

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 MARCH 2009

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 third quarter ended 31 March 2009.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.3.2009	Preceding Year Corresponding Quarter 31.3.2008	Current Period To Date 31.3.2009	Preceding Period To Date 31.3.2008
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Revenue	36,804	29,320	107,196	86,414
Operating expenses	(33,013)	(27,312)	(98,257)	(82,371)
Operating profit	3,791	2,008	8,939	4,043
Gain / (loss) on foreign exchange	259	(380)	1,210	(756)
Provision for doubtful debts				
- trade	(847)	0	(847)	0
- non-trade	(3,760)	0	(3,760)	0
Other operating income	3	0	51	22
(Losses)/ profit from discontinued operations	0	(466)	0	431
Finance income	17	66	107	232
Finance costs	(22)	(27)	(36)	(100)
(Loss) / Profit before taxation	(559)	1,201	5,664	3,872
Taxation	(318)	(92)	(886)	(242)
(Loss)/ Profit for the financial year	(877)	1,109	4,778	3,630
(Loss) / earnings per share attributable to equity holders of the Company:				
- Basic (sen)	(0.33)	0.42	1.80	1.37
- Diluted (sen)	(0.33)	0.42	1.80	1.36

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 31.3.2009 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2008 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	17,437	15,460
Non-current receivable	0	2,053
	17,437	17,513
Current Assets		
Trade receivables	24,908	21,224
Deposits, prepayments and other receivables	8,365	7,767
Deposits with a licensed bank	624	4,566
Cash and bank balances	5,168	5,932
	39,065	39,489
TOTAL ASSETS	56,502	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	15,321	15,849
Currency translation reserve	(101)	(452)
TOTAL EQUITY	45,680	45,847
Non-Current Liabilities		
Deferred tax liabilities	748	352
Borrowings (secured and interest-bearing)	64	84
	812	436
Current Liabilities		
Payables and accruals	9,032	9,805
Current tax liabilities	944	713
Borrowings (secured and interest-bearing)	34	201
	10,010	10,719
TOTAL LIABILITIES	10,822	11,155
TOTAL EQUITY AND LIABILITIES	56,502	57,002
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 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
9 months ended 31.3.2008 (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	(222)	0	(222)	12	(210)
Net profit for the financial period	0	0	0	0	3,630	3,630	(38)	3,592
Total recognised income and expense for the financial period	0	0	0	(222)	3,630	3,408	(26)	3,382
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	(2,653)	(2,653)	0	(2,653)
Issuance of shares pursuant to ESOS	1,655	165	331	0	0	496	0	496
** Bonus Issue						0	0	0
Expenses incurred pursuant to bonus issue						0	0	0
Bonus issue		0	0	0	0	0	0	0
Bonus issue expenses	0	0	0	0	0	0	0	0
Incorporation of new subsidiary	0	0	0	0	0	0	0	0
As at 31 March 2008	265,258	26,526	3,925	(461)	13,423	43,413	0	43,413
9 months ended 31.3.2009 (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	351	0	351	0	351
Net profit for the financial year	0	0	0	0	4,778	4,778	0	4,778
Total recognised income and expense for the financial period	0	0	0	351	4,778	5,129	0	5,129
Dividends for the financial year ended:								
- 30 June 2008	0	0	0	0	(2,653)	(2,653)	0	(2,653)
- 30 June 2009	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 March 2009	265,293	26,529	3,931	(101)	15,321	45,680	0	45,680

* 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 31.3.2009 (Unaudited) RM'000	Preceding Period To Date 31.3.2008 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	4,778	3,630
Adjustments:		
Depreciation of plant and equipment	4,984	5,207
Interest expense	36	100
Interest income	(107)	(232)
Unrealised foreign exchange (gain)/ loss	(9)	106
Taxation	886	242
Provision for doubtful debts	4,607	0
Gain on disposal of discontinued operations	0	(431)
Operating profit before changes in working capital	15,175	8,622
Receivables	(7,542)	(3,974)
Payables	(273)	379
Cash flow from operations	7,360	5,027
Interest received	107	232
Taxation refund/ (paid)	(44)	461
Net cash flow generated from operating activities	7,423	5,720
Investing Activity		
Purchase of plant and equipment	(6,735)	(1,705)
Net cash inflow from disposal of discontinued operations	0	(191)
Net cash flow used in investing activity	(6,735)	(1,896)
Financing Activities		
Repayment of finance lease principal	(148)	(707)
Proceeds from issuance of shares	10	497
Payment of dividends	(5,306)	(5,303)
Interest paid	(36)	(100)
Net cash flow used in financing activities	(5,480)	(5,613)
Net decrease in cash and cash equivalents	(4,792)	(1,789)
Effect of foreign exchange on cash and cash equivalents	126	130
Cash and cash equivalents at beginning of financial period	10,458	7,177
Cash and cash equivalents at end of financial period	5,792	5,518

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 other than the provision for doubtful debts during the quarter under review deemed to have high recoverability risk.



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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.

On 6 March 2009, an interim tax exempt dividend of 1 sen per ordinary share amounting to RM2,652,930 was paid in respect of the financial year ending 30 June 2009.

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 31.3.2009 (Unaudited) RM'000	Current Period To Date 31.3.2009 (Unaudited) RM'000
Revenue		
Malaysia	7,625	14,618
Singapore	16,344	52,558
United States of America	10,050	31,127
United Kingdom	1,220	3,104
Other countries	1,565	5,789
	36,804	107,196

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.3.2009 (Unaudited) RM'000	As At Preceding Financial Period Ended 31.3.2008 (Unaudited) RM'000
Total assets		
Malaysia	40,066	38,725
United States of America	13,018	8,633
Other countries	3,418	3,436
	56,502	50,794
Capital expenditure		
Malaysia	3,606	1,633
United States of America	1,186	0
Other countries	1,943	154
	6,735	1,787



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9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 31 March 2009. As at 31 March 2009, all plant and equipment were stated at cost less accumulated depreciation.

10. SUBSEQUENT MATERIAL EVENTS

Save for the event as disclosed under Note 11 of this report, 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

On 28 April 2009, Scicom (MSC) Berhad entered into a Joint Venture cum Shareholders Agreement (“JV Agreement”) with AirAsia Berhad and Asian Contact Centres Sdn Bhd (“**ACCSB**”) and acquired 50% equity interest comprising of one (1) ordinary share of RM1.00 each in ACCSB, which is a dormant company incorporated in Malaysia for a total cash consideration of RM1.00. ACCSB will be jointly-owned by Scicom and AirAsia Berhad.

Other than the above, 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 31 March 2009 are as follows:

(a) Capital commitments

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

Current Period To Date 31.3.2009	
RM'000	
3,938	
0	



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(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 31.3.2009	
RM'000	
2,304	
11,309	
0	
13,613	

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

	Q3 2009	Q3 2008	Variance
Revenue	36,804	29,320	7,484
Operating profit	3,791	2,008	1,783
(Loss) / Profit before taxation	(559)	1,201	(1,760)

For the current quarter, the Group recorded revenue, operating profit and loss before taxation of RM36.80 million, RM3.79 million and RM0.56 million respectively. The Group's revenue and operating profit increased by 25.5% and 88.8% respectively as compared to the preceding year corresponding quarter's result. However the Group recorded a loss before taxation of approximately RM0.56 million for the quarter mainly due to the provision of doubtful debts made amounting to RM4.61 million for debts deemed to have high recoverability risk.

On a year to date basis, the Group's revenue has increased by 24.1% to RM107.19 million while profit before taxation has increased by 46.3% to RM5.66 million as compared to the preceding year to date.

The increase in revenue and operating profit 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 against the Malaysian Ringgit.



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q3 2009	Q2 2009	Variance
Revenue	36,804	36,965	(161)
Operating profit	3,791	2,927	864
(Loss)/ Profit before taxation	(559)	3,202	(3,761)

For the current quarter, despite a slight decrease in revenue of 0.4%, the Group has registered an increase in operating profit of 29.5% as compared to the preceding quarter's result. The increase in operating profits is attributable to improved margins from both call center and education activities. The loss before taxation for the quarter is due to the provision of doubtful debts during the quarter for debts deemed to have high recoverability risk.

17. CURRENT YEAR PROSPECTS

The current global financial crisis has affected the Group's multinational clients adversely. As a result we have seen a reduction in our client requirements as associated transactional volumes fall in tandem with global demand. The strategy of the Group having diversified services such as education services along with the associated incremental revenues, will mitigate this trend for this financial year.

The current global financial crisis has also resulted in an increase in recoverability risk for the Group's receivables. The Group has made sufficient provision for debt that is deemed to have a high recoverability risk.

For the financial year ending 30 June 2009, the Group expects to achieve growth in revenue and profit despite the provision made for doubtful debts.

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.

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19. TAXATION

	Current Year Quarter 31.3.2009 RM '000	Current Period To Date 31.3.2009 RM '000
<u>Group</u>		
Current tax	158	481
Deferred tax	160	405
	318	886

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

	31.3.2009	31.3.2008
Interim dividend for the financial year ending / ended 30 June	2009	2008
Approved and declared on	4 February 2009	28 January 2008
Date paid	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
	31.3.2009	31.3.2008
Final dividend for the financial year ended 30 June	2008	2007
Approved and declared on	6 October 2008	3 September 2007
Date paid	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



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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 31 March 2009.

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 28 April 2009, Scicom (MSC) Berhad entered into a Joint Venture cum Shareholders Agreement (“**JV Agreement**”) with AirAsia Berhad and Asian Contact Centres Sdn Bhd (“**ACCSB**”) and acquired 50% equity interest comprising of one (1) ordinary share of RM1.00 each in ACCSB, which is a dormant company incorporated in Malaysia for a total cash consideration of RM1.00. ACCSB will be jointly-owned by Scicom and AirAsia Berhad.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group’s borrowings as at 31 March 2009 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM’000	RM’000	RM’000
Secured			
Finance lease liabilities	34	64	98

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 6 May 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 6 May 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 31.3.2009	Current Period To Date 31.3.2009
(Loss) / profit attributable to the equity holders of the Company for the financial period (RM'000)	(877)	4,778
Weighted average number of ordinary shares in issue ('000)	265,293	265,289
Basic (loss) / earnings per share (sen)	(0.33)	1.80

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Diluted earnings per share

	Current Year Quarter 31.3.2009	Current Period To Date 31.3.2009
(Loss) / profit attributable to the equity holders of the Company for the financial period (RM'000)	(877)	4,778
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,293	265,289
Adjusted for share options granted ('000)	0	199
Adjusted weighted average number of ordinary shares ('000)	265,293	265,488
Diluted (loss) / earnings per share (sen)	(0.33)	1.80

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
6 May 2009