



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 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 first quarter ended 30 September 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2010	Preceding Year Corresponding Quarter 30.9.2009	Current Period To Date 30.9.2010	Preceding Period To Date 30.9.2009
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Revenue	33,841	31,007	33,841	31,007
Operating expenses	(30,687)	(29,150)	(30,687)	(29,150)
Operating profit	3,154	1,857	3,154	1,857
Share of profit of jointly controlled entity	168	203	168	203
Loss on foreign exchange	(486)	(153)	(486)	(153)
Other operating income	2	19	2	19
Finance income	9	20	9	20
Finance costs	(23)	(6)	(23)	(6)
Profit before taxation	2,824	1,940	2,824	1,940
Taxation	214	65	214	65
Profit for the financial period	3,038	2,005	3,038	2,005
Other comprehensive income/ (loss) , net of tax				
Foreign currency translation differences for foreign operations	87	(38)	87	(38)
Total comprehensive income attributable to equity holders of the Company	3,125	1,967	3,125	1,967
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	1.13	0.76	1.13	0.76

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 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)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 30.9.2010 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2010 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	13,788	14,518
Investment in jointly controlled entity	760	592
	14,548	15,110
Current Assets		
Trade receivables	33,722	31,347
Deposits, prepayments and other receivables	6,455	5,383
Tax recoverable	2,188	2,240
Deposit, cash and bank balances	6,815	7,471
	49,180	46,441
TOTAL ASSETS	63,728	61,551
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	26,928	26,802
Share premium reserve	4,730	4,478
Retained earnings	23,982	20,944
Currency translation reserve	(79)	(166)
TOTAL EQUITY	55,561	52,058
Non-Current Liabilities		
Deferred tax liabilities	634	884
Borrowings (secured and interest-bearing)	376	200
	1,010	1,084
Current Liabilities		
Payables and accruals	6,861	8,155
Borrowings (secured and interest-bearing)	296	254
	7,157	8,409
TOTAL LIABILITIES	8,167	9,493
TOTAL EQUITY AND LIABILITIES	63,728	61,551
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.21	0.19

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 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)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

**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 30.9.2009 (Unaudited)						
As at 1 July 2009	265,293	26,529	3,932	(237)	19,244	49,468
Total comprehensive (loss)/ income	0	0	0	(38)	2,005	1,967
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)
As at 30 September 2009	265,293	26,529	3,932	(275)	15,943	46,129
3 months ended 30.9.2010 (Unaudited)						
As at 1 July 2010	268,023	26,802	4,478	(166)	20,944	52,058
Total comprehensive income	0	0	0	87	3,038	3,125
Issuance of shares pursuant to ESOS *	1,260	126	252	0	0	378
As at 30 September 2010	269,283	26,928	4,730	(79)	23,982	55,561
* Issuance of 1,260,000 new Scicom shares at an issue price of RM0.30 pursuant to employees exercising their share option under the ESOS on 12 August 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 2010 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)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Period To Date 30.9.2010 (Unaudited) RM'000	Preceding Period To Date 30.9.2009 (Unaudited) RM'000
Operating Activities		
Profit attributable to the equity holders of the Company	3,038	2,005
Adjustments:		
Depreciation of plant and equipment	1,630	1,785
Interest expense	23	6
Interest income	(9)	(20)
Plant and equipment written off	0	7
Share of profit of jointly controlled entity	(168)	(203)
Taxation	(214)	(65)
Unrealised foreign exchange loss	270	157
Operating profit before changes in working capital	4,570	3,672
Payables	(1,294)	3,968
Receivables	(3,717)	(4,833)
Cash flow from operations	(441)	2,807
Interest received	9	20
Taxation paid	10	1,173
Net cash flow generated from operating activities	(422)	4,000
Investing Activity		
Purchase of plant and equipment	(965)	(356)
Net cash flow used in investing activity	(965)	(356)
Financing Activities		
Drawdown of finance lease	300	0
Interest paid	(23)	(6)
Proceeds from issuance of shares	378	0
Repayment of finance lease principal	(82)	(99)
Net cash flow used in financing activities	573	(105)
Net increase / (decrease) in cash and cash equivalents	(814)	3,539
Effect of foreign exchange on cash and cash equivalents	158	19
Cash and cash equivalents at beginning of financial period	7,471	6,816
Cash and cash equivalents at end of financial period	6,815	10,374

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 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)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

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 2010.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the quarterly condensed consolidated financial statements are consistent with those of the audited financial statements for the year ended 30 June 2010 except for the adoption of:

- FRS 7 “Financial Instruments: Disclosures” (effective from 1 January 2010)
- Amendment to FRS 7 “Financial instruments: Disclosures” (effective from 1 January 2011)
- The revised FRS 101 “Presentation of Financial Statements” (effective from 1 January 2010)
- The revised FRS 3 “Business Combinations” (effective prospectively from 1 July 2010)
- Amendment to FRS 127 “Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate” (effective from 1 January 2010)
- FRS 139 “Financial Instruments: Recognition and Measurement” (effective from 1 January 2010)
- IC Interpretation 9 “Reassessment of Embedded Derivatives” (effective from 1 January 2010)
- IC Interpretation 10 “Interim Financial Reporting and Impairment” (effective from 1 January 2010)



SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

The new and revised FRSs and Interpretations above are expected to have no significant financial impact on the financial statements of the Group upon initial application except for the following:

The revised FRS 101 "Presentation of Financial Statements"

- The revised FRS 101 "Presentation of Financial Statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity. "Non-owner changes in equity" are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The Group has elected to present both the income statement and statement of comprehensive income as performance statements.

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 30 June 2010 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.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

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.

7. 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 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 date:

Date of exercise	Issue price per ordinary share	Number of shares exercised	Proceeds from the shares issued
12 August 2010	RM0.30	1,260,000	RM378,000

8. DIVIDENDS PAID

No dividends have been paid during the financial period ended 30 September 2010.

9. SEGMENT RESULTS AND REPORTING

The Group's core business is Business Process Outsourcing ("BPO"). The Group's other key services include Education and Customer Relationship Management ("CRM") & Consulting.

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. Others include educational and industrial training services primarily focused on customer care in the service industry, consulting services on CRM, E-commerce Applications, Customer Loyalty Management, Web Analytics, Database Profiling and Segmentation, Marketing, Brand Communications and Technology Solutions for contact centre operations.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

Segmental analysis for the current financial period to date is as follows:

	Outsourcing services	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	32,122	1,719	-	33,841
Inter-segment revenue	173	-	(173)	-
Total revenue	32,295	1,719	(173)	33,841
Segment results	3,253	(415)		2,838
Interest income				9
Interest expense				(23)
Profit before taxation				2,824
Taxation				214
Net profit for the period				3,038

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter ended 30 September 2010. As at 30 September 2010, 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 up to the date of the interim financial report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 20 August 2010, the Company announced that it had on 18 August 2010 acquired 100% equity interest in Scicom International College Sdn Bhd (911297-M) (“SICSB”) comprising two (2) ordinary shares of RM1.00 each for a nominal cash consideration of RM2.00, thus rendering SICSB to be a wholly-owned subsidiary of the Company.

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.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

13. 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 September 2010.

14. COMMITMENTS

Commitments for the Group not provided for as at 30 September 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 30.9.2010	
RM'000	
583	
0	
583	

(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 30.9.2010	
RM'000	
9,362	
3,936	
13,298	

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the financial quarter under review up to the date of this report.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE

For the current quarter, the Group recorded revenue and profit before taxation of RM33.84 million and RM2.82 million respectively. The Group's revenue and profit before taxation is higher by 9.1% and 45.6% respectively, as compared to the preceding year corresponding quarter. The increase is in tandem with an increase in billable headcount for the Group's outsourcing projects.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q1 2011	Q4 2010	Variance
	RM'000	RM'000	RM'000
Revenue	33,841	32,121	1,720
Profit before taxation	2,824	1,347	1,477

For the current quarter, the Group has registered an increase in revenue and profit before taxation of 5.4% and 109.7%, respectively. The increase in revenue is mainly due to increase in billable headcount for outsourcing projects. In addition to contribution from the increase in outsourcing revenue, the increase in the Group's profit before taxation is also attributable to reduction in cost in US.

18. CURRENT YEAR PROSPECTS

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 domestic and regional markets.

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 ending 30 June 2011.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

20. TAXATION

	Current Year Quarter 30.9.2010 RM '000	Current Year To Date 30.9.2010 RM '000
<u>Group</u>		
Current tax	42	42
Deferred tax	(256)	(256)
	(214)	(214)

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%.

21. DIVIDENDS

The payment of a final tax exempt dividend of 1.0 sen per ordinary share, for the financial year ended 30 June 2010 is to be tabled for the Company's shareholder's approval at the Annual General Meeting on 10 November 2010. This payment upon the Company' shareholder's approval will result in a final tax exempt dividend of 1.0 sen per ordinary share, for the financial year ended 30 June 2010 as compared to 1.5 sen per ordinary share paid in the previous corresponding period. The date payable for the final tax exempt dividend is on 2 December 2010 to depositors registered in the Record of Depositors on 18 November, 2010. The total dividend for the financial year ended 30 June 2010 is 2.0 sen per ordinary share.

22. 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 to date.

23. PURCHASES AND SALE OF QUOTED SECURITIES

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



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

24. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 14 October 2010, OSK Investment Bank Berhad had, on behalf of the Board, announced that the Company had obtained approval from Bursa Malaysia Securities Berhad for 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 pending approval from the Company's shareholders at the Extraordinary General Meeting to be convened immediately after the Annual General Meeting of the Company on 10 November, 2010.

There were no other corporate proposals announced as at 9 November 2010.

25. GROUP BORROWINGS AND DEBT SECURITIES

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

	Current liabilities RM'000	Non-current liabilities RM'000	Total RM'000
Secured :			
Finance lease liabilities denominated in :			
- Malaysian Ringgit	53	243	296
- Indian Rupees	243	133	376
	<u>296</u>	<u>376</u>	<u>672</u>

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

26. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at 9 November 2010 being the date of this report.



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2010

UNAUDITED NOTES TO THE INTERIM FINANCIAL REPORT

27. CHANGES IN MATERIAL LITIGATION

As disclosed in the Circular to Shareholders dated 19 October 2010, the Courts have made judgments in favour of the Company. The Company is currently pursuing legal advice as to the recoverability of the debt.

There were no other material litigation matters dealt with during the financial year under review or pending as at 9 November 2010 being the date of this report.

28. EARNINGS PER SHARE (“EPS”)

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

	Current Year Quarter 30.9.2010	Current Period To Date 30.9.2010
Profit attributable to the equity holders of the Company for the financial period (RM'000)	3,038	3,038
Weighted average number of ordinary shares in issue ('000)	268,727	268,727
Basic earnings per share (sen)	1.13	1.13

There is no dilution of earnings per share as all ESOS has been fully exercised on 12 August 2010.

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
 DIRECTOR
 9 November 2010