



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 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 first quarter ended 30 September 2009.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2009 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.9.2008 (Unaudited) RM'000	Current Year To Date 30.9.2009 (Unaudited) RM'000	Preceding Year To Date 30.9.2008 (Unaudited) RM'000
Revenue	31,007	33,427	31,007	33,427
Operating expenses	(29,150)	(31,206)	(29,150)	(31,206)
Operating profit	1,857	2,221	1,857	2,221
Share of profit of jointly controlled entity	203	0	203	0
(Loss) / gain on foreign exchange	(153)	738	(153)	738
Other operating income	19	18	19	18
Finance income	20	49	20	49
Finance costs	(6)	(5)	(6)	(5)
Profit before taxation	1,940	3,021	1,940	3,021
Taxation	65	(201)	65	(201)
Profit for the financial year	2,005	2,820	2,005	2,820
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	0.76	1.06	0.76	1.06
- Diluted (sen)	0.76	1.06	0.76	1.06

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED BALANCE SHEET

	As At Current Period Ended 30.9.2009 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2009 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	15,457	16,948
Investment in jointly controlled entity	278	112
	15,735	17,060
Current Assets		
Trade receivables	26,172	31,367
Deposits, prepayments and other receivables	7,220	7,286
Deposits with a licensed bank	5,655	654
Cash and bank balances	4,719	6,162
	43,766	45,469
TOTAL ASSETS	59,501	62,529
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,529	26,529
Share premium reserve	3,932	3,932
Retained earnings	21,249	19,244
Currency translation reserve	(275)	(237)
TOTAL EQUITY	51,435	49,468
Non-Current Liabilities		
Deferred tax liabilities	958	1,020
Borrowings (secured and interest-bearing)	394	478
	1,352	1,498
Current Liabilities		
Payables and accruals	6,440	11,273
Borrowings (secured and interest-bearing)	274	290
	6,714	11,563
TOTAL LIABILITIES	8,066	13,061
TOTAL EQUITY AND LIABILITIES	59,501	62,529
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.19	0.19

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 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	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
3 months ended 30.9.2008 (Unaudited)						
As at 1 July 2008	265,258	26,526	3,924	(452)	15,849	45,847
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	127	0	127
Net profit for the financial year	0	0	0	0	2,820	2,820
Total recognised income and expense for the financial period	0	0	0	127	2,820	2,947
Issuance of shares pursuant to ESOS	35	3	7	0	0	10
As at 30 September 2008	265,293	26,529	3,931	(325)	18,669	48,804
3 months ended 30.9.2009 (Unaudited)						
As at 1 July 2009	265,293	26,529	3,932	(237)	19,244	49,468
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	(38)	0	(38)
Net profit for the financial year	0	0	0	0	2,005	2,005
Total recognised income and expense for the financial period	0	0	0	(38)	2,005	1,967
As at 30 September 2009	265,293	26,529	3,932	(275)	21,249	51,435

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 2009 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 30.9.2009 (Unaudited) RM'000	Preceding Year To Date 30.9.2008 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	2,005	2,820
Adjustments:		
Depreciation of plant and equipment	1,785	1,534
Interest expense	6	5
Interest income	(20)	(49)
Plant and equipment written off	7	0
Unrealised foreign exchange loss/ (gain)	157	(111)
Share of profit of jointly controlled entity	(203)	0
Taxation	(65)	201
Operating profit before changes in working capital	3,672	4,400
Receivables	3,968	(15)
Payables	(4,833)	(2,522)
Cash flow from operations	2,807	1,863
Interest received	20	49
Taxation (paid)/ refund	1,173	(73)
Net cash flow generated from operating activities	4,000	1,839
Investing Activities		
Purchase of plant and equipment	(356)	(2,740)
Net cash flow used in investing activities	(356)	(2,740)
Financing Activities		
Interest paid	(6)	(5)
Proceeds from issuance of shares	0	10
Repayment of finance lease principal	(99)	(88)
Net cash flow used in financing activities	(105)	(83)
Net (decrease)/ increase in cash and cash equivalents	3,539	(984)
Effect of foreign exchange on cash and cash equivalents	19	(62)
Cash and cash equivalents at beginning of financial year	6,816	10,458
Cash and cash equivalents at end of financial year	10,374	9,412

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 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 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial report should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2009.

2. AUDITORS’ REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditor’s report on the financial statements for the financial year ended 30 June 2009 was not qualified.

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.

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 quarter, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities



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7. DIVIDENDS PAID

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

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

		Current Year Quarter/ To date 30.9.2009 (Unaudited) RM'000
Revenue		
Malaysia		8,989
Singapore		14,731
United States of America		5,415
United Kingdom		1,432
Other countries		440
		31,007

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8. SEGMENT RESULTS AND REPORTING (cont'd)

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 30.9.2009 (Unaudited) RM'000	As At Preceding Financial Period Ended 30.9.2008 (Unaudited) RM'000
Total assets		
Malaysia	46,055	48,326
United States of America	9,476	12,125
Other countries	3,970	1,539
	59,501	61,990
Capital expenditure		
Malaysia	347	1,481
United States of America	0	1,252
Other countries	9	7
	356	2,740

9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 30 September 2009. As at 30 September 2009, 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.

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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 2009.

13. COMMITMENTS

Commitments for the Group not provided for as of 30 September 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 30.9.2009
RM'000
1,111
0
1,111

(b) Non-cancelable operating leases

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

Current Period To Date 30.9.2009
RM'000
6,033
16,200
22,233

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 RM31.0 million and RM1.9 million respectively. The Group's revenue and profit before taxation decreased by 7.2% and 35.8% respectively as compared to the preceding year corresponding quarter's result. The decrease in profit before taxation is mainly due to the reduction in headcount in the Group's US site and provision of unrealized forex loss as a result of the strengthening of the Ringgit against the US Dollar.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q1 2010	Q4 2009	Variance
	RM'000	RM'000	RM'000
Revenue	31,007	37,476	(6,469)
Operating profit	1,857	3,680	(1,823)
Profit before taxation	1,940	3,865	(1,925)

For the current quarter, the Group has registered a decrease in revenue and profit before taxation of 17.3% and 49.8%, respectively as compared to the preceding quarter's result. The decrease in revenue and operating profit is mainly due to lower billings for the Group's US subsidiary. The reduction in profit before taxation is also due to the strengthening of the Ringgit against the US Dollar which has also resulted in an unrealized forex loss position as compared to a forex gain position in the preceding quarter.

17. CURRENT YEAR PROSPECTS

The Group has a robust pipeline for financial year 2010. Our education and CRM consulting divisions are slated to contribute positively to FY2010 revenue and earnings primarily in the second half of the year. The main thrust for our business continues to be in the outsourcing sector with high value prospects in the pipeline which we expect to close within the financial year. We are confident of growth in earnings in this financial year.

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 2010.

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19. TAXATION

	Current Year Quarter 30.9.2009 RM '000	Current Period To Date 30.9.2009 RM '000
<u>Group</u>		
Current tax	0	0
Deferred tax	(65)	(65)
	(65)	(65)

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 25%.

20. DIVIDENDS

At the Annual General Meeting on 26 October 2009, the Company's shareholders have approved the payment of a final tax exempt dividend of 1.5 sen per ordinary share, for the financial year ended 30 June 2009 as compared to 1 sen per ordinary share paid in the previous corresponding period. The date payable for the final tax exempt dividend is on 16 November 2009. The total dividend for the financial year is 2.5 sen per ordinary share.

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 2009.

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no other corporate proposals announced but not completed as at 26 October 2009.

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24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 September 2009 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease liabilities	274	394	668

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 26 October 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 26 October 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 30.9.2009	Current Period To Date 30.9.2009
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,005	2,005
Weighted average number of ordinary shares in issue ('000)	265,293	265,293
Basic earnings per share (sen)	0.76	0.76

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Diluted earnings per share

	Current Year Quarter 30.9.2009	Current Period To Date 30.9.2009
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,005	2,005
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,293	265,293
Adjusted for share options granted ('000)	501	501
Adjusted weighted average number of ordinary shares ('000)	265,794	265,794
Diluted earnings per share (sen)	0.76*	0.76*

* The dilution is not significant

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
26 October 2009