



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 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 second quarter ended 31 December 2008.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.12.2007 (Unaudited) RM'000	Current Period To Date 31.12.2008 (Unaudited) RM'000	Preceding Period To Date 31.12.2007 (Unaudited) RM'000
Revenue	36,965	30,955	70,392	60,292
Operating expenses	(34,038)	(28,681)	(65,244)	(56,976)
Operating profit	2,927	2,274	5,148	3,316
Gain / (loss) on foreign exchange	213	(334)	951	(376)
Other operating income	30	0	48	22
Finance income	41	92	90	166
Finance costs	(9)	(42)	(14)	(73)
Profit before taxation	3,202	1,990	6,223	3,055
Taxation	(367)	(186)	(568)	(150)
Profit for the financial year	2,835	1,804	5,655	2,905
Attributable to:				
- Equity holders of the Company	2,835	1,450	5,655	2,521
- Minority interest	0	354	0	384
	2,835	1,804	5,655	2,905
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	1.07	0.55	2.13	0.95
- Diluted (sen)	1.07	0.54	2.13	0.94

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 31.12.2008 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2008 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	16,444	15,460
Non-current receivable	2,053	2,053
	18,497	17,513
Current Assets		
Trade receivables	22,546	21,224
Deposits, prepayments and other receivables	9,641	7,767
Deposits with a licensed bank	2,620	4,566
Cash and bank balances	4,548	5,932
	39,355	39,489
TOTAL ASSETS	57,852	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	18,851	15,849
Currency translation reserve	(213)	(452)
TOTAL EQUITY	49,098	45,847
Non-Current Liabilities		
Deferred tax liabilities	594	352
Borrowings (secured and interest-bearing)	64	84
	658	436
Current Liabilities		
Payables and accruals	7,210	9,805
Current and tax liabilities	835	713
Borrowings (secured and interest-bearing)	51	201
	8,096	10,719
TOTAL LIABILITIES	8,754	11,155
TOTAL EQUITY AND LIABILITIES	57,852	57,002
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.19	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
6 months ended 31.12.2007 (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	(69)	0	(69)	0	(69)
Net profit for the financial period	0	0	0	0	2,521	2,521	384	2,905
Total recognised income and expense for the financial period	0	0	0	(69)	2,521	2,452	384	2,836
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	1,565	157	313	0	0	470	0	470
As at 31 December 2007	265,168	26,518	3,907	(308)	14,967	45,084	410	45,494
6 months ended 31.12.2008 (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	239	0	239	0	239
Net profit for the financial year	0	0	0	0	5,655	5,655	0	5,655
Total recognised income and expense for the financial period	0	0	0	239	5,655	5,894	0	5,894
Dividends for the financial year ended: - 30 June 2008	0	0	0	0	(2,653)	(2,653)	0	(2,653)
Issuance of shares pursuant to ESOS *	35	3	7	0	0	10	0	10
As at 31 December 2008	265,293	26,529	3,931	(213)	18,851	49,098	0	49,098

* 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 31.12.2008 (Unaudited) RM'000	Preceding Period To Date 31.12.2007 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	5,655	2,521
Adjustments:		
Depreciation of plant and equipment	3,351	3,456
Interest expense	14	73
Interest income	(90)	(166)
Unrealised foreign exchange loss	333	205
Taxation	568	150
Minority interest share of profit	0	384
Operating profit before changes in working capital	9,831	6,623
Receivables	(3,610)	(1,785)
Payables	(2,595)	1,209
Cash flow from operations	3,626	6,047
Interest received	90	166
Taxation refund/ (paid)	(121)	469
Net cash flow generated from / (used in) operating activities	3,595	6,682
Investing Activity		
Purchase of plant and equipment	(4,178)	(1,651)
Net cash flow used in investing activity	(4,178)	(1,651)
Financing Activities		
Repayment of finance lease principal	(131)	(514)
Proceeds from issuance of shares	10	470
Payment of dividends	(2,653)	(2,650)
Interest paid	(14)	(73)
Net cash flow used in financing activities	(2,788)	(2,767)
Net decrease in cash and cash equivalents	(3,371)	2,264
Effect of foreign exchange on cash and cash equivalents	81	1
Cash and cash equivalents at beginning of financial period	10,458	7,177
Cash and cash equivalents at end of financial financial period	7,168	9,442

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.

FRS 139 Financial Instruments: The Recognition and Measurement has been deferred to 1 January 2010 and has not been adopted by the Group.

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

On 24 November 2008, a final tax exempt dividend of 1 sen per ordinary share amounting to RM2,652,930 was paid in respect of the financial year ended 30 June 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 31.12.2008 (Unaudited) RM'000	Current Period To Date 31.12.2008 (Unaudited) RM'000
Revenue		
Malaysia	4,570	6,993
Singapore	18,508	36,214
United States of America	11,156	21,077
United Kingdom	748	1,884
Other countries	1,983	4,224
	36,965	70,392

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.12.2008 (Unaudited) RM'000	As At Preceding Financial Period Ended 31.12.2007 (Unaudited) RM'000
Total assets		
Malaysia	43,638	37,559
United States of America	12,723	9,559
Other countries	1,491	6,493
	57,852	53,611
Capital expenditure		
Malaysia	2,975	1,633
United States of America	1,147	0
Other countries	56	18
	4,178	1,651



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9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 31 December 2008. As at 31 December 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.



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13. COMMITMENTS

Commitments for the Group not provided for as of 31 December 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 31.12.2008
RM'000
1,118
-

(b) Non-cancelable operating leases

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

Current Period To Date 31.12.2008
RM'000
8,911
8,049
908
17,868

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

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



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15. REVIEW OF PERFORMANCE

For the current quarter, the Group recorded revenue and profit before taxation of RM36.97 million and RM3.20 million respectively. The Group's revenue and profit before taxation increased by 19.4% and 60.9% respectively as compared to the preceding year corresponding quarter's result.

On a year to date basis, the Group's revenue has increased by 16.7% to RM70.39 million while profit before taxation has increased by 103.7% to RM6.22 million as compared to the preceding year to date.

The increase in revenue and profit before taxation is mainly due to an increase in billings from operations from existing and new projects, higher contribution from major projects and strengthening of the US Dollar.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q2 2009	Q1 2009	Variance
Revenue	36,965	33,427	3,538
Operating profit	2,927	2,238	689
Profit before taxation	3,202	3,021	181

For the current quarter, the Group has registered an increase in revenue, operating profit and profit before taxation of 10.6%, 30.8% and 6.0%, respectively as compared to the preceding quarter's result. The increase in operating profits is mainly attributable to an increase in billings from new projects secured during the year, improved margins and the strengthening of the US Dollar against the Malaysian Ringgit.



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17. CURRENT YEAR PROSPECTS

The Group is not immune from the current global financial crisis. The Group’s client base consists of multinational corporations whose revenues and profits have been adversely affected by the said financial crisis. The Group’s primary outsourcing business is therefore potentially subject to risk of reducing revenues and associated profits within the financial year.

The Group has diversified its services and the revenue streams are expected to mitigate any potential reduction in revenue and profits from the Group’s outsourcing business.

As a result, for the financial year ending 30 June 2009, the Group expects to see increased revenues and accompanying corresponding profits resulting from the increase in business development activities.

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 31.12.2008 RM ‘000	Current Period To Date 31.12.2008 RM ‘000
<u>Group</u>		
Current tax	243	323
Deferred tax	124	245
	367	568

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 following dividend is payable / was paid during the current and previous corresponding quarter:

	31.12.2008	31.12.2007
Interim dividend for the financial year ending / ended 30 June	2009	2008
Approved and declared on	4 February 2009	28 January 2008
Date paid / payable	6 March 2009	7 March 2008
Based on register of members dated	23 February 2009	25 February 2008
Amount per share	1 sen tax exempt	1 sen tax exempt
Net dividend paid / to be paid (RM)	2,652,930	2,651,680
	31.12.2008	31.12.2007
Final dividend for the financial year ended 30 June	2008	2007
Approved and declared on	6 October 2008	3 September 2007
Date paid / payable	24 November 2008	26 October 2007
Based on register of members dated	7 November 2008	9 October 2007
Amount per share	1 sen tax exempt	1 sen tax exempt
Net dividend paid / to be paid (RM)	2,652,930	2,650,460

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.



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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 31 December 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.

Due to the changes in the operating environment in Indonesia, the Company is of the opinion that the terms of the MOU signed have ceased to be relevant. Scicom and PT Telekomunikasi Indonesia are continuing to work together to identify other synergistic opportunities.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group’s borrowings as at 31 December 2008 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM’000	RM’000	RM’000
Secured			
Finance lease liabilities	51	64	115

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 4 February 2009 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 4 February 2009 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 31.12.2008	Current Period To Date 31.12.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,835	5,655
Weighted average number of ordinary shares in issue ('000)	265,293	265,287
Basic earnings per share (sen)	1.07	2.13



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Diluted earnings per share

	Current Year Quarter 31.12.2008	Current Period To Date 31.12.2008
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,835	5,655
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,293	265,287
Adjusted for share options granted ('000)	321	321
Adjusted weighted average number of ordinary shares ('000)	265,614	265,608
Diluted earnings per share (sen)	1.07	2.13

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
 DIRECTOR
 4 February 2009