



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 March 2010

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 2010.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.3.2010 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.3.2009 (Unaudited) RM'000	Current Year To Date 31.3.2010 (Unaudited) RM'000	Preceding Year To Date 31.3.2009 (Unaudited) RM'000
Revenue	29,970	36,804	90,547	107,196
Operating expenses	(27,870)	(33,013)	(84,367)	(98,257)
Operating profit	2,100	3,791	6,180	8,939
Share of profit of jointly controlled entity	189	0	488	0
Gain/ (loss) on foreign exchange	(345)	259	(446)	1,210
Provision for doubtful debts	0	(4,607)	0	(4,607)
Other operating income	3	3	26	51
Finance income	9	17	47	107
Finance costs	(9)	(22)	(18)	(36)
Profit before taxation	1,947	(559)	6,277	5,664
Taxation	264	(318)	157	(886)
Profit for the financial period	2,211	(877)	6,434	4,778
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	0.83	(0.33)	2.42	1.80
- Diluted (sen)	0.83	(0.33)	2.42	1.80

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 31.3.2010 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2009 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	14,005	16,948
Investment in jointly controlled entity	477	112
	14,482	17,060
Current Assets		
Trade receivables	32,418	31,367
Deposits, prepayments and other receivables	7,780	7,286
Deposits with a licensed bank	655	654
Cash and bank balances	1,967	6,162
	42,820	45,469
TOTAL ASSETS	57,302	62,529
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,572	26,529
Share premium reserve	4,018	3,932
Retained earnings	19,041	19,244
Currency translation reserve	(289)	(237)
TOTAL EQUITY	49,342	49,468
Non-Current Liabilities		
Deferred tax liabilities	804	1,020
Borrowings (secured and interest-bearing)	271	478
	1,075	1,498
Current Liabilities		
Payables and accruals	6,614	11,273
Borrowings (secured and interest-bearing)	271	290
	6,885	11,563
TOTAL LIABILITIES	7,960	13,061
TOTAL EQUITY AND LIABILITIES	57,302	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
9 months ended 31.3.2009 (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	351	0	351
Net profit for the financial period	0	0	0	0	4,778	4,778
Total recognised income and expense for the financial period	0	0	0	351	4,778	5,129
Dividends for the financial year ended:						
- 30 June 2008	0	0	0	0	(2,653)	(2,653)
- 30 June 2009	0	0	0	0	(2,653)	(2,653)
Issuance of shares pursuant to ESOS *	35	3	7	0	0	10
As at 31 March 2009	265,293	26,529	3,931	(101)	15,321	45,680
9 months ended 31.3.2010 (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	(52)	0	(52)
Net profit for the financial period	0	0	0	0	6,434	6,434
Total recognised income and expense for the financial period	0	0	0	(52)	6,434	6,382
Dividends for the financial year ended:						
- 30 June 2009	0	0	0	0	(3,979)	(3,979)
- 30 June 2010	0	0	0	0	(2,658)	(2,658)
Issuance of shares pursuant to ESOS **	430	43	86	0	0	129
As at 31 March 2010	265,723	26,572	4,018	(289)	19,041	49,342

* 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.

** Issuance of 430,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 3 February 2010.

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 31.3.2010 (Unaudited) RM'000	Preceding Year To Date 31.3.2009 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	6,434	4,778
Adjustments:		
Depreciation of plant and equipment	5,175	4,984
Unrealised foreign exchange loss	694	(9)
Interest expense	18	36
Plant and equipment written off	7	0
Provision for doubtful debts	0	4,607
Interest income	(47)	(107)
Gain on disposal of plant and equipment	(65)	0
Taxation	(157)	886
Share of profit of jointly controlled entity	(488)	0
Operating profit before changes in working capital	11,571	15,175
Receivables	(2,427)	(7,542)
Payables	(4,659)	(273)
Cash flow from operations	4,485	7,360
Taxation refund / (paid)	252	(44)
Interest received	47	107
Net cash flow generated from operating activities	4,784	7,423
Investing Activities		
Purchase of plant and equipment	(2,211)	(6,735)
Proceed from disposal of plant and equipment	65	0
Net cash flow used in investing activities	(2,146)	(6,735)
Financing Activities		
Interest paid	(18)	(36)
Payment of dividends	(6,637)	(5,306)
Proceeds from issuance of shares	129	10
Repayment of finance lease principal	(226)	(148)
Net cash flow used in financing activities	(6,752)	(5,480)
Net decrease in cash and cash equivalents	(4,114)	(4,792)
Effect of foreign exchange on cash and cash equivalents	(80)	126
Cash and cash equivalents at beginning of financial period	6,816	10,458
Cash and cash equivalents at end of financial period	2,622	5,792

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 Main 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.



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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
3 February 2010	RM0.30	430,000	129,000

7. DIVIDENDS PAID

On 16 November 2009, a final tax exempt dividend of 1.5 sen per ordinary share amounting to RM3,979,395 was paid in respect of the financial year ended 30 June 2009.

On 12 March 2010, an interim tax exempt dividend of 1 sen per ordinary share amounting to RM2,657,230 was paid in respect of the financial year ending 30 June 2010.

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 31.3.2010 (Unaudited) RM'000	Current Year To Date 31.3.2010 (Unaudited) RM'000
Revenue		
Malaysia	10,829	30,414
Singapore	16,377	47,201
United States of America	978	7,561
United Kingdom	1,702	4,395
Other countries	84	976
	29,970	90,547

8. SEGMENT RESULTS AND REPORTING (cont'd)

The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.3.2010 (Unaudited) RM'000	As At Preceding Financial Period Ended 31.3.2009 (Unaudited) RM'000
Total assets		
Malaysia	45,903	40,066
United States of America	5,474	13,018
Other countries	5,925	3,418
	57,302	56,502
Capital expenditure		
Malaysia	1,984	3,606
United States of America	0	1,186
Other countries	227	1,943
	2,211	6,735



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9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 31 March 2010. As at 31 March 2010, 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 2009.

13. COMMITMENTS

Commitments for the Group not provided for as of 31 March 2010 are as follows:

(a) Capital commitments

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

Current Period To Date 31.3.2010
RM'000
1,762
0
1,762



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13. COMMITMENTS (cont'd)

(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 31.3.2010
RM'000
9,964
9,181
19,145

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 RM29.97 million and RM1.95 million respectively. The Group's revenue is lower by 18.6% as compared to the preceding year corresponding quarter mainly due to reduction in billings contribution from the Group's US subsidiary. The Group's profit before taxation of RM1.95 million as compared to a loss of approximately RM0.56 million in the preceding year corresponding quarter is mainly due to the provision for doubtful debts of RM4.61 million made in the preceding year quarter. The reduction in billings contribution from the Group's US subsidiary and provision for forex losses due to the strengthening Ringgit against major currencies during the quarter have lowered the Group's profit before taxation for the current quarter.



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q3 2010	Q2 2010	Variance
	RM'000	RM'000	RM'000
Revenue	29,970	29,570	400
Profit before taxation	1,947	2,390	(443)

For the current quarter, the Group has registered an increase in revenue of 1.4% and a decrease in profit before taxation of 18.5% as compared to the preceding quarter's result. The decrease in profit before taxation is mainly due to the provision for forex losses as a result of the strengthening of the Ringgit against major currencies such as US Dollar, Euro, Singapore Dollar and the British Pound during the quarter.

17. CURRENT YEAR PROSPECTS

The Group continues to enhance its suite of services for both domestic and international markets. The negative impact of revenue and profit contribution from the Group's US outsourcing operations is being mitigated by increased revenue and profit contributions from the Group's other business operations. Profits for our Outsourcing, Education and CRM consulting services continue to grow and provide greater margins as the Group moves up the services value chain in all the markets we operate in. Foreign exchange rates are expected to have a negative impact in our revenue and earnings as 50% of our revenues are non Ringgit Malaysia denominated currencies. Notwithstanding these above factors, the Group's profit after taxation is expected to improve this financial year as compared with the preceding 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 30.12.2009 RM '000	Current Period To Date 31.12.2009 RM '000
<u>Group</u>		
Current tax	(152)	70
Deferred tax	(112)	(227)
	(264)	(157)

Scicom's Multimedia Super Corridor pioneer status accords the Company with tax exemption on its statutory income in Malaysia. The Group's effective tax rate is thus lower than the Malaysian statutory tax rate of 25%.

20. DIVIDENDS

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

	31.12.2009	31.12.2008
Interim dividend for the financial year ending / ended 30 June	2010	2009
Approved and declared on	3 February 2010	3 February 2009
Date paid	12 March 2010	6 March 2009
Based on register of members dated	24 February 2010	23 February 2009
Amount per share	1 sen tax exempt	1 sen tax exempt
Net dividend paid (RM)	2,657,230	2,652,930
	31.12.2009	31.12.2008
Final dividend for the financial year ended 30 June	2009	2008
Approved and declared on	26 October 2009	6 October 2008
Date paid	16 November 2009	24 November 2008
Based on register of members dated	2 November 2009	7 November 2008
Amount per share	1.5 sen tax exempt	1 sen tax exempt
Net dividend paid / to be paid (RM)	3,979,395	2,652,930



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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 2010.

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced as at 12 May 2010.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2010 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease liabilities	271	271	542

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 12 May 2010 being the date of this report.



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26. CHANGES IN MATERIAL LITIGATION

Since the date of the Company's Introductory Document dated 23 March 2010, there have been no developments in the material litigation as previously disclosed in the Company's Introductory Document dated 23 March 2010.

In addition, there were no other material litigation matters dealt with during the period under review or pending as at 12 May 2010 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 31.3.2010	Current Period To Date 31.3.2010
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,211	6,434
Weighted average number of ordinary shares in issue ('000)	265,577	265,387
Basic earnings per share (sen)	0.83	2.42



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Diluted earnings per share

	Current Year Quarter 31.3.2010	Current Period To Date 31.3.2010
Profit attributable to the equity holders of the Company for the financial period (RM'000)	2,211	6,434
Weighted average number of ordinary shares in issue for diluted EPS ('000)	265,577	265,387
Adjusted for share options granted ('000)	1,068	440
Adjusted weighted average number of ordinary shares ('000)	266,645	265,827
Diluted earnings per share (sen)	0.83	2.42 *

* The dilution is not significant

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
 DIRECTOR
 12 May 2010