose of having a strategic investment in Scicom.

The Group has been informed by PT Telekomunikasi Indonesia that the joint venture operating entity in Indonesia is expected to be concluded by the first quarter of the financial year ending 30 June 2009..

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24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2008 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease liabilities	344	109	453
	344	109	453

The Group's borrowings are denominated in Ringgit Malaysia. Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at 29 April 2008.

26. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period under review or pending as at 29 April 2008.

27. 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 31.3.2008	Current Year To Date 31.3.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	1,109	3,630
Weighted average number of ordinary shares in issue ('000)	265,227	264,970
Basic earnings per share (sen)	0.42	1.37

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Diluted earnings per share

	Current Year Quarter 31.3.2008	Current Year To Date 31.3.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	1,109	3,630
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,227	264,970
Adjusted for share options granted ('000)	1,578	2,126
Adjusted weighted average number of ordinary shares ('000)	266,805	267,096
Diluted earnings per share (sen)	0.42	1.36

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
29 April 2008