



**SCICOM (MSC) BERHAD**  
 (Company No. 597426-H)  
 (Incorporated in Malaysia under the Companies Act, 1965)  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**ANNOUNCEMENT**

The Board of Directors of Scicom (MSC) Berhad is pleased to announce the following unaudited consolidated results for the second quarter ended 31 December 2005. This is the second 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 31.12.2005	Preceding Year Corresponding Quarter 31.12.2004 *	Current Year To Date 31.12.2005	Preceding Year Corresponding Period 31.12.2004 *
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	15,337	N/A	29,640	N/A
Operating expenses	(13,460)	N/A	(26,255)	N/A
Other income	13	N/A	21	N/A
<b>Profit from operations</b>	1,890	N/A	3,406	N/A
Net interest income	41	N/A	5	N/A
<b>Profit before taxation</b>	1,931	N/A	3,411	N/A
Taxation	(25)	N/A	(3)	N/A
<b>Profit after taxation</b>	1,906	N/A	3,408	N/A
Basic earnings per share (sen)	1.49	N/A	3.16	N/A
Diluted earnings per share (sen)	1.46	N/A	3.12	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 DECEMBER 2005**

	<b>As At End Of Current Quarter 31.12.2005</b>	<b>As At Preceding Financial Year Ended 30.6.2005</b>
	<b>(Unaudited) RM'000</b>	<b>(Audited) RM'000</b>
<b>Non-Current Assets</b>		
Plant and equipment	11,754	11,782
<b>Current Assets</b>		
Trade Receivables	3,175	4,934
Deposits, prepayments and other receivables	2,435	2,377
Deposits with financial institutions	23,668	1,765
Cash and Bank Balances	956	872
	<b>30,234</b>	<b>9,948</b>
<b>Current Liabilities</b>		
Payables and accruals	5,337	5,845
Taxation	128	84
Borrowings (secured and interest-bearing)	1,148	2,165
	<b>6,613</b>	<b>8,094</b>
<b>NET CURRENT ASSETS</b>	<b>23,621</b>	<b>1,854</b>
<b>Non-Current Liabilities</b>		
Borrowings (secured and interest-bearing)	1,452	1,034
Payables and accruals	257	468
Deferred taxation	81	137
	<b>1,790</b>	<b>1,639</b>
<b>NET ASSETS</b>	<b>33,585</b>	<b>11,997</b>
<b>Capital and Reserves</b>		
Share capital	12,800	7,500
Share premium	14,936	0
Retained earnings	5,878	4,510
Currency translation reserve	(29)	(13)
<b>SHAREHOLDERS' FUNDS</b>	<b>33,585</b>	<b>11,997</b>
<b>NET TANGIBLE ASSETS PER SHARE (RM)</b>	<b>0.26</b>	<b>0.16</b>

*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**

	<b>Current Year Period Ended 31.12.2005</b>	<b>Preceding Year Period Ended 31.12.2004 *</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
<b>Profit after taxation</b>	3,408	N/A
<b>Adjustments:</b>		
Depreciation of plant and equipment	2,038	N/A
Interest expense	121	N/A
Interest income	(126)	N/A
Unrealised foreign exchange gains/losses	(14)	N/A
Gain on disposal of plant and equipment	(7)	N/A
Taxation	3	N/A
<b>Operating profit before changes in working capital</b>	5,423	N/A
Receivables	1,720	N/A
Payables	(648)	N/A
<b>Cash flow from operations</b>	6,495	N/A
Interest received	122	N/A
Interest paid	(5)	N/A
Taxation paid	(10)	N/A
<b>Net cash generated from operating activities</b>	6,602	N/A
<b>Investing Activities</b>		
Proceed from disposal of plant and equipment	133	N/A
Purchase of plant and equipment	(1,362)	N/A
<b>Net cash used in investing activities</b>	(1,229)	N/A
<b>Financing Activities</b>		
Drawdown of fixed deposits	1,600	N/A
Repayment of finance lease principal	(879)	N/A
Repayment of Islamic Term Financing	(298)	N/A
Proceeds from issuance of shares	21,600	N/A
Payment of listing expenses	(1,364)	N/A
Dividends	(2,040)	N/A
Interest paid	(115)	N/A
<b>Net cash generated from financing activities</b>	18,504	N/A
<b>Net increase in cash and cash equivalents</b>	23,877	N/A
Effect of foreign exchange on cash and cash equivalents	(59)	N/A
Cash and cash equivalents at beginning of financial period	643	N/A
<b>Cash and cash equivalents at end of financial period</b>	24,461	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
<u>12 months ended 30.6.2005</u>						
As at 1 July 2004	3,000	3,000	0	2	3,602	6,604
27,000,000 ordinary shares split to convert the nominal value from RM1 each to RM0.10 each	27,000	0	0	0	0	0
Bonus issue of shares	45,000	4,500	0	0	(4,500)	0
Net profit for the financial year	0	0	0	0	5,408	5,408
Currency translation differences	0	0	0	(15)	0	(15)
As at 30 June 2005	75,000	7,500	0	(13)	4,510	11,997
<u>6 months ended 31.12.2005</u>						
As at 1 July 2005	75,000	7,500	0	(13)	4,510	11,997
* Dividend	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)
Net profit for the financial period	0	0	0	0	3,408	3,408
Currency translation differences	0	0	0	(16)	0	(16)
As at 31 December 2005	128,000	12,800	14,936	(29)	5,878	33,585

\* Tax exempt interim 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.

*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 DECEMBER 2005**

**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 Report.

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.

**7. DIVIDENDS PAID**

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



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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:

	<b>Current Year Quarter 31.12.2005 RM'000</b>	<b>Current Year To Date 31.12.2005 RM'000</b>
<b>Revenue</b>		
Malaysia	927	2,098
Singapore	11,636	21,432
United Kingdom	1,643	3,954
Finland	1,131	2,156
	<b>15,337</b>	<b>29,640</b>
<b>Results</b>		
Malaysia	35	178
Singapore	4,051	7,638
United Kingdom	268	1,093
Finland	437	784
	<b>4,791</b>	<b>9,693</b>
Shared services cost	(2,914)	(6,308)
Other income	13	21
Profit from operations	<b>1,890</b>	<b>3,406</b>

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The Group maintains assets in the following countries:

	<b>As At End Of Current Quarter 31.12.2005</b>	<b>As At Preceding Financial Year Ended 30.6.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total assets</b>		
Malaysia	39,522	19,144
Singapore	1	3
United Kingdom	18	18
India	2,447	2,565
	<b>41,988</b>	<b>21,730</b>
<b>Capital expenditure</b>		
Malaysia	2,131	5,118
Singapore	0	0
United Kingdom	0	0
India	38	407
	<b>2,169</b>	<b>5,525</b>

**9. VALUATION OF PLANT AND EQUIPMENT**

There were no revaluation of plant and equipment during the quarter ended 31 December 2005. As at 31 December 2005, 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**

There were no 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.

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. Scicom UK will subscribe for the share capital in Scicom Inc. at a date to be determined later. The intended principal activity of Scicom Inc. is the provision of customer contact centre services within the Business Process Outsourcing space in the USA.

**12. CONTINGENT LIABILITY**

There were no significant change 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 31.12.2005
RM'000
1,134



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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

<b>Current Year To Date 31.12.2005</b>	
	RM'000
	3,490
	2,355
	<b>5,845</b>

**14 SIGNIFICANT RELATED PARTY TRANSACTION**

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

**15. REVIEW OF PERFORMANCE**

The Group recorded a profit after taxation of RM1.9 million on the back of revenue of RM15.3 million for the quarter under review, whilst, for the financial period ended 31 December 2005, the Group achieved profit after taxation of RM3.4 million and revenue of RM29.6 million. During the quarter under review, the Group's Singtel Internet and Multimedia Technical Helpdesk services ("Singtel") commenced operations and revenue from the new project has contributed to the increase in the Group's revenue.



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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 31.12.2005 RM'000	Current Year Preceding Quarter 30.9.2005 RM'000	Increase RM'000	% of change
Revenue	15,337	14,303	1,034	7%
Profit before taxation	1,931	1,480	451	30%

The increase in revenue and profit before taxation is mainly attributable to the contribution from the Group’s new project which commenced operations during the quarter under review.

**17. CURRENT YEAR PROSPECTS**

As at current year to date, the Group has achieved 40% of the Group’s forecasted profit after taxation for the financial year ending 30 June 2006. In addition to the continuing contribution from the Group’s new project, Singtel, the Group’s profit growth for the second half of the financial year will be sustained based on the confirmed organic growth from existing major projects and a newly secured project which is expected to commence operations in the third quarter of the financial year. With the expected growth from existing and new secured projects, the Board is confident in achieving its forecasted results.

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**18. TAXATION**

	<b>Current Year Quarter 31.12.2005 RM '000</b>	<b>Current Year To Date 31.12.2005 RM '000</b>
<u>Group</u>		
Current tax	54	55
Deferred tax	(29)	(52)
	25	3

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 five years of income tax exemption on the Company's statutory income and the utilisation of carried forward losses by a subsidiary of the Company.

**19 DIVIDEND**

The Board of Directors has declared an interim dividend of 2 sen per share tax exempt in respect of the 2005/2006 financial year, amounting to RM2.56 million. The proposed dividend will be paid on 28<sup>th</sup> February 2006 to shareholders registered at the close of business on 21<sup>st</sup> February 2006. The register of members will be closed on 21<sup>st</sup> February 2006 for the purposes of determining shareholders' entitlement to the dividend.

The Board is pleased to indicate it would recommend that 50% of the Group's annual profit after taxation be distributed as dividends. In determining the dividend payout policy, the Board of Directors has considered the Group's cash flow requirement for operation, expansion and investment in capital expenditure.

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**20. 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 to date.

**21. PURCHASES AND SALES OF QUOTED SECURITIES**

Scicom does not hold any investments in quoted securities as at 31 December 2005. There was no acquisition or disposal of quoted securities during the current financial year to date.

**22. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

Save for the below, there were no corporate proposals announced but not completed as at 23 January 2006 :-

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

	<b>Proposed utilisation proceeds *</b>	<b>Amount utilised as at 23.1.2006</b>	<b>Transfer **</b>	<b>Amount outstanding</b>	<b>Expected timeframe for utilisation *</b>
	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.

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**23. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 31 December 2005 is as follows:

	<b>Current liabilities</b>	<b>Long term liabilities</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Finance Lease	1,148	1,452	2,600

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no outstanding off balance sheet financial instruments as at 23 January 2006.

**25. CHANGES IN MATERIAL LITIGATION**

There were no material litigation matters dealt with during the period under review or pending as at 23 January 2006.

**26. EARNINGS PER SHARE**

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

**Basic earnings per share**

	<b>Current Year Quarter</b>	<b>Current Year To Date</b>
	<b>31.12. 2005</b>	<b>31.12.2005</b>
Profit after taxation for the financial period (RM'000)	1,906	3,408
Weighted average number of ordinary shares in issue ('000)	128,000	107,951
Basic earnings per share (sen)	1.49	3.16



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**Diluted earnings per share**

	<b>Current Year Quarter 31.12.2005</b>	<b>Current Year To Date 31.12.2005</b>
Profit after taxation for the financial period (RM'000)	1,906	3,408
Weighted average number of ordinary shares in issue for diluted EPS ('000)	128,000	107,951
Adjusted for share options granted ('000)	2,506	1,348
Adjusted weighted average number of ordinary shares ('000)	130,506	109,299
Diluted earnings per share (sen)	1.46	3.12

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM  
 DIRECTOR  
 27 January 2006