

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 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 fourth quarter ended 30 June 2008.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.6.2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.6.2007 (Unaudited) RM'000	Current Year To Date 30.6.2008 (Unaudited) RM'000	Preceding Year To Date 30.6.2007 (Audited) RM'000
Revenue	32,547	26,463	118,961	109,003
Operating expenses	(29,863)	(25,093)	(112,990)	(98,135)
Operating profit from continuing operations	2,684	1,370	5,971	10,868
Other operating income	0	0	22	45
(Losses)/ profit from discontinued operations *	(37)	0	394	0
Finance income	44	69	276	535
Finance costs	(63)	(42)	(163)	(168)
Profit before taxation	2,628	1,397	6,500	11,280
Taxation	(202)	778	(444)	31
Profit for the financial year	2,426	2,175	6,056	11,311
Attributable to:				
- Equity holders of the Company	2,426	2,241	6,056	11,315
- Minority interest	0	(66)	0	(4)
	2,426	2,175	6,056	11,311
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	0.91	0.85	2.28	4.33
- Diluted (sen)	0.91	0.84	2.27	4.25

* 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 30.6.2008 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2007 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	15,460	18,340
Long term debtor	2,083	0
Deferred tax assets	0	197
	17,543	18,537
Current Assets		
Trade receivables	21,224	19,861
Deposits, prepayments and other receivables	7,738	6,397
Deposits with a licensed bank	4,566	7,632
Cash and bank balances	5,932	277
	39,460	34,167
TOTAL ASSETS	57,003	52,704
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,526	26,360
Share premium reserve	3,924	3,594
Retained earnings	15,849	15,097
Currency translation reserve	(452)	(240)
	45,847	44,811
Minority interest	0	26
TOTAL EQUITY	45,847	44,837
Non-Current Liabilities		
Payables and accruals	0	5
Deferred tax liabilities	351	0
Borrowings (secured and interest-bearing)	112	215
	463	220
Current Liabilities		
Payables and accruals	9,808	5,551
Current and tax liabilities	712	418
Borrowings (secured and interest-bearing)	173	1,678
	10,693	7,647
TOTAL LIABILITIES	11,156	7,867
TOTAL EQUITY AND LIABILITIES	57,003	52,704
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.17	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	Attributable to equity holders of the Company	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	RM'000
12 months ended 30.6.2007 (Audited)								
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	(211)	0	(211)	0	(211)
Net profit for the financial year	0	0	0	0	11,315	11,315	(4)	11,311
Total recognised income and expense for the financial period	0	0	0	(211)	11,315	11,104	(4)	11,100
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	(63)	0	0	(63)	0	(63)
Issuance of shares pursuant to Employee Share Option Scheme ("ESOS")	5,689	569	1,423	0	0	1,992	0	1,992
Incorporation of new subsidiary	0	0	0	0	0	0	30	30
As at 30 June 2007	263,603	26,360	3,594	(240)	15,097	44,811	26	44,837
12 months ended 30.6.2008 (Unaudited)								
As at 1 July 2007	263,603	26,360	3,594	(240)	15,097	44,811	26	44,837
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	(212)	0	(212)	(26)	(238)
Net profit for the financial year	0	0	0	0	6,056	6,056	0	6,056
Total recognised income and expense for the financial period	0	0	0	(212)	6,056	5,844	(26)	5,818
Dividends for the financial year ended:								
- 30 June 2007	0	0	0	0	(2,650)	(2,650)	0	(2,650)
- 30 June 2008	0	0	0	0	(2,654)	(2,654)	0	(2,654)
Issuance of shares pursuant to ESOS *	1,655	166	330	0	0	496	0	496
As at 30 June 2008	265,258	26,526	3,924	(452)	15,849	45,847	0	45,847

* 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 30.6.2008 (Unaudited) RM'000	Preceding Year To Date 30.6.2007 (Audited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	6,056	11,315
Adjustments:		
Depreciation of plant and equipment	6,882	6,839
Interest expense	163	168
Interest income	(276)	(535)
Unrealised foreign exchange (gain) / loss	(278)	211
Gain on disposal of plant and equipment	(9)	(236)
Taxation	444	(31)
Gain on disposal of discontinued operations	(394)	0
Net loss attributable to the minority interest	0	(4)
Operating profit before changes in working capital	12,588	17,727
Receivables	(5,558)	(12,310)
Payables	4,249	(2,361)
Cash flow from operations	11,279	3,056
Interest received	276	535
Taxation refund/ (paid)	1,560	(3,982)
Net cash flow generated from / (used in) operating activities	13,115	(391)
Investing Activities		
Purchase of plant and equipment	(4,548)	(9,684)
Proceed from disposal of plant and equipment	51	236
Proceed from disposal of interest in a subsidiary	0	30
Net cash inflow from disposal of discontinued operations	283	0
Net cash flow used in investing activities	(4,214)	(9,418)
Financing Activities		
Repayment of finance lease principal	(915)	(1,336)
Deposits with a licensed bank	0	149
Proceeds from issuance of shares	496	1,992
Payment of bonus issue expenses	0	(63)
Payment of dividends	(5,304)	(5,219)
Interest paid	(163)	(168)
Net cash flow used in financing activities	(5,886)	(4,645)
Net increase/ (decrease) in cash and cash equivalents	3,015	(14,454)
Effect of foreign exchange on cash and cash equivalents	266	(341)
Cash and cash equivalents at beginning of financial year	7,177	21,972
Cash and cash equivalents at end of financial year	10,458	7,177

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.

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5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no material 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, cancellation, 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 RM2,652,580 was paid in respect of the financial year ended 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 30.6.2008 (Unaudited) RM'000	Current Year To Date 30.6.2008 (Audited) RM'000
Revenue		
Malaysia	2,963	8,829
Singapore	16,591	62,263
United States of America	9,070	32,738
United Kingdom	2,158	4,829
Other countries	1,765	10,302
	32,547	118,961

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8. SEGMENT RESULTS AND REPORTING (cont'd)

The Group maintains assets in the following countries:

	As At Current Financial Year Ended 30.6.2008 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.6.2007 (Audited) RM'000
Total assets		
Malaysia	43,061	37,807
United States of America	10,518	11,203
Other countries	3,424	3,694
	57,003	52,704
Capital expenditure		
Malaysia	4,377	4,926
United States of America	164	4,467
Other countries	7	291
	4,548	9,684

9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 30 June 2008. As at 30 June 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 year.

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 30 June 2008 are as follows:

(a) Capital commitments

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

Current Year To Date 30.6.2008	
RM'000	
649	
0	

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(b) Non-cancelable operating leases

	Current Year To Date 30.6.2008
	RM'000
Future minimum lease payments	
- not later than 1 year	4,488
- later than 1 year and not later than 5 years	1,332
	5,820

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the quarter under review up to the date of this announcement.

15. REVIEW OF PERFORMANCE

For the current quarter, the Group recorded revenue and profit after taxation of RM32.5 million and RM2.4 million respectively. The Group's revenue and profit after taxation increased by 23% and 12% respectively as compared to the preceding year corresponding quarter's result. The increase in profit after taxation is mainly due to an increase in billings from operations and further enhanced by the strengthening of the US Dollar.

	Q4 2008	Q4 2007	Variance
Revenue	32,547	26,463	6,084
Operating profit from continuing operations	2,684	1,370	1,314



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 2008	Q3 2008	Variance
Revenue	32,547	29,320	3,227
Operating profits from continuing operations	2,684	1,628	1,056

The increase in operating profits is due mainly to an increase in billings from continuing operations and the strengthening of the US Dollar against the Malaysian Ringgit.

17. CURRENT YEAR PROSPECTS

The Group's reduction in profit for the current financial year has been attributable to the following reasons:

- a. A reduction in operating margins by some of the major clients as a result of cost cutting measures instituted by these clients.
- b. The appreciation in the Ringgit for the first 3 quarters of the current financial year.
- c. Longer than anticipated sales cycles for major new business in the financial year.

The Group has mitigated the above by implementing the following measures :

- a. Enterprise wide restructure resulting in greater productivity.
- b. The Group has successfully negotiated with its current clients to implement a Ringgit Malaysia denominated costing model. This will also be applicable for new prospects and clients (outside of the United States).

The Group's pipeline and order book is coming to fruition and will result in the Group achieving higher revenue and profit for the next financial year.

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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 ended 30 June 2008.

19. TAXATION

	Current Year Quarter 30.6.2008 RM '000	Current Year To Date 30.6.2008 RM '000
<u>Group</u>		
Current tax	147	261
Deferred tax	55	183
	202	444

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 26%.

20. DIVIDENDS

The Board has declared an interim dividend of 1 sen per share tax exempt in respect for the financial year ended 30 June 2008, amounting to RM2,652,580. The dividend was paid on 7 March 2008.

The Directors propose a final tax exempt dividend of 1 sen per ordinary share, subject to the approval of the shareholders at the forthcoming Annual General Meeting, for the financial year ended 30 June 2008.

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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 30.6.2008 RM '000	Current Year To Date 30.6.2008 RM '000
Revenue	179	2,793
Operating expenses	(216)	(6,381)
Loss before taxation	(37)	(3,588)
Taxation	0	(317)
Losses after taxation	(37)	(3,905)

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

	Current Year Quarter 30.6.2008 RM '000	Current Year To Date 30.6.2008 RM '000
Proceeds from disposal of discontinued operations	0	70
Net assets of discontinued operations	0	(4,229)
Post-tax gain on disposal of discontinued operations	0	4,299
Post-tax losses from discontinued operations	(37)	(3,905)
(Losses) / Gain on disposal of discontinued operations	(37)	394

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



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22. PURCHASES AND SALE OF QUOTED SECURITIES

There was no acquisition or disposal of quoted securities during the current financial period. The Group does not hold any investments in quoted securities as at 30 June 2008

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

PT Telekomunikasi Indonesia International continues to be 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 continues to be a strategic initiative anticipated by both parties. PT Telekomunikasi Indonesia is currently in the process of reverting to the Group on specific internal requirements which is anticipated to be concluded by the end of the first quarter of the financial year ending 30 June 2009.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group’s borrowings as at 30 June 2008 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM’000	RM’000	RM’000
Secured			
Finance lease liabilities	173	112	285

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.



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25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at 25 August 2008 being the date of this report.

26. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period under review or pending as at 25 August 2008 being the date of this report.

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 30.6.2008	Current Year To Date 30.6.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,426	6,056
Weighted average number of ordinary shares in issue ('000)	265,258	265,041
Basic earnings per share (sen)	0.91	2.28

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Diluted earnings per share

	Current Year Quarter 30.6.2008	Current Year To Date 30.6.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,426	6,056
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,258	265,041
Adjusted for share options granted ('000)	1,087	2,078
Adjusted weighted average number of ordinary shares ('000)	266,345	267,119
Diluted earnings per share (sen)	0.91	2.27

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
25 August 2008