

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 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 first quarter ended 30 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.9.2007 (Unaudited) RM'000	Current Period To Date 30.9.2008 (Unaudited) RM'000	Preceding Period To Date 30.9.2007 (Unaudited) RM'000
Revenue	33,427	29,337	33,427	29,337
Operating expenses	(30,468)	(28,337)	(30,468)	(28,337)
Operating profit	2,959	1,000	2,959	1,000
Other operating income	18	22	18	22
Finance income	49	74	49	74
Finance costs	(5)	(31)	(5)	(31)
Profit before taxation	3,021	1,065	3,021	1,065
Taxation	(201)	36	(201)	36
Profit for the financial year	2,820	1,101	2,820	1,101
Attributable to:				
- Equity holders of the Company	2,820	1,071	2,820	1,071
- Minority interest	0	30	0	30
	2,820	1,101	2,820	1,101
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	1.06	0.40	1.06	0.40
- Diluted (sen)	1.06	0.40	1.06	0.40

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 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 30.9.2008 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2008 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	16,854	15,460
Long term debtor	2,053	2,053
	18,907	17,513
Current Assets		
Trade receivables	21,062	21,224
Deposits, prepayments and other receivables	8,109	7,767
Deposits with a licensed bank	4,597	4,566
Cash and bank balances	4,815	5,932
	38,583	39,489
TOTAL ASSETS	57,490	57,002
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,529	26,526
Share premium reserve	3,931	3,924
Retained earnings	18,669	15,849
Currency translation reserve	(325)	(452)
TOTAL EQUITY	48,804	45,847
Non-Current Liabilities		
Deferred tax liabilities	467	352
Borrowings (secured and interest-bearing)	64	84
	531	436
Current Liabilities		
Payables and accruals	7,282	9,805
Current and tax liabilities	779	713
Borrowings (secured and interest-bearing)	94	201
	8,155	10,719
TOTAL LIABILITIES	8,686	11,155
TOTAL EQUITY AND LIABILITIES	57,490	57,002
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.18	0.17

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 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
3 months ended 30.9.2007 (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	(47)	0	(47)	0	(47)
Net profit for the financial period	0	0	0	0	1,071	1,071	30	1,101
Total recognised income and expense for the financial period	0	0	0	(47)	1,071	1,024	30	1,054
Dividends for the financial year ended: - 30 June 2007	0	0	0	0	(2,650)	(2,650)	0	(2,650)
Issuance of shares pursuant to ESOS	1,443	144	289	0	0	433	0	433
As at 30 September 2007	265,046	26,505	3,883	(286)	13,517	43,619	56	43,675
3 months ended 30.9.2008 (Unaudited)								
As at 1 July 2008	265,258	26,526	3,924	(452)	15,849	45,847	0	45,847
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	127	0	127		127
Net profit for the financial year	0	0	0	0	2,820	2,820		2,820
Total recognised income and expense for the financial period	0	0	0	127	2,820	2,947	0	2,947
Issuance of shares pursuant to ESOS *	35	3	7	0	0	10	0	10
As at 30 September 2008	265,293	26,529	3,931	(325)	18,669	48,804	0	48,804

* Issuance of 35,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 31 July 2008.

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 2008 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Period To Date 30.9.2008	Preceding Period To Date 30.9.2007
	(Unaudited) RM'000	(Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	2,820	1,071
Adjustments:		
Depreciation of plant and equipment	1,534	1,773
Interest expense	5	31
Interest income	(49)	(74)
Unrealised foreign exchange gain	(111)	(104)
Taxation	201	(36)
Minority interest share of profit	0	30
Operating profit before changes in working capital	4,400	2,691
Receivables	(15)	(4,976)
Payables	(2,522)	1,345
Cash flow from operations	1,863	(940)
Interest received	49	74
Taxation refund/ (paid)	(73)	187
Net cash flow generated from / (used in) operating activities	1,839	(679)
Investing Activity		
Purchase of plant and equipment	(2,740)	(1,412)
Net cash flow used in investing activity	(2,740)	(1,412)
Financing Activities		
Repayment of finance lease principal	(88)	(227)
Proceeds from issuance of shares	10	433
Interest paid	(5)	(31)
Net cash flow used in financing activities	(83)	175
Net decrease in cash and cash equivalents	(984)	(1,916)
Effect of foreign exchange on cash and cash equivalents	(62)	1
Cash and cash equivalents at beginning of financial period	10,458	7,177
Cash and cash equivalents at end of financial period	9,412	5,262

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 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 2008.

2. AUDITORS’ REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualified report issued by the auditors in the audited annual financial statements for the financial year ended 30 June 2008.

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 2008	RM0.30	35,000	10,500

7. DIVIDENDS PAID

No dividends have been paid during the financial period ended 30 September 2008.

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.

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8. SEGMENT RESULTS AND REPORTING (cont'd)

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

	Current Year Quarter 30.9.2008	Current Period To Date 30.9.2008
	(Unaudited) RM'000	(Unaudited) RM'000
Revenue		
Malaysia	2,421	2,421
Singapore	17,707	17,707
United States of America	9,922	9,922
United Kingdom	1,136	1,136
Other countries	2,241	2,241
	33,427	33,427

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 30.9.2008	As At Preceding Financial Period Ended 30.9.2007
	(Unaudited) RM'000	(Unaudited) RM'000
Total assets		
Malaysia	43,826	39,604
United States of America	12,125	12,588
Other countries	1,539	5,119
	57,490	57,311
Capital expenditure		
Malaysia	1,481	1,401
United States of America	1,252	0
Other countries	6	11
	2,739	1,412

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9. VALUATION OF PLANT AND EQUIPMENT

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

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 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 2008.

13. COMMITMENTS

Commitments for the Group not provided for as of 30 September 2008 are as follows:

(a) Capital commitments

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

Current Period To Date 30.9.2008
RM'000
548
0



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(b) Non-cancelable operating leases

	Current Period To Date 30.9.2008
	RM'000
Future minimum lease payments	
- not later than 1 year	6,465
- later than 1 year and not later than 5 years	1,364
	7,829

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 before taxation of RM33.4 million and RM3.0 million respectively. The Group's revenue and profit before taxation increased by 14% and 184% respectively as compared to the preceding year corresponding quarter's result. The increase in profit before taxation is due to an increase in billings from operations, higher contribution from major projects and strengthening of the US Dollar.

	Q1 2009	Q1 2008	Variance
Revenue	33,427	29,337	4,090
Profit before taxation	3,021	1,065	1,956

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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q1 2009	Q4 2008	Variance
Revenue	33,427	32,547	880
Profit before taxation	3,021	2,628	393

For the current quarter, the Group has registered an increase in revenue and profit before taxation of 3% and 15%, respectively as compared to the preceding quarter's result. The increase in operating profits is due mainly to an increase in billings from continuing operations, improved margins and the strengthening of the US Dollar against the Malaysian Ringgit.

17. CURRENT YEAR PROSPECTS

The Group expects to see increased revenues and accompanying corresponding profits as a result of increased business development activities over the preceding 12 month period. This higher contribution is expected largely from growth in existing business and new business operations .

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 2009.

19. TAXATION

	Current Year Quarter 30.9.2008 RM '000	Current Period To Date 30.0.2008 RM '000
<u>Group</u>		
Current tax	80	80
Deferred tax	121	121
	201	201

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%.



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20. DIVIDENDS

The Directors do not recommend any interim dividend for the quarter ended 30 September 2008.

21. 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.

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 September 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 confirms that talks for the set up of a joint venture operating entity in Indonesia are ongoing. Both parties are expectant that the set up of the JVCO is achieved as soon as it is practical.

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24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 September 2008 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease liabilities	94	64	158

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 22 October 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 22 October 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 30.9.2008	Current Period To Date 30.9.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,820	2,820
Weighted average number of ordinary shares in issue ('000)	265,281	265,281
Basic earnings per share (sen)	1.06	1.06

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Diluted earnings per share

	Current Year Quarter 30.6.2008	Current Period To Date 30.6.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,820	2,820
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,281	265,281
Adjusted for share options granted ('000)	632	632
Adjusted weighted average number of ordinary shares ('000)	265,913	265,913
Diluted earnings per share (sen)	1.06	1.06

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
22 October 2008