



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 June 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 fourth quarter ended 30 June 2010.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.6.2010	Preceding Year Corresponding Quarter 30.6.2009	Current Year To Date 30.6.2010	Preceding Year To Date 30.6.2009
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Audited) RM'000
Revenue	32,121	37,476	122,668	144,672
Operating expenses	(30,213)	(33,796)	(114,580)	(132,053)
Operating profit	1,908	3,680	8,088	12,619
Share of profit of jointly controlled entity	115	149	481	149
(Loss)/ gain on foreign exchange	(728)	501	(1,174)	1,711
Provision for doubtful debts	20	(478)	20	(5,085)
Other operating income	83	10	109	61
Finance income	17	9	64	116
Finance costs	(68)	(6)	(86)	(42)
Profit before taxation	1,347	3,865	7,502	9,529
Taxation	556	58	835	(828)
Profit for the financial period	1,903	3,923	8,337	8,701
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	0.71	1.48	3.14	3.28
- Diluted (sen)	0.71	1.48	3.13	3.28
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 Financial Year Ended 30.6.2010 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2009 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	14,518	16,948
Investment in jointly controlled entity	592	112
	15,110	17,060
Current Assets		
Trade receivables	31,347	31,367
Deposits, prepayments and other receivables	5,383	5,932
Tax recoverable	2,240	1,354
Deposit, cash and bank balances	7,471	6,816
	46,441	45,469
TOTAL ASSETS	61,551	62,529
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,802	26,529
Share premium reserve	4,478	3,932
Retained earnings	20,944	19,244
Currency translation reserve	(166)	(237)
TOTAL EQUITY	52,058	49,468
Non-Current Liabilities		
Deferred tax liabilities	884	1,020
Borrowings (secured and interest-bearing)	200	478
	1,084	1,498
Current Liabilities		
Payables and accruals	8,155	11,273
Borrowings (secured and interest-bearing)	254	290
	8,409	11,563
TOTAL LIABILITIES	9,493	13,061
TOTAL EQUITY AND LIABILITIES	61,551	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
12 months ended 30.6.2009 (Audited)						
As at 1 July 2008	265,258	26,526	3,925	(451)	15,849	45,849
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	214	0	214
Net profit for the financial year	0	0	0	0	8,701	8,701
Total recognised income and expense for the financial period	0	0	0	214	8,701	8,915
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 30 June 2009	265,293	26,529	3,932	(237)	19,244	49,468
12 months ended 30.6.2010 (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	71	0	71
Net profit for the financial year	0	0	0	0	8,337	8,337
Total recognised income and expense for the financial period	0	0	0	71	8,337	8,408
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 **	2,730	273	546	0	0	819
As at 30 June 2010	268,023	26,802	4,478	(166)	20,944	52,058

* 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 and 2,300,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 17 February 2010 and 14 May 2010, respectively.

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 30.6.2010 (Unaudited) RM'000	Preceding Year To Date 30.6.2009 (Audited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	8,337	8,701
Adjustments:		
Allowance for doubtful debts	0	5,085
Depreciation of plant and equipment	7,011	6,700
Gain on disposal of plant and equipment	(82)	0
Interest expense	86	42
Interest income	(64)	(116)
Plant and equipment written off	7	2
Share of profit of jointly controlled entity	(481)	(149)
Taxation	(835)	828
Unrealised foreign exchange loss	736	216
Write back of allowance for doubtful debts	(20)	0
Operating profit before changes in working capital	14,695	21,309
Payables	(3,118)	1,468
Receivables	(147)	(12,506)
Cash flow from operations	11,430	10,271
Interest received	64	116
Taxation paid	(207)	(1,240)
Net cash flow generated from operating activities	11,287	9,147
Investing Activities		
Proceed from disposal of plant and equipment	82	0
Purchase of plant and equipment	(4,734)	(7,977)
Net cash flow used in investing activities	(4,652)	(7,977)
Financing Activities		
Drawdown of finance lease	0	744
Interest paid	(86)	(42)
Payment of dividends	(6,637)	(5,306)
Proceeds from issuance of shares	819	10
Repayment of finance lease principal	(314)	(221)
Net cash flow used in financing activities	(6,218)	(4,815)
Net increase / (decrease) in cash and cash equivalents	417	(3,645)
Effect of foreign exchange on cash and cash equivalents	238	2
Cash and cash equivalents at beginning of financial year	6,816	10,459
Cash and cash equivalents at end of financial year	7,471	6,816

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 financial 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
17 February 2010	RM0.30	430,000	RM129,000
14 May 2010	RM0.30	2,300,000	RM690,000

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 ended 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 30.6.2010	Current Year To Date 30.6.2010
	(Unaudited) RM'000	(Unaudited) RM'000
Revenue		
Malaysia	8,879	39,293
Singapore	10,338	57,539
United States of America	1,428	8,989
United Kingdom	3,348	7,743
India	150	150
Others	7,978	8,954
	32,121	122,668

The Group maintains assets in the following countries:

	As At Current Financial Year Ended 30.6.2010	As At Preceding Financial Year Ended 30.6.2009
	(Unaudited) RM'000	(Audited) RM'000
Total assets		
Malaysia	50,946	45,123
United States of America	4,595	12,968
India	6,008	4,422
United Kingdom	2	16
	61,551	62,529
Capital expenditure		
Malaysia	4,704	4,251
United States of America	0	1,206
India	30	2,520
	4,734	7,977



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9. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the quarter ended 30 June 2010. As at 30 June 2010, all plant and equipment were stated at cost less accumulated depreciation.

10. SUBSEQUENT EVENTS

On 18 August 2010, the Company acquired the entire issued and paid-up share capital comprising 2 ordinary shares of RM1.00 each in a new subsidiary, Scicom International College Sdn. Bhd. ("SIC"), a company incorporated on 11 August 2010 in Malaysia, for cash consideration of RM2.

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 year.

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 June 2010 are as follows:

(a) Capital commitments

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

Current Year To Date 30.6.2010	
RM'000	
290	
0	
290	



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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 Year To Date 30.6.2010	
RM'000	
9,800	
5,888	
15,688	

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 RM32.12 million and RM1.35 million respectively. The Group's revenue and profit before taxation is lower by 14.3% and 65.1% respectively, as compared to the preceding year corresponding quarter. This is mainly due to the reduction in revenue contribution from the Group's US subsidiary and the provision for forex losses as a result of the strengthening of the Malaysian Ringgit against major currencies during the current quarter.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q4 2010	Q3 2010	Variance
	RM'000	RM'000	RM'000
Revenue	32,121	29,970	2,151
Profit before taxation	1,347	1,899	(552)

For the current quarter, the Group has registered an increase in revenue of 7.2% but a decrease in profit before taxation 29.1%. The decrease in profit before taxation is mainly due to higher provision for forex losses and lower billings from the Group's education business.



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17. CURRENT YEAR PERFORMANCE AND PROSPECTS FOR FINANCIAL YEAR 2011

The Group's revenue and net profit for the current financial year has decreased by 15.2% and 4.2%, respectively as compared to the preceding financial year. The decrease in revenue and net profit is mainly due to the reduction in contribution from the Group's US subsidiary and higher provision for forex losses as a result of the strengthening of the Malaysian Ringgit against major currencies during the financial year. The reduction in operating profit has been largely mitigated by an increase in revenue from the Group's outsourcing business outside of the US.

For the financial year ending 30 June 2011, the Group continues to consolidate and enhance its suite of services for both domestic and international markets. Profits for our Outsourcing, Education and CRM consulting services are expected to grow and provide greater margins in tandem with our growth strategy for the domestic and regional markets.

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 ended 30 June 2010.

19. TAXATION

	Current Year Quarter 30.6.2010 RM '000	Current Year To Date 30.6.2010 RM '000
<u>Group</u>		
Current tax	311	259
Over provision in prior years	(938)	(938)
Deferred tax	71	(156)
	(556)	(835)



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19. TAXATION (cont'd)

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 for the current financial year is thus lower than the Malaysian statutory tax rate of 25%.

The over provision in prior years includes RM1,655,794 (2009: nil) relating to tax recoverable arising from the utilisation of current year tax loss of a foreign subsidiary carried back and set off against its previous years' taxed income.

20. DIVIDENDS

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

	30.6.2010	30.6.2009
	2010	2009
Interim dividend for the financial year ending / ended 30 June		
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
	30.6.2010	30.6.2009
	2009	2008
Final dividend for the financial year ended 30 June		
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

The Directors propose a final tax exempt dividend of 1 sen per ordinary share, subject to the approval of the shareholders at the forthcoming Annual General Meeting, for the financial year ended 30 June 2010.



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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 year.

22. PURCHASES AND SALE OF QUOTED SECURITIES

There was no acquisition or disposal of quoted securities during the current financial year. The Group does not hold any investments in quoted securities as at 30 June 2010.

23. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 27 August 2010, OSK Investment Bank Berhad had, on behalf of the Board, announced that the Company has proposed to undertake the proposed bonus issue of 26,928,300 new ordinary shares of RM0.10 each in Scicom ("Scicom Shares") ("Bonus Share(s)") on the basis of one (1) Bonus Share for every ten (10) existing Scicom Shares held on an entitlement date to be determined later ("Proposed Bonus Issue"). The Proposed Bonus Issue is outstanding, pending approval from the relevant authorities, and shareholders at the Extraordinary General Meeting to be convened.

There were no other corporate proposals announced as at 27 August 2010.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2010 is as follows:

	Current liabilities RM'000	Non-current liabilities RM'000	Total RM'000
Secured :			
Finance lease liabilities denominated in :			
- Malaysian Ringgit	12	0	12
- Indian Rupees	242	200	442
	254	200	454

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 27 August 2010 being the date of this report.

26. CHANGES IN MATERIAL LITIGATION

Since the date of the Company's Introductory Document dated 23 March 2010, the Courts have made judgements in favour of the Company against all cases for debt recovery. The Company is now seeking to enforce the judgments against the defendants.

There were no other material litigation matters dealt with during the financial year under review or pending as at 27 August 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 30.6.2010	Current Year To Date 30.6.2010
Profit attributable to the equity holders of the Company for the financial period (RM'000)	1,903	8,337
Weighted average number of ordinary shares in issue ('000)	267,138	265,822
Basic earnings per share (sen)	0.71	3.14



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Diluted earnings per share

	Current Year Quarter 30.6.2010	Current Year To Date 30.6.2010
Profit attributable to the equity holders of the Company for the financial period (RM'000)	1,903	8,337
Weighted average number of ordinary shares in issue for diluted EPS ('000)	267,138	265,822
Adjusted for share options granted ('000)	465	252
Adjusted weighted average number of ordinary shares ('000)	267,603	266,074
Diluted earnings per share (sen)	0.71*	3.13

* The dilution is not significant

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
 DIRECTOR
 27 August 2010