

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2021

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 2021.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 31.3.2021	Preceding Year Corresponding Quarter 31.3.2020	Changes	Current Financial Period Ended 31.3.2021	Preceding Financial Period Ended 31.3.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	52,172	44,959	16%	160,474	138,847	16%
Operating expenses	(39,989)	(34,016)	18%	(120,116)	(100,834)	19%
Depreciation and amortisation	(3,927)	(4,028)	-3%	(12,543)	(11,831)	6%
Operating profit	8,256	6,915	19%	27,815	26,182	6%
Gain/(Loss) on foreign exchange	141	633	-78%	(555)	(179)	210%
Bad debts written off	-	(203)	-100%	-	(345)	-100%
Finance income	153	243	-37%	446	776	-43%
Finance costs*	(543)	(219)	148%	(732)	(677)	8%
Profit before taxation	8,007	7,369	9%	26,974	25,757	5%
Taxation	(1,999)	(2,297)	-13%	(7,261)	(8,099)	-10%
Profit for the financial period	6,008	5,072	18%	19,713	17,658	12%

* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office.

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 31.3.2021	Preceding Year Corresponding Quarter 31.3.2020	Changes	Current Financial Period Ended 31.3.2021	Preceding Financial Period Ended 31.3.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive (loss)/ income, net of tax						
Foreign currency translation differences for foreign operations	(278)	(83)	235%	(544)	(252)	116%
Total comprehensive income for the financial period	5,730	4,989	15%	19,169	17,406	10%
Profit attributable to:						
- Owners of the Company	6,011	5,073	18%	19,719	17,655	12%
- Non-controlling interest	(3)	(1)	200%	(6)	3	-300%
Profit for the financial period	6,008	5,072	18%	19,713	17,658	12%
Total comprehensive income attributable to:						
- Owners of the Company	5,733	4,990	15%	19,175	17,403	10%
- Non-controlling interest	(3)	(1)	200%	(6)	3	-300%
Total comprehensive income for the financial period	5,730	4,989	15%	19,169	17,406	10%
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	1.69	1.43	18%	5.55	4.97	12%
- Diluted (sen)	N/A	N/A	N/A	N/A	N/A	N/A

Other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 2020 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 31.3.2021 RM'000	As At Preceding Financial Year Ended 30.6.2020 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	9,469	10,031
Software licences	11,450	11,046
Right-of-use assets*	40,458	8,114
Deferred tax assets	700	700
	62,077	29,891
Current Assets		
Trade receivables	30,776	33,543
Unbilled receivables	21,632	18,845
Other receivables, deposits and prepayments	13,005	10,033
Tax recoverable	153	91
Investments in cash funds	28,241	23,409
Cash and bank balances	3,370	5,707
	97,177	91,628
TOTAL ASSETS	159,254	121,519
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	76,511	71,010
Currency translation reserve	(4,129)	(3,585)
Total equity attributable to Owners of the Company	107,927	102,970
Non-controlling interest	(1,615)	(1,609)
TOTAL EQUITY	106,312	101,361
Non-Current Liabilities		
Lease liabilities*	33,513	2,032
Deferred tax liabilities	81	81
	33,594	2,113
Current Liabilities		
Trade and other payables	10,635	11,181
Lease liabilities*	7,541	6,283
Tax liabilities	1,172	581
	19,348	18,045
TOTAL LIABILITIES	52,942	20,158
TOTAL EQUITY AND LIABILITIES	159,254	121,519
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.30	0.29

* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office.

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	-----Attributable to Owners of the Company-----					
	Issued and fully paid ordinary shares		Non-distributable	Distributable	Non-controlling interest	Total Equity
	Number of shares	Share capital	Currency translation reserve	Retained earnings		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.03.2020						
As at 1 July 2019	355,453	35,545	(3,389)	66,730	(1,610)	97,276
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(252)	0	0	(252)
Net profit for the financial period	0	0	0	17,655	3	17,658
Total comprehensive (loss)/income	0	0	(252)	17,655	3	17,406
Dividends paid for the financial year ended:						
- 30 June 2019	0	0	0	(3,554)	0	(3,554)
- 30 June 2020	0	0	0	(10,664)	0	(10,664)
As at 31 March 2020	355,453	35,545	(3,641)	70,167	(1,607)	100,464
9 months ended 31.3.2021						
As at 1 July 2020	355,453	35,545	(3,585)	71,010	(1,609)	101,361
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(544)	0	0	(544)
Net profit/(loss) for the financial period	0	0	0	19,719	(6)	19,713
Total comprehensive (loss)/income	0	0	(544)	19,719	(6)	19,169
Dividends paid for the financial year ended:						
- 30 June 2020	0	0	0	(3,554)	0	(3,554)
- 30 June 2021	0	0	0	(10,664)	0	(10,664)
As at 31 March 2021	355,453	35,545	(4,129)	76,511	(1,615)	106,312

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 2020 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Period Ended 31.3.2021 RM'000	Preceding Financial Period Ended 31.3.2020 RM'000
Operating Activities		
Net profit for the financial period	19,713	17,658
Adjustments:		
Depreciation of plant and equipment	3,292	3,085
Amortisation of software licenses	1,587	1,202
Depreciation of right-of-use assets	7,664	7,544
Bad debts written off	-	345
Unrealised foreign exchange (gain)/loss	(816)	117
Taxation	7,140	7,938
Finance income	(446)	(776)
Finance cost:		
- accretion on lease liabilities	732	677
Operating profit before changes in working capital	38,866	37,790
Receivables	(2,177)	(6,694)
Payables	(548)	(2,277)
Cash flow from operations	36,141	28,819
Interest received	446	776
Net tax paid	(6,610)	(5,893)
Net cash flow generated from operating activities	29,977	23,702
Investing Activities		
Purchases of plant and equipment	(2,730)	(1,442)
Purchases of software licences	(1,994)	(1,614)
Investment in cash funds	(4,832)	(14,168)
(Increase)/Decrease in fixed deposits with maturity of more than 3 months	(34)	6,000
Net cash flow used in investing activities	(9,590)	(11,224)
Financing Activities		
Repayment of lease liabilities	(8,001)	(7,706)
Payment of dividends	(14,218)	(14,218)
Net cash flow used in financing activities	(22,219)	(21,924)
Net decrease in cash and cash equivalents	(1,832)	(9,446)
Effect of foreign exchange on cash and cash equivalents	(539)	(337)
Cash and cash equivalents at beginning of financial year	4,707	18,536
Cash and cash equivalents at end of financial period	2,336	8,753
Deposits with maturity of more than 3 months	1,034	1,000
Cash and bank balances at the end of the financial period	3,370	9,753

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited interim financial report should be read in conjunction with the Group’s most recent audited financial statements for the financial year ended 30 June 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2020. The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- Conceptual Framework for Financial Reporting (“Framework”)
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)

The adoption of these standards and amendments had no significant effect on the financial performance or position of the Group.

Standards and amendments that have been issued but not yet effective

Effective for annual reporting periods beginning on or after 1 January 2022

- Annual improvements to MFRS standards 2018 – 2020 (Amendments to MFRS 1 and MFRS 16)
- Amendments to MFRS 3 ‘Business Combinations’
- Amendments to MFRS 116 ‘Property, Plant and Equipment’

Effective for annual reporting periods beginning on or after 1 January 2023

- Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’

The amendments above are not expected to have a material impact on the financial statements of the Group.



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3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2020 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 and financial period 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 period to date.

7. MOVEMENT IN DEBT AND EQUITY SECURITIES

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

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8. DIVIDENDS PAID

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

In respect of the financial year ended/ ending	Dividend	Date of dividend payment	Amount paid
2020	Interim dividend of 1.0 sen per ordinary share	29 September 2020	RM3,554,536
2021	Interim dividend of 1.5 sen per ordinary share	29 December 2020	RM5,331,803
2021	Interim dividend of 1.5 sen per ordinary share	29 March 2021	RM5,331,803

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. Business Process Outsourcing (BPO)'s suite of services include integrated solutions in Customer Lifecycle Management, Digital/ E-Commerce Solutions and E-Government (Gov-Tech) Solutions.
- b. Education includes educational and industrial training services primarily focused on customer care in the service industry, English Language Testing/ Assessments and also internal training for the Group.

Segmental analysis by geographical areas:

	Current Period Quarter 31.3.2021 RM'000	Preceding Year Corresponding Quarter 31.3.2020 RM'000
Revenue		
Malaysia	34,887	25,955
Singapore	2,232	2,083
Philippines	7,424	7,000
Sri Lanka	1,333	1,294
China	3,884	5,240
Others	2,412	3,387
	52,172	44,959

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9. SEGMENT RESULTS AND REPORTING (cont'd)

Segmental analysis by business segment is as follows:

For the financial period ended 31 March 2021

FY 2021	Current Financial Period Ended 31.3.2021			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	160,431	43	-	160,474
Inter-segment revenue	-	2,552	(2,552)	-
Total revenue	160,431	2,595	(2,552)	160,474
Segment results	38,151	1,652		39,803
Unallocated income/ other gains				-
Depreciation of plant and equipment				(3,292)
Amortisation of software licences				(1,587)
Amortisation of right-of-use assets				(7,664)
Finance income				446
Finance cost				(732)
Profit before taxation				26,974
Taxation				(7,261)
Net profit for the financial period				19,713

For the financial year ended 31 March 2020

FY 2020	Preceding Financial Period Ended 31.3.2020			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	138,677	170	-	138,847
Inter-segment revenue	-	-	-	-
Total revenue	138,677	170	-	138,847
Segment results	39,145	(1,311)		37,834
Unallocated income/ other gains				-
Depreciation of plant and equipment				(3,085)
Amortisation of software licences				(1,202)
Amortisation of right-of-use assets				(7,544)
Bad debts written off				(345)
Finance income				776
Finance cost				(677)
Profit before taxation				25,757
Taxation				(8,099)
Net profit for the financial period				17,658

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10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review and financial period to date. As at 31 March 2021, 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.

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 2020.

14. COMMITMENTS

Commitments for the Group not provided for as at 31 March 2021 are as follows:

(a) Capital commitments

In respect of plant and equipment
- Authorised and contracted

Current Financial Period Ended 31.3.2021
RM'000
3,945

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 quarter ended	31 Mar 2021	31 Mar 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	52,163	44,959	7,204
Education	9	-	9
Total revenue	52,172	44,959	7,213
Profit before taxation	8,007	7,369	638

a. Revenue

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. The Group also secures clients that requires ad-hoc short term services.

The Group has recorded a net increase in revenue of RM7.20 million for the current financial quarter under review as compared to the preceding year corresponding quarter due mainly to organic growth for existing projects amounting to approximately RM9.16 million and from new business secured amounting to RM0.08 million. BPO projects that have ceased operations due to changes in the client's customer service strategy has impacted the Group's revenue by approximately RM2.04 million.

Education

For the current financial quarter under review, the Education business has conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The increase in the Group's profit before taxation by 8.7% as compared to the preceding year corresponding quarter. The increase is primarily due to the increase in BPO revenue. For the current financial quarter under review, the Group has incurred a higher cost as compared to the preceding year corresponding quarter for the following:

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16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY QUARTER (cont'd)

- i. Cost of Work from Home (“WFH”) implementation amounted to RM0.48 million for the current financial quarter as compared to RM0.06 million for the preceding year corresponding quarter, and
- ii. Set up costs for newly secured projects amounted to RM0.46 million. These new projects will contribute to the Group’s profitability in the first quarter of the next financial year.

PERFORMANCE BY FINANCIAL PERIOD TO DATE

Financial period ended	31 Mar 2021	31 Mar 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	160,431	138,677	21,754
Education	43	170	(127)
Total revenue	160,474	138,847	21,627
Profit before taxation	26,974	25,757	1,217

a. Revenue

BPO

The Group’s BPO business principally comprises services provided to clients on long term contracts. The Group also secures clients that requires ad-hoc short term services.

Revenue for the current financial period under review from the Group’s existing clients and from new business secured has increased by approximately RM23.22 million and RM3.82 million, respectively as compared to the preceding year financial period. Projects that have ceased operations during the second quarter of the current financial period under review has impacted the Group’s revenue by RM5.29 million. The net increase in Group’s revenue for the current financial period under review amounts to RM21.75 million as compared to the preceding year financial period.

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16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL PERIOD TO DATE (cont'd)

Education

For the current financial period under review, the Education business has conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The higher profit before tax for the current financial period under review as compared to the preceding year corresponding period is due primarily to the higher revenue for BPO. Profit before taxation margin for the current financial period under review is 16.8% as compared to 18.6% for the corresponding year financial period. This is due mainly to the change in composition of revenue for the BPO business and its associated profit margins and accompanying costs as a result of the Covid-19 pandemic along with corresponding Government movement control and travel ban restrictions. The Group has also incurred the following cost for the current financial period under review:

- i. Cost of Work from Home ("WFH") implementation amounted to RM1.03 million for the current financial period under review as compared to RM0.06 million for the preceding year corresponding period, and
- ii. Set up costs for newly secured projects amounted to RM0.46 million. These new projects will contribute to the Group's profitability in the first quarter of the next financial year.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	31 Mar 2021	30 Dec 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	52,163	55,791	(3,628)
Education	9	12	(3)
Total revenue	52,172	55,803	(3,631)
Profit before taxation	8,007	9,803	(1,796)



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17. COMPARISON WITH PRECEDING QUARTER'S RESULTS (cont'd)

a. Revenue

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services.

For the current financial quarter under review, the Group's BPO revenue decreased by RM3.63 million as compared to the preceding quarter. The decrease in revenue for the BPO business is due mainly to lower transactional volumes during the current quarter under review.

Education

For the current financial quarter under review, the Education business has conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The Group's lower profit before taxation for the current financial quarter under review as compared to the preceding quarter is due mainly to the decrease in revenue for the Group's BPO business and a higher cost incurred in the current financial quarter under review as compared to the preceding quarter for the following:

- i. Cost of Work from Home ("WFH") implementation amounted to RM0.48 million for the current financial quarter as compared to RM0.36 million for the preceding year corresponding quarter, and
- ii. Set up costs for newly secured projects amounted to RM0.46 million. These new projects will contribute to the Group's profitability in the first quarter of the next financial year.



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18. CURRENT YEAR REVIEW

The Group registered an increase in revenue and profit before taxation of 15.6% and 4.7% respectively, for the current financial period under review as compared to the preceding year financial period, due mainly to a higher transactional volume for the Group's BPO clients. The Group is also experiencing an increase in business activities with its existing client base.

In comparison with the preceding quarter's result, the Group's revenue and profit before taxation for the current financial quarter under review has decreased by 6.5% and 18.3% respectively, due mainly to lower transactional volumes during the current quarter under review, which is consistent with the decrease in the preceding year corresponding quarter. However, the Group's revenue and profit before taxation for the current financial quarter under review has recorded an improvement against the preceding year corresponding quarter, amounting to an increase of 16.0% and 8.7% respectively, as the Group's overall BPO business increases in tandem with new business and organic growth.

The Group has successfully secured 3 major clients that will commence operations and contribute to the Group's revenue and bottom-line in the 1st quarter of the financial year 2022. The Group continues to aggressively enhance its pipeline of prospects and has made significant inroads in its business development efforts for its suite of products globally. The Group expects these prospects to convert and contribute to the Group's earnings in the beginning of the next financial year 2022.

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 2021.

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20. TAXATION

	Current Financial Quarter Ended 31.3.2021 RM '000	Current Financial Period Ended 31.3.2021 RM '000
<u>Group</u>		
Current tax	1,999	7,261
Deferred tax	-	-
	1,999	7,261
 Effective tax rate	 25%	 27%

For the current financial quarter and financial period under review, the Group's effective tax rate is higher than the statutory tax rate due to unrecognised deferred tax asset on current year losses of the Group's subsidiaries. The Malaysian current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

A wholly owned subsidiary of the Company, Scicom Contact Centre Services Private Limited (India) has received tax assessment notices of RM1.3 million, INR23.8 million (2020: RM1.4 million, INR23.8 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors have received expert advice on this matter from a tax agent. Based on the advice received, the Board of Directors are of the view that no significant liability will crystallize from these assessments.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 28 May 2021, being the date of this report.

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group does not have any borrowings and debt securities as at 31 March 2021.

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23. UPDATE ON LITIGATION

- (i) On the 7th February 2020, a Writ was issued on the Company (Ref: Kuala Lumpur High Court Suit No. WA-22NCVC-88-02/2020). It was only served on the Company on 21st February 2020. The Company entered an appearance through its solicitors on 26th February 2020. No prior demands or discussions in relation to the matters on which the Writ is purportedly based took place between the parties prior to the service of the Writ.

The claim against the Company is for declaratory relief, general damages of approximately RM24.5 million and unliquidated damages. The Board, based on legal advice obtained, maintained that the claim is time barred, frivolous and has no merits and has assessed the potential liability to the Company as nil.

The breaches alleged against the Company are contravention of Section 12(1)(f) of the Passports Act 1966, Section 8(1)(e)(iii) of the Official Secrets Act and Section 40 of the Personal Data and Protection Act. The alleged breaches relate to the handling of foreign student passports and their personal data during the processing of their visas. The Company states that the system has been functioning seamlessly for over 7 years with all the requisite clearances from the authorities.

The Company took out an application to stay the proceedings and refer the dispute to arbitration. On 27th July 2020, the Kuala Lumpur High Court (“Court”) dismissed the Company’s application to stay the Court proceedings pending a reference to arbitration under the terms of the agreement between the parties. The Company appealed the Kuala Lumpur High Court decision to the Court of Appeal. On the 12th of August 2020, the Court of Appeal granted the Company a stay of proceedings pending disposal of its appeal against the decision of the High Court of 27th July 2020 (“the Arbitration Decision Appeal”).

The hearing of the Company's appeal was fixed for 9th December 2020. However, due to the Conditional Movement Control Order, this appeal was conducted through Zoom. Written submissions for the Company have been filed and served to the Court and the Respondent.

On 17 December 2020, the Kuala Lumpur High Court (“High Court”) struck out the action by EMGS against the Company and 3 others in KL High Court Civil Suit No. WA-22NCVC-88-02/2020 (“Striking Out Decision”). The action against the Company was struck out on the Judge’s own motion. In his brief oral grounds, the Judge stated that the Statement of Claim was defective, that the action was time barred and that EMGS did not have locus standi to bring the action.



SCICOM (MSC) BERHAD
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(Incorporated in Malaysia)
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23. UPDATE ON LITIGATION (cont'd)

- (i) On the 12 January 2021 EMGS filed Notice of Appeal against the Striking Out Decision. Scicom has, with the leave of the Court of Appeal applied to stay the Arbitration Decision Appeal pending the outcome of the Striking Out Decision appeal in the High Court.

The hearing date for the Striking Out Decision appeal in the High Court is 9th August 2021. The case management of the Arbitration Decision Appeal at the Court of Appeal is 11th August 2021.

- (ii) On 29th November 2019, the Company was served with an Application for an Interim Injunction against the Company and its wholly-owned subsidiary namely Scicom Lanka (Pvt) Ltd (“SLPL”) along with six (6) employees of SLPL which was fixed for hearing on the 9th of December 2019 at the Commercial High Court of Colombo, the Democratic Socialist Republic of Sri Lanka (“Sri Lanka”). The Application for the Interim Injunction was filed by Informatics International Limited (“IIL”), a company incorporated in Sri Lanka. IIL is seeking to restrain its ex-employees currently employed by SLPL, the Company and SLPL from engaging in the provision of certain consultancy and solution services. There is no monetary claim sought in this action.

The Company has appointed Counsel in Sri Lanka to represent its interests and that of its employees. The Company has sought and obtained legal advice that the Application for the Interim Injunction filed by IIL is frivolous and without merit. The Application for the Interim Injunction has no material financial or operational implications to the Company.

The original hearing was adjourned to 3rd September 2020 due to the restrictions on normal court service imposed by the COVID-19 crisis.

On the 8th September 2020, the Commercial High Court in Colombo (“the High Court”) gave its decision and granted four interim injunctions requested by IIL. As before, the granting of those injunctions has no material impact on the operation of the Company’s business in Sri Lanka and the Company has been advised there are very strong grounds for reversing the High Court ruling. An appeal against the orders of the High Court is in progress to the Supreme Court of the Democratic Socialist Republic of Sri Lanka (“the Supreme Court”). For various reasons, including unavailability of IIL counsel and issues with court documents, the initial application for leave to appeal was adjourned from 16th October 2020 to 17th December 2020.

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23. UPDATE ON LITIGATION (cont'd)

- (ii) The Supreme Court granted permission to appeal on the 29th March 2021 and at the same time ordered an interim stay on the injunctions pending determination of the appeal. The Supreme Court in Sri Lanka has set a date of 8th of September 2021 to hear the Informatics appeal.

Other than the above, there were no material litigation matters dealt with during the financial period or pending as at 28 May 2021, being the date of this report.

24. DIVIDENDS

The Board of Directors has approved and declared a third interim dividend of 1.5 sen, tax exempt, per ordinary share, amounting to RM5,331,803 which is payable on 29 June 2021.

	Current Financial Period Ended 31.3.2021	Preceding Financial Period Ended 31.3.2020
Interim dividend for the financial year ended 30 June 2021	2021	2020
<u>Third interim</u>		
Approved and declared on	28-May-21	29-May-20
Date payable/paid	29-Jun-21	29-Jun-20
Based on register members dated	15-Jun-21	16-Jun-20
Amount per share	1.5 sen tax exempt	1.0 sen tax exempt
Net dividend payable/paid(RM)	5,331,803	3,554,536
Interim dividend for the financial year ended 30 June 2021	2021	2020
<u>Second interim</u>		
Approved and declared on	26-Feb-21	21-Feb-20
Date paid	29-Mar-21	20-Mar-20
Based on register members dated	15-Mar-21	06-Mar-20
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803
Interim dividend for the financial year ended 30 June 2021	2021	2020
<u>First interim</u>		
Approved and declared on	27-Nov-20	25-Nov-19
Date paid	29-Dec-20	24-Dec-19
Based on register members dated	14-Dec-20	10-Dec-19
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803
Interim dividend for the financial year ended 30 June 2020	2020	2019
<u>Fourth interim</u>		
Approved and declared on	28-Aug-20	28-Aug-19
Date paid	29-Sep-20	30-Sep-19
Based on register members dated	14-Sep-20	13-Sep-19
Amount per share	1.0 sen tax exempt	1.0 sen tax exempt
Net dividend paid (RM)	3,554,536	3,554,536

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25. EARNINGS PER SHARE (“EPS”)

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

	Current Financial Quarter Ended 31.3.2021	Current Financial Period Ended 31.3.2021
Profit attributable to the Owners of the Company for the financial year (RM'000)	6,011	19,719
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	1.69	5.55

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

26. DERIVATIVE FINANCIAL INSTRUMENTS

There were no outstanding derivative financial instruments as at 31 March 2021.

27. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains/losses arising from fair value changes of financial liabilities for the financial period ended 31 March 2021.

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR
28 MAY 2021