

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 31 MARCH 2011

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 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Period To Date
	31.3.2011 (Unaudited) RM'000	31.3.2010 (Unaudited) RM'000	31.3.2011 (Unaudited) RM'000	31.3.2010 (Unaudited) RM'000
Revenue	34,837	29,970	106,493	90,547
Operating expenses	(31,960)	(27,870)	(97,199)	(84,367)
Operating profit	2,877	2,100	9,294	6,180
Share of profit of jointly controlled entity	108	189	456	488
Gain/ (loss) on foreign exchange	208	(345)	(237)	(446)
Other operating income	55	3	63	26
Finance income	14	9	35	47
Finance costs	(66)	(9)	(124)	(18)
Profit before taxation	3,196	1,947	9,487	6,277
Taxation	17	264	(11)	157
Profit for the financial period	3,213	2,211	9,476	6,434
Other comprehensive income/ (loss) , net of tax				
Foreign currency translation differences for foreign operations	10	13	113	(52)
Total comprehensive income attributable to equity holders of the Company	3,223	2,224	9,589	6,382
Earnings per share attributable to equity holders of the Company:				
- Basic (sen) *	1.08	0.76	3.20	2.20
- Diluted (sen) *	N/A	0.76	N/A	2.20

* The basic and diluted earnings per share for the preceding year corresponding quarter and period have been revised to take into account the bonus issue on 30 November 2010.

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.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 31.3.2011	As At Preceding Financial Year Ended 30.06.2010
	(Unaudited) RM'000	(Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	11,625	14,518
Investment in jointly controlled entity	1,047	592
	12,672	15,110
Current Assets		
Trade receivables	23,530	20,198
Unbilled receivables	10,398	11,149
Deposits, prepayments and other receivables	5,808	5,383
Tax recoverable	868	2,240
Deposit, cash and bank balances	11,181	7,471
	51,785	46,441
TOTAL ASSETS	64,457	61,551
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	29,621	26,802
Share premium reserve	1,983	4,478
Retained earnings	24,765	20,944
Currency translation reserve	(53)	(166)
TOTAL EQUITY	56,316	52,058
Non-Current Liabilities		
Deferred tax liabilities	731	884
Borrowings (secured and interest-bearing)	215	200
	946	1,084
Current Liabilities		
Payables and accruals	6,888	8,155
Borrowings (secured and interest-bearing)	307	254
	7,195	8,409
TOTAL LIABILITIES	8,141	9,493
TOTAL EQUITY AND LIABILITIES	64,457	61,551
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.19	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.

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**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 31.3.2010 (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 year	0	0	0	0	6,434	6,434
Total comprehensive (loss)/ income	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
9 months ended 31.3.2011 (Unaudited)						
As at 1 July 2010	268,023	26,802	4,478	(166)	20,944	52,058
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	113	0	113
Net profit for the financial year	0	0	0	0	9,476	9,476
Total comprehensive income	0	0	0	113	9,476	9,589
Dividends for the financial year ended:						
- 30 June 2010	0	0	0	0	(2,693)	(2,693)
- 30 June 2011	0	0	0	0	(2,962)	(2,962)
Issuance of shares pursuant to ESOS *	1,260	126	252	0	0	378
Bonus Issue	26,928	2,693	(2,693)	0	0	0
Expenses incurred pursuant to bonus issue	0	0	(54)	0	0	(54)
As at 31 March 2011	296,211	29,621	1,983	(53)	24,765	56,316

* 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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Period	Preceding Period
	To Date	To Date
	31.3.2011	31.3.2010
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Operating Activities		
Net cash flow generated from operating activities	10,901	4,784
Investing Activities		
Net cash flow used in investing activities	(2,055)	(2,146)
Financing Activities		
Net cash flow used in financing activities	(5,386)	(6,752)
Net increase / (decrease) in cash and cash equivalents	3,460	(4,114)
Effect of foreign exchange on cash and cash equivalents	250	(80)
Cash and cash equivalents at beginning of financial period	7,471	6,816
Cash and cash equivalents at end of financial period	11,181	2,622

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.



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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 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)



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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 as discussed below:

- The adoption of FRS 7 and Amendments to FRS 132 does not impact the financial results of the Group as the changes introduced are on presentation and disclosures.
- The Group has been reporting its segment information based on business segments, which is also the basis of presenting its monthly internal management reports. Under FRS 8 “Operating Segments”, operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker.
- 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 the combined 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.

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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.

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 period to date, 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 and the bonus issue:

Exercise of the ESOS options

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

Bonus Issue

Date of issuance	No. of shares issued	Par Value	Consideration	Total Value
30 November 2010	26,928,300	RM0.10	Bonus issue	RM2,692,830



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8. DIVIDENDS PAID

On 2 December 2010, a final tax exempt dividend of 1.0 sen per ordinary share amounting to RM2,692,830 was paid in respect of the financial year ended 30 June 2010.

On 10 March 2011, an interim tax exempt dividend of 1.0 sen per ordinary share amounting to RM2,962,113 was paid in respect of the financial year ending 30 June 2011.

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.

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9. SEGMENT RESULTS AND REPORTING (cont'd)

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	100,129	6,364	-	106,493
Inter-segment revenue	586	-	(586)	-
Total revenue	100,715	6,364	(586)	106,493
Segment results	9,233	280		9,513
Other income				63
Interest income				35
Interest expense				(124)
Profit before taxation				9,487
Taxation				(11)
Net profit for the period				9,476

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review. As at 31 March 2011, 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 under review up to the date of the interim financial report.

12. 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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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 June 2010.

14. COMMITMENTS

Commitments for the Group not provided for as at 31 March 2011 are as follows:

(a) Capital commitments

In respect of plant and equipment
- Authorised and contracted

Current Period To Date 31.3.2011	
RM'000	
206	

(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 31.3.2011	
RM'000	
6,714	
1,140	
7,854	

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions during the financial period to date.

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16. REVIEW OF PERFORMANCE

Individual Quarter	Q3 2011	Q3 2010	Variance
	RM'000	RM'000	RM'000
Revenue	34,837	29,970	4,867
Profit before taxation	3,196	1,947	1,249

Cumulative Quarters	Q3 2011	Q3 2010	Variance
	RM'000	RM'000	RM'000
Revenue	106,493	90,547	15,946
Profit before taxation	9,487	6,277	3,210

For the current quarter and financial period to date, the Group recorded an increase in revenue by 16.2% to RM34.84 million and 17.6% to RM106.49 million, respectively, as compared to the preceding year. The Group increased profit before taxation by 64.2% to RM3.20 million for the current quarter as compared to the preceding year. The Group has increased profits by 51.1% to RM9.49 million for the current period to date as compared to the preceding year. The increase in revenue and profit before taxation is in tandem with an increase in billable headcount for the Group's outsourcing projects and an increase in training revenue for the Group's education business unit.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Q3 2011	Q2 2011	Variance
	RM'000	RM'000	RM'000
Revenue	34,837	37,815	(2,978)
Profit before taxation	3,196	3,467	(271)

For the current quarter, the Group has registered a decrease in revenue and profit before taxation of 7.9% and 7.8%, respectively. The decrease in revenue and profit before taxation registered for this quarter as a result of the reduction in short term outsourcing and training projects as compared to the last quarter.

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 from the Outsourcing and Education business are expected to grow in tandem with our strategy for domestic and regional markets.

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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.

20. TAXATION

	Current Year Quarter 31.3.2011 RM '000	Current Period To Date 31.3.2011 RM '000
<u>Group</u>		
Current tax	41	169
Deferred tax	(58)	(158)
	(17)	11

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

	Current Period To Date 31.3.2011	Preceding Period To Date 31.3.2010
Interim dividend for the financial year ending / ended 30 June	2011	2010
Approved and declared on	9 February 2011	3 February 2010
Date paid	10 March 2011	12 March 2010
Based on register of members dated	25 February 2011	24 February 2010
Amount per share	1.0 sen tax exempt	1.0 sen tax exempt
Net dividend paid (RM)	2,962,113	2,657,230
Final dividend for the financial year ended 30 June	31.3.2011 2010	31.3.2010 2009
Approved and declared on	10 November 2010	26 October 2009
Date paid	2 December 2010	16 November 2009
Based on register of members dated	18 November 2010	2 November 2009
Amount per share	1.0 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	2,692,830	3,979,395

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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 quarter and financial year to date. The Group does not hold any investments in quoted securities as at 31 March 2011.

24. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 4 May 2011, being the date of this report.

25. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2011 is as follows:

	Current liabilities RM'000	Non-current liabilities RM'000	Total RM'000
Secured :			
Finance lease liabilities denominated in :			
- Malaysian Ringgit	55	215	270
- Indian Rupees	252	0	252
	307	215	522

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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26. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at 4 May 2011 being the date of this report.

27. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the financial period under review or pending as at 4 May 2011 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 31.3.2011	Current Period To Date 31.3.2011
Profit attributable to the equity holders of the Company for the financial period (RM'000)	3,213	9,476
Weighted average number of ordinary shares in issue ('000)	296,211	295,963
Basic earnings per share (sen)	1.08	3.20

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

29. REALISED AND UNREALISED PROFIT

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realized and unrealized profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

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29. REALISED AND UNREALISED PROFIT (cont'd)

The breakdown of the retained profit of the Group as at the reporting date, into realized and unrealized profits, pursuant to the directive, is as follows:

	As at Current Financial Period Ended 31.3.2011 (Unaudited) RM'000	As at Financial Period Ended 31.12.2010 (Unaudited) RM'000
Total retained profit for Scicom and its subsidiaries :		
- Realised	21,401	20,737
- Unrealised	(1,512)	(1,111)
	19,889	19,626
Total share of retained profit from jointly controlled entity :		
- Realised	1,047	940
- Unrealised	-	-
	20,936	20,566
Add : Consolidation adjustments	3,829	3,948
Total Group retained profits as per consolidated accounts	24,765	24,514

The determination of realized and unrealized profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
4 May 2011