



**SCICOM (MSC) BERHAD**  
 (Company No. 597426-H)  
 (Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**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 2019.

**CONSOLIDATED STATEMENT COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Period Ended	Preceding Financial Period Ended	Changes
	31.3.2019	31.3.2018		31.3.2019	31.3.2018	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>	40,562	38,805	5%	118,930	127,653	-7%
Operating expenses	(32,860)	(29,066)	13%	(94,379)	(91,189)	3%
Depreciation and amortisation	(1,577)	(2,113)	-25%	(4,761)	(6,081)	-22%
<b>Operating profit</b>	6,125	7,626	-20%	19,790	30,383	-35%
Share of (loss)/profit of joint venture (net of tax)	-	(11)	-100%	(3)	8	-138%
(Loss)/Gain on foreign exchange	(589)	463	-227%	(496)	(381)	30%
Bad debts	(306)	-	100%	(306)	-	100%
Finance income	189	275	-31%	675	739	-9%
<b>Profit before taxation</b>	5,419	8,353	-35%	19,660	30,749	-36%
Taxation	(1,381)	(726)	90%	(4,378)	(2,903)	51%
<b>Profit for the financial period</b>	4,038	7,627	-47%	15,282	27,846	-45%

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Period Ended	Preceding Financial Period Ended	Changes
	31.3.2019	31.3.2018		31.3.2019	31.3.2018	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Other comprehensive (loss)/ income, net of tax</b>						
Foreign currency translation differences for foreign operations	337	(1,360)	-125%	(738)	(2,477)	-70%
<b>Total comprehensive income for the financial period</b>	<b>4,375</b>	<b>6,267</b>	<b>-30%</b>	<b>14,544</b>	<b>25,369</b>	<b>-43%</b>
Profit attributable to:						
- Owners of the Company	4,083	7,706	-47%	15,421	28,085	-45%
- Non-controlling interest	(45)	(79)	-43%	(139)	(239)	-42%
Profit for the financial period	4,038	7,627	-47%	15,282	27,846	-45%
Total comprehensive income attributable to:						
- Owners of the Company	4,420	6,346	-30%	14,683	25,608	-43%
- Non-controlling interest	(45)	(79)	-43%	(139)	(239)	-42%
Total comprehensive income for the financial period	4,375	6,267	-30%	14,544	25,369	-43%
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)*	1.15	2.17	-47%	4.34	7.90	-45%
- Diluted (sen)	N/A	N/A	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 2018 and the accompanying explanatory notes attached to the interim financial report.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At Current Financial Period Ended 31.3.2019</b>	<b>As At Preceding Financial Year Ended 30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Plant and equipment	8,925	10,743
Software licences	9,070	7,302
Investment in jointly controlled entity	0	140
Deferred tax assets	700	0
	<b>18,695</b>	<b>18,185</b>
<b>Current Assets</b>		
Trade receivables	22,580	21,513
Unbilled receivables	16,500	16,665
Deposits, prepayments and other receivables	9,259	8,181
Tax recoverable	269	202
Investments in cash funds	13,848	13,485
Cash and bank balances	26,745	38,787
	<b>89,201</b>	<b>98,833</b>
<b>TOTAL ASSETS</b>	<b>107,896</b>	<b>117,018</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to Owners of the Company</b>		
Share capital	35,545	35,545
Retained earnings	65,496	73,179
Currency translation reserve	(3,401)	(2,663)
	<b>97,640</b>	<b>106,061</b>
Non-controlling interest	(1,562)	(1,423)
<b>TOTAL EQUITY</b>	<b>96,078</b>	<b>104,638</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	276	248
	<b>276</b>	<b>248</b>
<b>Current Liabilities</b>		
Trade and other payables	10,200	11,398
Current tax liabilities	1,342	734
	<b>11,542</b>	<b>12,132</b>
<b>TOTAL LIABILITIES</b>	<b>11,818</b>	<b>12,380</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,896</b>	<b>117,018</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>	<b>0.27</b>	<b>0.30</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	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
<b>9 months ended 31.3.2018</b>						
As at 1 July 2017	355,453	35,545	(2,095)	72,950	(1,119)	105,281
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(1,117)	0	0	(1,117)
Net profit for the financial period	0	0	0	20,380	(160)	20,220
Total comprehensive (loss)/income	0	0	(1,117)	20,380	(160)	19,103
Dividends paid for the financial year ended:						
- 30 June 2017	0	0	0	(10,664)	0	(10,664)
- 30 June 2018	0	0	0	(7,109)	0	(7,109)
As at 31 March 2018	355,453	35,545	(3,212)	75,557	(1,279)	106,611
<b>9 months ended 31.3.2019</b>						
As at 1 July 2018	355,453	35,545	(2,663)	73,179	(1,423)	104,638
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(738)	0	0	(738)
Net profit for the financial period	0	0	0	15,421	(139)	15,282
Total comprehensive (loss)/income	0	0	(738)	15,421	(139)	14,544
Dividends paid for the financial year ended:						
- 30 June 2018	0	0	0	(10,664)	0	(10,664)
- 30 June 2019	0	0	0	(12,440)	0	(12,440)
As at 31 March 2019	355,453	35,545	(3,401)	65,496	(1,562)	96,078

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 2018 and the accompanying explanatory notes attached to the interim financial report.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Current Financial Period Ended 31.3.2019 RM'000</b>	<b>Preceding Financial Period Ended 31.3.2018 RM'000</b>
<b>Operating Activities</b>		
<b>Net profit for the financial period</b>	15,282	27,846
<b>Adjustments:</b>		
Depreciation of plant and equipment	3,415	4,791
Amortisation of software licenses	1,346	1,290
Bad debts	306	0
Unrealised foreign exchange loss	824	266
Plant and equipment written off	1	0
Taxation	3,793	2,903
Interest income	(675)	(739)
Loss on disposal of plant and equipment	0	3
Share of loss/(profit) of joint venture	3	(8)
<b>Operating profit before changes in working capital</b>	<b>24,295</b>	<b>36,352</b>
Receivables	(3,109)	10,262
Payables	(1,199)	107
<b>Cash flow from operations</b>	<b>19,987</b>	<b>46,721</b>
Interest received	675	739
Taxation paid	(3,924)	(3,706)
<b>Net cash flow generated from operating activities</b>	<b>16,738</b>	<b>43,754</b>
<b>Investing Activities</b>		
Distribution received from joint venture	134	0
Proceeds from disposal of plant and equipment	4	4
Purchases of plant and equipment	(1,567)	(3,782)
Purchases of software licences	(3,114)	(3,956)
Investment in cash funds	(363)	(5,302)
Decrease/(Increase) in fixed deposits with maturity of more than 3 months	2,000	(3,000)
<b>Net cash flow used in investing activities</b>	<b>(2,906)</b>	<b>(16,036)</b>
<b>Financing Activities</b>		
Payment of dividends	(23,104)	(24,882)
<b>Net cash flow used in financing activities</b>	<b>(23,104)</b>	<b>(24,882)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,272)</b>	<b>2,836</b>
Effect of foreign exchange on cash and cash equivalents	(770)	(2,482)
Cash and cash equivalents at beginning of financial year	35,787	21,066
<b>Cash and cash equivalents at end of financial period</b>	<b>25,745</b>	<b>21,420</b>
Deposits with maturity of more than 3 months	1,000	11,000
<b>Cash and bank balances at the end of the financial period</b>	<b>26,745</b>	<b>32,420</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**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 2018.

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 2018.

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2018:

- Annual Improvements to MFRS 128 “Investments in Associates and Joint Ventures”
- MFRS 9 ‘Financial Instruments’ will replace MFRS 139 “Financial Instruments: Recognition and Measurement”
- MFRS 15 ‘Revenue from contracts with customers’ replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction Contracts’ and related interpretations.
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”

The adoption of these amendments did not result in significant changes in the accounting policies of the Group and 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 financial periods beginning on or after 1 January 2019

- MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and the related interpretations
- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’
- Annual Improvements to MFRS 112 “Income Taxes”

Management is currently assessing the impact arising from the initial application of these standards on the consolidated and separate financial statements of the Group.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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 financial year ended 30 June 2018.

**3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 30 June 2018 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.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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
2018	Interim dividend of 3.0 sen per ordinary share	28 September 2018	RM10,633,607
2019	Interim dividend of 2.0 sen per ordinary share	21 December 2018	RM7,109,071
2019	Interim dividend of 1.5 sen per ordinary share	26 March 2019	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, e-Commerce Solutions and e-Government Solutions.
- b. Education includes educational and industrial training services primarily focused on customer care in the service industry and also internal training for the Group. The business unit has added a new revenue stream, English Language Testing/ Assessments during the financial quarter under review.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**9. SEGMENT RESULTS AND REPORTING (cont'd)**

Segmental analysis by geographical areas:

	<b>Current Period Quarter 31.3.2019</b>	<b>Preceding Year Corresponding Quarter 31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>		
Malaysia	22,238	24,834
Singapore	2,863	1,812
Philippines	6,395	6,237
United States of America	1,585	881
Sri Lanka	1,320	1,335
China	4,616	2,079
Others	1,545	1,627
	<b>40,562</b>	<b>38,805</b>

Segmental analysis by business segment is as follows:

For the financial period ended 31 March 2019

FY 2019	<b>Current Financial Period Ended 31.3.2019</b>			
	<b>Outsourcing services</b>	<b>Education</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	118,476	454	-	118,930
Inter-segment revenue	-	2,743	(2,743)	-
<b>Total revenue</b>	<b>118,476</b>	<b>3,197</b>	<b>(2,743)</b>	<b>118,930</b>
Segment results	23,959	96		24,055
Unallocated income/ other gains				-
Depreciation of plant and equipment				(3,415)
Amortisation of software licences				(1,346)
Share of profit of joint venture				(3)
Bad debts				(306)
Finance income				675
Finance cost				-
<b>Profit before taxation</b>				<b>19,660</b>
Taxation				(4,378)
<b>Net profit for the financial period</b>				<b>15,282</b>

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**9. SEGMENT RESULTS AND REPORTING (cont'd)**

Segmental analysis by business segment is as follows (cont'd):

For the financial period ended 31 March 2018

FY 2018	Preceding Financial Period Ended 31.3.2018			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	127,523	130	-	127,653
Inter-segment revenue	-	1,527	(1,527)	-
<b>Total revenue</b>	<b>127,523</b>	<b>1,657</b>	<b>(1,527)</b>	<b>127,653</b>
Segment results	37,269	(1,186)		36,083
Unallocated income/ other gains				-
Depreciation of plant and equipment				(4,791)
Amortisation of software licences				(1,290)
Share of profit of joint venture				8
Finance income				739
Finance cost				-
<b>Profit before taxation</b>				<b>30,749</b>
Taxation				(2,903)
<b>Net profit for the financial period</b>				<b>27,846</b>

**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 2019, 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.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

Asian Contact Centres Sdn Bhd ('ACCSB')

On 10 January 2019, the Company acquired the remaining one (1) ordinary share in the share capital of ACCSB, at a total cash consideration of RM1.00 ("the Acquisition"). Subsequent to the Acquisition, ACCSB became a wholly-owned subsidiary of Scicom.

ACCSB was incorporated on 3 November 2008 with an issued and paid-up capital of RM2.00 comprising two (2) ordinary shares.

The principal activity of ACCSB is to provide end-to-end solutions for customer contact management and contact centre services.

The Acquisition will not have any material effect on the share capital, shareholding structure, gearing, net assets per share and earnings per share of Scicom for the financial year ending 30 June 2019.

Save for Mr Krishnan A/L C K Menon and Dato' Sri Leo Suresh Ariyanayakam who are the directors of ACCSB, whom are also the directors and substantial shareholders of Scicom, none of the other directors and/or major shareholders of Scicom or persons connected to the directors and/or major shareholders of Scicom have any interest, direct or indirect in the Acquisition.

Other than the above, 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 2018.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**14. COMMITMENTS**

Commitments for the Group not provided for as at 31 March 2019 are as follows:

(a) Capital commitments

In respect of plant and equipment  
- Authorised and contracted

<b>Current Financial Period Ended 31.3.2019</b>	
RM'000	
337	

(b) Non-cancellable operating leases

Future minimum lease payments  
- not later than 1 year  
- later than 1 year and not later than 5 years

<b>Current Financial Period Ended 31.3.2019</b>	
RM'000	
10,005	
9,659	
19,664	

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**16. REVIEW OF PERFORMANCE**

**PERFORMANCE BY QUARTER**

<b>Financial quarter ended</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>Increase/ (decrease)</b>
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	40,460	38,805	1,655
Education	102	-	102
<b>Total revenue</b>	<b>40,562</b>	<b>38,805</b>	<b>1,757</b>
<b>Profit before taxation</b>	<b>5,419</b>	<b>8,353</b>	<b>(2,934)</b>

**a. Revenue**

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. However, the Group also secures clients that requires ad-hoc short term services. Net revenue from existing projects has decreased by RM0.24 million for the financial quarter under review as compared to the preceding year corresponding quarter. The reduction in billable headcount for certain projects is as a result of a change in clients' customer service requirements and/or strategies. The decrease in existing revenue is mitigated by revenue from newly secured projects amounted to RM1.89 million.

The net increase in the Group's BPO revenue for the financial quarter under review is RM1.65 million.

Education

The revenue from Group's Education during the financial quarter under review comprises of corporate trainings and English Language Testing/ Assessments.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**16. REVIEW OF PERFORMANCE (cont'd)**

**PERFORMANCE BY QUARTER (cont'd)**

**b. Profit before taxation**

The lower profit before tax for the financial quarter under review as compared to the preceding year corresponding quarter is due mainly to

- Change in composition of revenue for BPO business and its associated profit margin and accompanying cost has resulted in a decrease in operating profit.
- Foreign exchange loss for the financial quarter under review amounted to RM588K against a foreign exchange gain of RM462K in the preceding year corresponding quarter. This has resulted in a negative variance of RM1.05 million.
- Bad debts amounted to RM306K provided in the financial quarter under review.

**PERFORMANCE BY FINANCIAL PERIOD TO DATE**

<b>Financial period ended</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>Increase/ (decrease)</b>
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	118,476	127,523	(9,047)
Education	454	130	324
<b>Total revenue</b>	<b>118,930</b>	<b>127,653</b>	<b>(8,723)</b>
<b>Profit before taxation</b>	<b>19,660</b>	<b>30,749</b>	<b>(11,089)</b>

**a. Revenue**

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. However, the Group also secures clients that requires ad-hoc short term services. Net revenue from existing projects has decreased by RM12.40 million for the financial quarter under review as compared to the preceding year corresponding quarter. The reduction in billable headcount for certain projects is as a result of a change in clients' customer service requirements and/or strategies. The decrease in existing revenue is mitigated by revenue from newly secured projects amounted to RM3.35 million.

The net increase in the Group's BPO revenue for the financial quarter under review is RM9.05 million.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**16. REVIEW OF PERFORMANCE (cont'd)**

**PERFORMANCE BY FINANCIAL PERIOD TO DATE (cont'd)**

Education

The revenue from Group's Education during the financial period under review comprises of corporate trainings and English Language Testing/ Assessments.

**b. Profit before taxation**

The lower profit before tax for the financial period under review as compared to the preceding year corresponding period is due mainly to

- Change in composition of revenue for BPO business and its associated profit margin and accompanying cost has resulted in a decrease in operating profit.
- Bad debts amounted to RM306K provided in the financial period under review.

**17. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

<b>Financial quarter ended</b>	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>	<b>Increase/ (decrease)</b>
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	40,460	39,424	1,036
Education	102	285	(183)
<b>Total revenue</b>	<b>40,562</b>	<b>39,709</b>	<b>853</b>
<b>Profit before taxation</b>	<b>5,419</b>	<b>7,428</b>	<b>(2,009)</b>

**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.

The net increase in revenue for the financial quarter under review by RM1.04 million as compared to the preceding financial quarter comprises of revenue from newly secured projects and organic growth for existing projects, amounted to RM786K and RM250K, respectively.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

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

Education

The lower revenue from Group's Education during the financial quarter under review is due mainly to lower in take for the English Language Test Assessment.

**b. Profit before taxation**

The lower profit before taxation for the current financial quarter under review as compared to the preceding quarter despite a higher revenue is primarily due to

- Cessation of short term transactions based project in the preceding quarter. This is mitigated by increase in billings based on headcount. The higher billable headcount resulted in an increase in employee benefit cost.
- Bad debts amounted to RM306K provided in the financial period under review.
- Foreign exchange loss for the financial quarter under review is higher than the preceding quarter by RM484K.

**18. CURRENT YEAR REVIEW**

The Group registered a decrease in revenue and profit before taxation of 6.8% and 36.1% respectively, for the current financial period under review as compared to the preceding year financial period due to the reduction in transactional volume for BPO's major clients since the 2<sup>nd</sup> half of the preceding financial year. The Group's profit margin is impacted by the change in composition of the BPO's revenue with the reduction in billings based on transactional volume and increase in billings based on headcount.

For the current financial period under review, the Group has increased its BPO business client base by 20% as compared to the preceding financial period. The newly secured clients are gradually contributing to an increase in revenue for the BPO business. The Group continues to aggressively enhance its pipeline of prospects locally and has made inroads in its business development efforts for its suite of products globally. The Group expects other current prospects with respect to our suite of products, to convert into billable revenue and contribute to the Group's earnings in financial year 2019 and moving forward into 2020.



**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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 2019.

**20. TAXATION**

	<b>Current Financial Quarter Ended 31.3.2019 RM '000</b>	<b>Current Financial Period Ended 31.3.2019 RM '000</b>
<u>Group</u>		
Current tax	2,053	5,050
Deferred tax	(672)	(672)
	1,381	4,378
 Effective tax rate	 25%	 22%

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at rates prevailing in the respective jurisdictions.

The Group's effective tax rates for the current financial quarter under review are higher than the statutory tax rate due to recognition of under provision of last year. The Group's effective tax rates for the current financial period to date are lower than the statutory tax rate due to the current year taxable profit being set off against unabsorbed tax losses brought forward.

A subsidiary of the Company has received tax assessment notices of RM1.4 million (2018: 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.



**SCICOM (MSC) BERHAD**  
**(Company No. 597426-H)**  
**(Incorporated in Malaysia)**  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**21. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced but not completed as at 23 May 2019, 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 2019.

**23. CHANGES IN MATERIAL LITIGATION**

In relation to the writ of summons and statement of claim filed by Tawasol Al-Sharq Marketing Services (Company No. 4030154973) ("Plaintiff") against the Company as the 2<sup>nd</sup> defendant filed at the High Court of the Republic of Singapore on 29 July 2018.

The Company had received a Notification on 3 March 2019 from the High Court of Singapore that the Plaintiff has wholly discontinued the claim against the Company.

Other than the above, there were no material litigation matters dealt with during the financial period to date or pending as at 23 May 2019, being the date of this report.

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**24. DIVIDENDS**

The Board of Directors has approved and declared a third interim dividend of 1.0 sen, tax exempt, per ordinary share, amounting to RM3,554,536 which is payable on 25 June 2019.

	<b>Current Financial Year Ended 31.3.2019</b>	<b>Preceding Financial Year Ended 31.3.2018</b>
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>3rd interim</u>		
Approved and declared on	23-May-19	21-May-18
Date payable/paid	25-Jun-19	21-Jun-18
Based on register members dated	10-Jun-19	06-Jun-18
Amount per share	1.0 sen tax exempt	2.0 sen tax exempt
Net dividend payable/paid(RM)	3,554,536	7,109,071
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>2nd interim</u>		
Approved and declared on	26-Feb-19	07-Feb-18
Date paid	26-Mar-19	08-Mar-18
Based on register members dated	12-Mar-19	22-Feb-18
Amount per share	1.5 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	5,331,803	7,109,071
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>1st interim</u>		
Approved and declared on	22-Nov-18	13-Nov-17
Date paid	21-Dec-18	12-Dec-17
Based on register members dated	07-Dec-18	27-Nov-17
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
<b>Interim dividend for the financial year ended 30 June</b>	<b>2018</b>	<b>2017</b>
<u>4th interim</u>		
Approved and declared on	27-Aug-18	25-Aug-17
Date paid	28-Sep-18	27-Sep-17
Based on register members dated	13-Sep-18	12-Sep-17
Amount per share	3.0 sen tax exempt	3.0 sen tax exempt
Net dividend paid (RM)	10,633,607	10,633,607

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**25. EARNINGS PER SHARE (“EPS”)**

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

	<b>Current Financial Quarter Ended 31.3.2019</b>	<b>Current Financial Period Ended 31.3.2019</b>
Profit attributable to the Owners of the Company for the financial period (RM'000)	4,083	15,421
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	1.15	4.34

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

**26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

(a) Fair value measurement

The Group measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- (i) Level 1 - quoted price (unadjusted) in active market for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) Level 3 - inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

**SCICOM (MSC) BERHAD**  
(Company No. 597426-H)  
(Incorporated in Malaysia)  
**THIRD QUARTER REPORT ENDED 31 MARCH 2019**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)**

(b) Financial instruments carried at fair value:

The carrying value of the financial assets and liabilities of the Group as at 31 March 2019 disclosed in the report approximate their fair values.

The following table represents the assets measured at fair value:

	<b>Current Financial Quarter Ended 31.3.2019 RM'000</b>	<b>As at Preceding Financial Period Ended 31.3.2018 RM'000</b>
<u>Available-for-sale financial assets</u>		
Investments in cash funds		
- Recurring fair value measurement at Level 1 of the fair value hierarchy	13,848	13,364

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM  
DIRECTOR  
23 MAY 2019