



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2012

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 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2012 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.9.2011 (Unaudited) RM'000	Current Financial Period Ended 30.9.2012 (Unaudited) RM'000	Preceding Financial Period Ended 30.9.2011 (Unaudited) RM'000
Revenue	34,359	34,225	34,359	34,225
Operating expenses	(30,304)	(29,667)	(30,304)	(29,667)
Depreciation	(1,033)	(1,273)	(1,033)	(1,273)
Operating profit	3,022	3,285	3,022	3,285
Share of profit of jointly controlled entity , net of tax	86	111	86	111
Other operating income	23	27	23	27
(Loss)/ gain on foreign exchange	(133)	278	(133)	278
Finance income	74	118	74	118
Finance costs	0	(27)	0	(27)
Profit before taxation	3,072	3,792	3,072	3,792
Taxation	12	(253)	12	(253)
Profit for the financial period	3,084	3,539	3,084	3,539

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.9.2012 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.9.2011 (Unaudited) RM'000	Current Financial Period Ended 30.9.2012 (Unaudited) RM'000	Preceding Financial Period Ended 30.9.2011 (Unaudited) RM'000
Other comprehensive (loss)/ income , net of tax				
Foreign currency translation differences				
for foreign operations	61	(121)	61	(121)
Total comprehensive income for the financial period	3,145	3,418	3,145	3,418
Profit attributable to:				
- Owners of the Company	3,105	3,539	3,105	3,539
- Non-controlling interest	(21)	0	(21)	0
Profit for the financial period	3,084	3,539	3,084	3,539
Total comprehensive income attributable to:				
- Owners of the Company	3,166	3,418	3,166	3,418
- Non-controlling interest	(21)	0	(21)	0
Total comprehensive income for the financial period	3,145	3,418	3,145	3,418
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	1.05	1.19	1.05	1.19
- Diluted (sen)	N/A	N/A	N/A	N/A

Other disclosure items pursuant to Note 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 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 30.9.2012 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.06.2012 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	11,401	11,385
Investment in jointly controlled entity	1,669	1,582
Deferred tax assets	532	532
	13,602	13,499
Current Assets		
Trade receivables	24,864	22,310
Unbilled receivables	11,525	11,265
Deposits, prepayments and other receivables	6,017	4,852
Tax recoverable	824	896
Cash and cash equivalents	15,035	19,054
	58,265	58,377
TOTAL ASSETS	71,867	71,876
EQUITY AND LIABILITIES		
Capital and reserves attributable to Owners of the Company		
Share capital	29,621	29,621
Share premium reserve	1,983	1,983
Retained earnings	33,564	33,421
Currency translation reserve	(376)	(437)
	64,792	64,588
Non-controlling interest	294	315
TOTAL EQUITY	65,086	64,903
Non-Current Liabilities		
Deferred tax liabilities	363	392
	363	392
Current Liabilities		
Trade and other payables	6,418	6,581
	6,418	6,581
TOTAL LIABILITIES	6,781	6,973
TOTAL EQUITY AND LIABILITIES	71,867	71,876
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.22	0.22

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 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	Non-controlling interest	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	RM'000	RM'000
3 months ended 30.9.2011 (Unaudited)								
As at 1 July 2011	296,211	29,621	1,983	(120)	28,572	60,056	55	60,111
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	(121)	0	(121)	0	(121)
Net profit for the financial period	0	0	0	0	3,539	3,539	0	3,539
Total comprehensive (loss)/ income	0	0	0	(121)	3,539	3,418	0	3,418
Dividends for the financial year ended: - 30 June 2011	0	0	0	0	(2,963)	(2,963)	0	(2,963)
As at 30 September 2011	296,211	29,621	1,983	(241)	29,148	60,511	55	60,566
3 months ended 30.9.2012 (Unaudited)								
As at 1 July 2012	296,211	29,621	1,983	(437)	33,421	64,588	315	64,903
Currency translation differences, representing total income and expense recognised directly in equity	0	0	0	61	0	61	0	61
Net profit for the financial period	0	0	0	0	3,105	3,105	(21)	3,084
Total comprehensive income	0	0	0	61	3,105	3,166	(21)	3,145
Dividends for the financial year ended: - 30 June 2012	0	0	0	0	(2,962)	(2,962)	0	(2,962)
As at 30 September 2012	296,211	29,621	1,983	(376)	33,564	64,792	294	65,086

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 2012 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Period Ended 30.9.2012	Preceding Financial Period Ended 30.9.2011
	(Unaudited) RM'000	(Unaudited) RM'000
Operating Activities		
Profit attributable to the Owners of the Company	3,084	3,539
Adjustments:		
Depreciation of plant and equipment	1,033	1,273
Unrealised foreign exchange loss/ (gain)	291	(295)
Interest expense	0	3
Taxation	(12)	253
Interest income	(74)	(94)
Gain on disposal of plant and equipment	0	(4)
Share of profit of jointly controlled entity	(86)	(111)
Operating profit before changes in working capital	4,236	4,564
Payables	(164)	(1,215)
Receivables	(4,271)	(3,779)
Cash flow from operations	(199)	(430)
Interest received	74	94
Taxation refund/ (paid)	55	(42)
Net cash flow used in operating activities	(70)	(378)
Investing Activities		
Proceeds from disposal of plant and equipment	0	60
Purchase of plant and equipment	(1,048)	(1,172)
Net cash flow used in investing activities	(1,048)	(1,112)
Financing Activities		
Interest paid	0	(2)
Payment of dividends	(2,962)	(2,963)
Net cash flow used in financing activities	(2,962)	(2,965)
Net decrease in cash and cash equivalents	(4,080)	(4,455)
Effect of foreign exchange on cash and cash equivalents	61	(119)
Cash and cash equivalents at beginning of financial period	19,054	18,423
Cash and cash equivalents at end of financial period	15,035	13,849

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial report.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

These unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 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 2012.

These unaudited interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Groups first MFRS annual financial statements for the year ending 30 June 2013. MFRS 1 First-Time Adoption of Malaysia Financial Reporting Standards (MFRS 1) has been applied. The transition from FRS to MFRS does not have material effects on the financial statements of the Group.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these consolidated condensed interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012 and application of MFRS are not material to the financial statements of the Group.

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 30 June 2012 was not qualified.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 and financial year to date.

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 and financial year to date.

7. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial quarter and financial year to date, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities.

8. DIVIDENDS PAID

The following dividends have been paid during the financial period to date :-

In respect of the financial year ended	Dividend	Date of dividend payment	Amount paid
2012	Interim dividend of 1.0 sen per ordinary share	28 September 2012	RM2,962,113

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9. SEGMENT RESULTS AND REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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. Training and consultancy includes educational and industrial training services primarily focused on customer care in the service industry.

Segmental analysis by business segment is as follows:

For the financial period ended 30 September 2012

FY 2013	Current Financial Period Ended 30.9.2012			
	Outsourcing services	Training and consultancy	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	31,177	3,182	-	34,359
Inter-segment revenue	313	-	(313)	-
Total revenue	31,490	3,182	(313)	34,359
Segment results	3,138	784		3,922
Unallocated income/ other gains				23
Depreciation				(1,033)
Share of results of jointly controlled entity (net of tax)				86
Finance income				74
Finance cost				-
Profit before taxation				3,072
Taxation				12
Net profit for the financial period				3,084

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9. SEGMENT RESULTS AND REPORTING (cont'd)

For the financial period ended 30 September 2011

FY 2012	For the financial period ended 30 September 2011			
	Outsourcing services	Training and consultancy	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	32,654	1,571	-	34,225
Inter-segment revenue	174	-	(174)	-
Total revenue	32,828	1,571	(174)	34,225
Segment results	5,194	(358)		4,836
Unallocated income/ other gains				27
Depreciation				(1,273)
Share of results of jointly controlled entity (net of tax)				111
Finance income				118
Finance cost				(27)
Profit before taxation				3,792
Taxation				(253)
Net profit for the financial period				3,539

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review and financial year to date. As at 30 September 2012, 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 financial quarter under review.

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13. CONTINGENT LIABILITY OR CONTINGENT ASSET

There was no contingent liability or contingent asset arising since the last audited financial statement for the financial year ended 30 June 2012.

14. COMMITMENTS

Commitments for the Group not provided for as at 30 September 2012 are as follows:

(a) Capital commitments

In respect of plant and equipment
- Authorised and contracted

Current Financial Period Ended 30.9.2012	
RM'000	
377	

(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 Financial Period Ended 30.9.2012	
RM'000	
9,617	
10,513	
20,130	

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the financial period under review.

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16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER/ FINANCIAL PERIOD TO DATE

Financial quarter ended	30 Sept 2012	30 Sept 2011	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	31,177	32,654	(1,477)
Training and consultancy	3,182	1,571	1,611
Total revenue	34,359	34,225	134
Profit before taxation	3,072	3,792	(720)

Outsourcing

The Group's outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The lower revenue in the financial quarter under review compared to the preceding year corresponding quarter was primarily due to:

- a. Completion of short term contracts (RM3.45 million).
- b. Clients relocating support services to countries where its customers are based (RM3.36 million)

The decrease was mitigated by an increase in revenue from projects that commenced operations in the preceding financial year (RM4.66 million).

Training and consultancy

The higher revenue for training and consultancy as compared to the preceding year corresponding quarter is due to the commencement of new training programs.

Profit before taxation

The lower profit before tax for the current quarter as compared to the preceding year corresponding quarter is due primarily to the lower operating profit for outsourcing division as a result of the reduced revenue and unrealized foreign exchange loss provided.

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17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	30 Sept 2012	30 June 2012	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	31,177	32,928	(1,751)
Training and consultancy	3,182	1,579	1,603
Total revenue	34,359	34,507	(148)
Profit before taxation	3,072	3,586	(514)

Revenue

Outsourcing

The Group's outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The lower revenue in the financial quarter under review compared to the preceding year corresponding quarter was primarily due to:

- a. Completion of short term contracts (RM1.09 million).
- b. Reduction in billing headcount for certain projects (RM0.66 million)

Training and consultancy

The higher revenue for training and consultancy as compared to the preceding year corresponding quarter is due to the commencement of new training programs.

Profit before taxation

The lower profit before tax for the current quarter as compared to the preceding year corresponding quarter is due primarily to the provision of unrealized foreign exchange loss.



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18. PROSPECTS FOR FINANCIAL YEAR 2013

For the financial year ending 30 June 2013, the Group expects to improve its current earnings through newly secured business for the Group's education and outsourcing divisions.

The Group's Indonesian and Sri Lankan operations are expected to commence business activities within the financial year. The Group does not expect these subsidiaries to contribute significantly in terms of revenue and earnings for financial year 2013.

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 2013.

20. TAXATION

	Current Financial Quarter Ended 30.9.2012 RM '000	Current Financial Period Ended 30.9.2012 RM '000
<u>Group</u>		
Current tax	17	17
Deferred tax	(29)	(29)
	(12)	(12)

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 pioneer status expires on 6 November 2012 and the Company has applied for an extension for another 5 year period in September 2012 and is currently awaiting the decision by Ministry of Finance.

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20. TAXATION (cont'd)

A subsidiary of the Company has received tax assessment notices of RM1.4 million (INR23.1 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. The subsidiary has, as at 30 June 2012 paid RM0.4 million (INR7.2 million) in respect of the assessments. This amount has been classified as tax recoverable in the Group Statement of Financial Position. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors has received expert advice on this matter from a tax advisor. Based on the advice received, the Board of Directors is of the view that no significant liability will crystallise from these assessments. Furthermore, the amount paid of RM0.4 million is likely to be recovered.

21. DIVIDENDS

	Current Financial Period Ended 30.9.2012	Preceding Financial Period Ended 30.9.2011
Interim dividend for the financial year ended 30 June	2012	2011
<u>2nd interim</u>		
Approved and declared on	27 August 2012	15 August 2011
Date paid	28 September 2012	19 September 2011
Based on register of members dated	13 September 2012	5 September 2011
Amount per share	1.0 sen tax exempt	1.0 sen tax exempt
Net dividend paid (RM)	2,962,113	2,962,113

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 2012.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 5 November 2012, being the date of this report.

23. GROUP BORROWINGS AND DEBT SECURITIES

The Group does not have any borrowings and debt securities as at 30 September 2012.

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24. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the financial year to date or pending as at 5 November 2012, being the date of this report.

25. EARNINGS PER SHARE (“EPS”)

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

	Current Financial Quarter Ended 30.9.2012	Current Financial Period Ended 30.9.2012
Profit attributable to the Owners of the Company for the financial period (RM'000)	3,105	3,105
Weighted average number of ordinary shares in issue ('000)	296,211	296,211
Basic earnings per share (sen)	1.05	1.05

Diluted earnings per share is not applicable as the Company has no potential ordinary shares to be issued.

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26. REALISED AND UNREALISED PROFIT

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

	As at Current Financial Period Ended 30.9.2012 (Unaudited) RM'000	As at Financial Year Ended 30.6.2012 (Audited) RM'000
Total retained profit for Scicom and its subsidiaries :		
- Realised	27,034	26,978
- Unrealised	(900)	(1,007)
	26,134	25,971
Total share of retained profit from jointly controlled entity :		
- Realised	1,669	1,582
	27,803	27,553
Add : Consolidation adjustments	5,761	5,868
Total Group retained profits as per consolidated accounts	33,564	33,421

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
5 November 2012