SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2016

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 2016.

CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Period Quarter 31.12.2016	Preceding Year Corresponding Quarter 31.12.2015	Current Financial Period Ended 31.12.2016	Preceding Financial Period Ended 31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	**51,558**	**47,634**	**103,613**	**92,385**
Operating expenses	**(37,714)**	**(35,318)**	**(76,400)**	**(70,278)**
Depreciation and amortisation	**(1,853)**	**(1,518)**	**(3,604)**	**(2,992)**
Operating profit	**11,991**	**10,798**	**23,609**	**19,115**
Share of profit of jointly controlled entity, net of tax	**17**	**13**	**35**	**27**
Gain/(Loss) on foreign exchange	**982**	**(716)**	**2,132**	**427**
Finance income	**202**	**174**	**454**	**340**
Finance costs	**0**	**0**	**(13)**	**0**
Profit before taxation	**13,192**	**10,269**	**26,217**	**19,909**
Taxation	**(1,160)**	**(11)**	**(2,249)**	**(23)**
Profit for the financial period	**12,032**	**10,258**	**23,968**	**19,886**

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Period Quarter 31.12.2016	Preceding Year Corresponding Quarter 31.12.2015	Current Financial Period Ended 31.12.2016	Preceding Financial Period Ended 31.12.2015
	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/ income, net of tax				
Foreign currency translation differences for foreign operations	(102)	318	(89)	267
Total comprehensive income for the financial period	11,930	10,576	23,879	20,153
Profit attributable to:				
- Owners of the Company	12,114	10,345	24,135	20,069
- Non-controlling interest	(82)	(87)	(167)	(183)
Profit for the financial period	12,032	10,258	23,968	19,886
Total comprehensive income attributable to:				
- Owners of the Company	12,012	10,663	24,046	20,336
- Non-controlling interest	(82)	(87)	(167)	(183)
Total comprehensive income for the financial period	11,930	10,576	23,879	20,153
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)*	3.41	2.91	6.79	5.65
- Diluted (sen)	N/A	N/A	N/A	N/A

Other disclosure items pursuant to Note 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 31.12.2016	As At Preceding Financial Year Ended 30.06.2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	14,371	15,808
Software licences	4,645	4,372
Investment in jointly controlled entity	106	1,746
Deferred tax assets	120	120
	19,242	22,046
Current Assets		
Trade receivables	33,309	29,042
Unbilled receivables	13,476	14,120
Deposits, prepayments and other receivables	10,721	7,715
Tax recoverable	372	338
Cash and cash equivalents	38,244	37,004
	96,122	88,219
TOTAL ASSETS	115,364	110,265
EQUITY AND LIABILITIES		
Capital and reserves attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	65,905	59,543
Currency translation reserve	(1,713)	(1,624)
	99,737	93,464
Non-controlling interest	(970)	(803)
TOTAL EQUITY	98,767	92,661
Non-Current Liabilities		
Deferred tax liabilities	32	31
	32	31
Current Liabilities		
Trade and other payables	11,674	14,854
Current tax liabilities	4,891	2,719
	16,565	17,573
TOTAL LIABILITIES	16,597	17,604
TOTAL EQUITY AND LIABILITIES	115,364	110,265
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.28	0.26

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable	Total	Non-controlling interest	Total Equity
	Number of shares	Nominal value	Currency translation reserve	Retained earnings			
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31.12.2015							
As at 1 July 2015	355,453	35,545	(921)	46,032	80,656	(458)	80,198
Currency translation differences, representing total income and expense recognised directly in equity	0	0	267	0	267	0	267
Net profit for the financial period	0	0	0	20,069	20,069	(183)	19,886
Total comprehensive income/(loss)	0	0	267	20,069	20,336	(183)	20,153
Dividends paid for the financial year ended:							
- 30 June 2015	0	0	0	(7,109)	(7,109)	0	(7,109)
- 30 June 2016	0	0	0	(7,109)	(7,109)	0	(7,109)
As at 31 December 2015	355,453	35,545	(654)	51,883	86,774	(641)	86,133
6 months ended 31.12.2016							
As at 1 July 2016	355,453	35,545	(1,624)	59,543	93,464	(803)	92,661
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(89)	0	(89)	0	(89)
Net profit for the financial period	0	0	0	24,135	24,135	(167)	23,968
Total comprehensive income/(loss)	0	0	(89)	24,135	24,046	(167)	23,879
Dividends paid for the financial year ended:							
- 30 June 2016	0	0	0	(10,664)	(10,664)	0	(10,664)
- 30 June 2017	0	0	0	(7,109)	(7,109)	0	(7,109)
As at 31 December 2016	355,453	35,545	(1,713)	65,905	99,737	(970)	98,767

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 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Period Ended 31.12.2016	Preceding Financial Period Ended 30.12.2015
	RM'000	RM'000
Operating Activities		
Net profit for the financial year	23,968	19,886
Adjustments:		
Depreciation of plant and equipment	3,096	2,697
Amortisation of software licenses	508	295
Unrealised foreign exchange gain	(1,755)	0
Interest expense	13	0
Taxation	2,249	23
Interest income	(454)	(340)
Gain on disposal of plant and equipment	(5)	0
Share of profit of jointly controlled entity	(35)	(27)
Operating profit before changes in working capital	27,585	22,534
Payables	(4,873)	(2,604)
Receivables	(3,178)	(1,244)
Cash flow from operations	19,534	18,686
Interest received	454	340
Taxation paid	(111)	(199)
Net cash flow generated from operating activities	19,877	18,827
Investing Activities		
Distribution received from joint venture	1,675	0
Proceeds from disposal of plant and equipment	5	0
Purchases of plant and equipment	(1,660)	(1,934)
Purchases of software licences	(781)	(604)
Net cash flow used in investing activities	(761)	(2,538)
Financing Activities		
Interest paid	(13)	0
Payment of dividends	(17,773)	(14,218)
Net cash flow used in financing activities	(17,786)	(14,218)
Net increase in cash and cash equivalents	1,330	2,071
Effect of foreign exchange on cash and cash equivalents	(90)	896
Cash and cash equivalents at beginning of financial year	37,004	24,076
Cash and cash equivalents at end of financial year	38,244	27,043

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 30 June 2016.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2016.

The following MFRS and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2016

Amendments to MFRS 11 Joint Arrangements- *Accounting for Acquisitions of Interests in Joint Operations*
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets- *Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 127 Consolidated and Separate Financial Statements- *Equity Method in Separate Financial Statements*
Annual Improvements to MFRSs 2012- 2014 Cycle
Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – *Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 101 Presentation of Financial Statements – *Disclosure Initiative*

Effective for financial periods beginning on or after 1 January 2017
Amendments to MFRS 107 Statement of Cash Flows – *Disclosure Initiative*
Amendments to MFRS112 Income Taxes- *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018
MFRS 15 Revenue from Contracts with Customers
MFRS 9 Financial Instruments

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION (cont'd)

Effective for financial periods beginning on or after 1 January 2019
MFRS 16 Leases

The MASB had on 16 June 2016 issued Clarifications to MFRS 15 "Revenue from Contracts with Customers" (the Amendments) effective for annual periods on or after 1 January 2018.

The MASB had on 31 December 2015 deferred the effective date of Amendments to MFRS 10 and MFRS 128 on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncement.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these consolidated condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2016.

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not qualified.

4. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal and cyclical factors during the financial quarter under review.

5. UNUSUAL ITEMS

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review and financial period to date.

6. 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 financial quarter under review and financial period to date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial quarter and financial period to date, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities.

8. DIVIDENDS PAID

The following dividends were paid during the financial period to date :-

In respect of the financial year ended/ ending	Dividend	Date of dividend payment	Amount paid
2016	Interim dividend of 3.0 sen per ordinary share	28 September 2016	RM10,663,607
2017	Interim dividend of 2.0 sen per ordinary share	7 December 2016	RM7,109,071

9. SEGMENT RESULTS AND REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The two primary segments that are the focus of the management's internal financial and operational reporting structure are as follows:

a. Outsourcing services comprising of BPO services which offers multi-lingual, multi-channel customer care, technical support help desks, consultative sales and associated fulfillment.

b. Education includes educational and industrial training services primarily focused on customer care in the service industry.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. SEGMENT RESULTS AND REPORTING (cont'd)

Segmental analysis by business segment is as follows:

For the financial period ended 31 December 2016

FY 2017	Current Financial Period Ended 31.12.2016			
	Outsourcing services	Training and consultancy	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	103,613	-	-	103,613
Inter-segment revenue	-	-	-	-
Total revenue	103,613	-	-	103,613
Segment results	31,329	(1,984)		29,345
Unallocated income/ other gains				-
Depreciation of plant and equipment				(3,096)
Amortisation of software licences				(508)
Share of results of jointly controlled entity (net of tax)				35
Finance income				454
Finance cost				(13)
Profit before taxation				26,217
Taxation				(2,249)
Net profit for the financial period				23,968

For the financial period ended 31 December 2015

FY 2016	Preceding Financial Period Ended 31.12.2015			
	Outsourcing services	Training and consultancy	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	92,188	197	-	92,385
Inter-segment revenue	-	413	(413)	-
Total revenue	92,188	610	(413)	92,385
Segment results	24,061	(1,527)		22,534
Unallocated income/ other gains				-
Depreciation of plant and equipment				(2,697)
Amortisation of software licences				(295)
Share of results of jointly controlled entity (net of tax)				27
Finance income				340
Finance cost				-
Profit before taxation				19,909
Taxation				(23)
Net profit for the financial period				19,886

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review and financial period to date. As at 31 December 2016, all plant and equipment were stated at cost less accumulated depreciation.

11. SUBSEQUENT EVENTS

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

12. 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 financial quarter under review.

13. CONTINGENT LIABILITY OR CONTINGENT ASSET

There was no contingent liability or contingent asset arising since the last audited financial statement for the financial year ended 30 June 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

14. COMMITMENTS

Commitments for the Group not provided for as at 31 December 2016 are as follows:

(a) Capital commitments

	Current Financial Period Ended 31.12.2016
	RM'000
In respect of plant and equipment - Authorised and contracted	1,229

(b) Non-cancelable operating leases

	Current Financial Period 31.12.2016
	RM'000
Future minimum lease payments	
- not later than 1 year	3,030
- later than 1 year and not later than 5 years	20,938
- later than 5 years	34
	24,002

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the financial period under review.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER

Financial quarter ended	31 Dec 2016	31 Dec 2015	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	51,558	47,538	4,020
Education	-	96	(96)
Total revenue	**51,558**	**47,634**	**3,924**
Profit before taxation	**13,192**	**10,269**	**2,923**

a. Revenue

Outsourcing
The Group's Outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The increase in revenue for existing projects and newly secured projects in the financial quarter under review as compared to the preceding year corresponding quarter amounted to RM3.39 million and RM3.55 million, respectively.

The reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM2.92 million for the financial quarter under review as compared to the preceding year corresponding quarter.

The net increase in the Group's outsourcing revenue for the financial quarter under review is RM4.02 million.

Education
The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the quarter under review is nil as the Education business conducted pilot and proof of concepts for new training contracts. The Group expects potential external training contracts in the current pipeline to commence in 2nd half of the financial year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY QUARTER (cont'd)

b. Profit before taxation

The higher profit before tax for the financial quarter under review as compared to the preceding year corresponding quarter is due primarily to the following:

a. Increase in billings for outsourcing projects resulting in an increase in contribution by RM1.19 million as compared to the preceding year corresponding quarter; and
b. Realized and unrealized forex gain recognized in the financial quarter under review as compared to a forex loss position in the preceding year correspondence quarter. The weakening of the Ringgit Malaysia has contributed to an increase of profit by RM1.70 million.

PERFORMANCE BY FINANCIAL PERIOD TO DATE

Financial period ended	31 Dec 2016	31 Dec 2015	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	103,613	92,188	11,425
Education	-	197	(197)
Total revenue	**103,613**	**92,385**	**11,228**
Profit before taxation	**26,217**	**19,909**	**6,308**

a. Revenue

Outsourcing

The Group's Outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The increase in revenue for existing projects and newly secured projects in the financial period under review as compared to the preceding year corresponding period amounted to RM8.14 million and RM9.61 million, respectively.

The reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM6.32 million for the financial period under review as compared to the preceding year corresponding period.

The net increase in the Group's outsourcing revenue for the financial period under review is RM11.43 million.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL PERIOD TO DATE (cont'd)

Education
The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is nil as the Education business conducted pilot and proof of concepts for new training contracts. The Group expects potential external training contracts in the current pipeline to commence in 2nd half of the financial year.

b. Profit before taxation

The higher profit before tax for the financial period under review as compared to the preceding year corresponding quarter is due primarily to the following:

a. Increase in billings for outsourcing projects resulting in an increase in contribution by RM4.49 million as compared to the preceding year corresponding period; and
b. Higher realized and unrealized forex gain recognized in the financial period under review amounted to RM1.71 million as compared to the preceding year correspondence period.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	31 Dec 2016	30 Sep 2016	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	51,558	52,055	(497)
Education	-	-	-
Total revenue	**51,558**	**52,055**	**(497)**
Profit before taxation	**13,192**	**13,025**	**167**

a. Revenue

Outsourcing
The Group's outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS (cont'd)

Revenue for the financial quarter under review remain consistent with the preceding financial quarter. The reduction in billable transaction for certain projects as a result of a change in clients' requirements and/or strategies has been mitigated by organic growth in other projects during the financial quarter under review.

The net decrease in the Group's outsourcing revenue for the financial quarter under review is RM0.50 million.

Education
The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the quarter under review is nil as the Education business conducted pilot and proof of concepts for new training contracts. The Group expects potential external training contracts in the current pipeline to commence in 2nd half of the financial year.

b. Profit before taxation

Despite a marginally lower revenue, the profit before taxation for the financial quarter under review is higher than the preceding financial quarter primarily due to increase in contribution from projects with higher profitability.

18. CURRENT YEAR REVIEW

The Group continues to register growth for the current financial period as compared to the preceding year corresponding financial period, with revenue and profit before taxation posting a growth rate of 12.15% and 31.68%, respectively for the financial period ended 31 December 2016. The Group's Outsourcing business continues its growth momentum by recording a 12.39% and 30.21% growth rate for revenue and direct contribution, respectively as compared to the preceding year corresponding period. The increase in Outsourcing's revenue and direct contribution is attributable to organic growth in existing projects and new projects secured.

The external revenue aspect of the Education business for the quarter under review is nil as the Education business conducted pilot and proof of concepts for new training contracts. The Group expects potential external training contracts in the current pipeline to commence in 2nd half of the financial year.

Overall the Group expects to achieve growth in terms of revenue and profitability for the financial year 2017.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. 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 2016.

20. TAXATION

	Current Financial Quarter Ended 31.12.2016 RM '000	Current Financial Period Ended 31.12.2016 RM '000
Group		
Current tax	1,160	2,249
Deferred tax	-	-
	1,160	2,249

The Company was first awarded the Multimedia Super Corridor ("MSC") status on 7 November 2002 and the latest renewal was for a further five years' term expiring on 6 November 2017. In association with the MSC status, the Company was awarded pioneer status which accords the Company with five years of income tax exemption on a portion of the Company's statutory income. During the financial year, the income tax exemption on the Company's statutory business income was revised down from 100% to 70% for the remainder of its MSC status term beginning 7 November 2015. The provision for tax expense has been made with the application of the income tax exemption as the Company has met the conditions stipulated by the Ministry of Finance. The Malaysian current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

On 12 October 2016, the Company announced that its wholly owned subsidiary, Scicom E Solutions Sdn Bhd ("SES") had accepted the grant of MSC Status by the Government of Malaysia. The grant of MSC Status provides for SES to have Pioneer Status Incentive under the Promotion of Investments Act, 1986 for 100% income tax exemption on statutory income derived from the MSC Malaysia Qualifying Activities for a period of 10 years.

A subsidiary of the Company has received tax assessment notices of RM1.4 million, INR23.8 million (2015: RM1.4 million, INR23.8 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors have received expert advice on this matter from a tax agent. Based on the advice received, the Board of Directors are of the view that no significant liability will crystallise from these assessments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 28 February 2017, being the date of this report.

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group does not have any borrowings and debt securities as at 31 December 2016.

23. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the financial year to date or pending as at 28 February 2017, being the date of this report.

24. DIVIDENDS

The Board of Directors has approved and declared a second interim dividend of 2 sen, tax exempt, per ordinary share, amounting to RM7,109,071 which is payable on 28 March 2017.

	Current Financial Period Ended 31.12.2016	Preceding Financial Year Ended 31.12.2015
Interim dividend for the financial year ended 30 June	**2017**	**2016**
2nd interim		
Approved and declared on	28-Feb-17	25-Feb-16
Date payable/paid	28-Mar-17	24-Mar-16
Based on register members dated	14-Mar-17	10-Mar-16
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend payable/paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	**2017**	**2016**
1st interim		
Approved and declared on	07-Nov-16	30-Nov-15
Date paid	07-Dec-16	30-Dec-15
Based on register members dated	21-Nov-16	14-Dec-15
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	**2016**	**2015**
4th interim		
Approved and declared on	26-Aug-16	21-Aug-15
Date paid	28-Sep-16	22-Sep-15
Based on register members dated	13-Sep-16	07-Sep-15
Amount per share	3.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	10,663,607	7,109,071

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

25. EARNINGS PER SHARE ("EPS")

The basic earnings per share for the financial quarter/year under review are computed as follows:

	Current Financial Quarter Ended 31.12.2016	Current Financial Period Ended 31.12.2016
Profit attributable to the Owners of the Company for the financial period (RM'000)	12,114	24,135
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	3.41	6.79

Diluted earnings per share is not applicable as the Company has no potential ordinary shares to be issued.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

26. REALISED AND UNREALISED PROFIT

The breakdown of the retained profit of the Group as at the reporting date, into realized and unrealized profits is as follows:

	As at Current Financial Period Ended 31.12.2016	As at Current Financial Year Ended 30.6.2016
	RM'000	RM'000
Total retained profit for Scicom and its subsidiaries :		
- Realised	32,000	21,367
- Unrealised	(507)	(1,185)
	31,493	20,182
Total share of retained profit from jointly controlled entity :		
- Realised	106	1,749
	31,599	21,931
Add : Consolidation adjustments	34,306	24,101
Total Group retained profits as per consolidated accounts	65,905	46,032

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
28 February 2017