



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

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 2018.

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
	31.3.2018	31.3.2017		31.3.2018	31.3.2017	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	38,805	48,786	-20%	127,653	152,399	-16%
Operating expenses	(29,066)	(35,458)	-18%	(91,189)	(111,858)	-18%
Depreciation and amortisation	(2,113)	(2,331)	-9%	(6,081)	(5,935)	2%
Operating profit	7,626	10,997	-31%	30,383	34,606	-12%
Share of (loss)/profit of jointly controlled entity, net of tax	(11)	16	-169%	8	51	-84%
Gain/(Loss) on foreign exchange	463	871	-47%	(381)	3,003	-113%
Finance income	275	210	31%	739	664	11%
Finance costs	0	0	0%	0	(13)	-100%
Profit before taxation	8,353	12,094	-31%	30,749	38,311	-20%
Taxation	(726)	(783)	-7%	(2,903)	(3,032)	-4%
Profit for the financial period	7,627	11,311	-33%	27,846	35,279	-21%

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 31.3.2018	Preceding Year Corresponding Quarter 31.3.2017	Changes	Current Financial Period Ended 31.3.2018	Preceding Financial Period Ended 31.3.2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive (loss)/ income, net of tax						
Foreign currency translation differences for foreign operations	(1,360)	(1,362)	0%	(2,477)	(1,451)	71%
Total comprehensive income for the financial period	6,267	9,949	-37%	25,369	33,828	-25%
Profit attributable to:						
- Owners of the Company	7,706	11,393	-32%	28,085	35,528	-21%
- Non-controlling interest	(79)	(82)	-4%	(239)	(249)	-4%
Profit for the financial period	7,627	11,311	-33%	27,846	35,279	-21%
Total comprehensive income attributable to:						
- Owners of the Company	6,346	10,031	-37%	25,608	34,077	-25%
- Non-controlling interest	(79)	(82)	-4%	(239)	(249)	-4%
Total comprehensive income for the financial period	6,267	9,949	-37%	25,369	33,828	-25%
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)*	2.17	3.21	-32%	7.90	10.00	-21%
- 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 2017 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 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 31.3.2018	As At Preceding Financial Year Ended 30.06.2017
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	13,130	14,140
Software licences	7,090	4,423
Investment in jointly controlled entity	143	135
	20,363	18,698
Current Assets		
Trade receivables	23,289	34,394
Unbilled receivables	17,964	15,609
Deposits, prepayments and other receivables	7,160	8,938
Tax recoverable	1,066	446
Cash and bank balances	32,420	29,066
Investments in cash funds	13,364	8,062
	95,263	96,515
TOTAL ASSETS	115,626	115,213
EQUITY AND LIABILITIES		
Capital and reserves attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	76,153	72,950
Currency translation reserve	(4,572)	(2,095)
	107,126	106,400
Non-controlling interest	(1,358)	(1,119)
TOTAL EQUITY	105,768	105,281
Non-Current Liabilities		
Deferred tax liabilities	608	683
	608	683
Current Liabilities		
Trade and other payables	9,250	9,142
Current tax liabilities	0	107
	9,250	9,249
TOTAL LIABILITIES	9,858	9,932
TOTAL EQUITY AND LIABILITIES	115,626	115,213
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.30	0.30

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 2018

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
9 months ended 31.3.2017						
As at 1 July 2016	355,453	35,545	(1,624)	59,543	(803)	92,661
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(1,451)	0	0	(1,451)
Net profit for the financial period	0	0	0	35,528	(249)	35,279
Total comprehensive (loss)/income	0	0	(1,451)	35,528	(249)	33,828
Dividends paid for the financial year ended:						
- 30 June 2016	0	0	0	(10,664)	0	(10,664)
- 30 June 2017	0	0	0	(14,218)	0	(14,218)
As at 31 March 2017	355,453	35,545	(3,075)	70,189	(1,052)	101,607
9 months ended 31.3.2018						
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	(2,477)	0	0	(2,477)
Net profit for the financial period	0	0	0	28,085	(239)	27,846
Total comprehensive (loss)/income	0	0	(2,477)	28,085	(239)	25,369
Dividends paid for the financial year ended:						
- 30 June 2017	0	0	0	(10,664)	0	(10,664)
- 30 June 2018	0	0	0	(14,218)	0	(14,218)
As at 31 March 2018	355,453	35,545	(4,572)	76,153	(1,358)	105,768

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 2017 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 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Period Ended 31.3.2018 RM'000	Preceding Financial Period Ended 31.3.2017* RM'000
Operating Activities		
Net profit for the financial period	27,846	35,279
Adjustments:		
Depreciation of plant and equipment	4,791	5,137
Amortisation of software licenses	1,290	798
Unrealised foreign exchange gain/(loss)	266	(2,547)
Interest expense	0	13
Taxation	2,903	3,032
Interest income	(739)	(664)
Loss/(Gain) on disposal of plant and equipment	3	(28)
Share of profit of jointly controlled entity	(8)	(51)
Operating profit before changes in working capital	36,352	40,969
Receivables	10,262	(6,326)
Payables	107	(1,481)
Cash flow from operations	46,721	33,162
Interest received	739	664
Taxation paid	(3,706)	(4,508)
Net cash flow generated from operating activities	43,754	29,318
Investing Activities		
Distribution received from joint venture	0	1,675
Proceeds from disposal of plant and equipment	4	8
Purchases of plant and equipment	(3,782)	(5,722)
Purchases of software licences	(3,956)	(831)
Investment in cash funds	(5,302)	(185)
Increase in fixed deposits with maturity of more than 3 months	(3,000)	(5,000)
Net cash flow used in investing activities	(16,036)	(10,055)
Financing Activities		
Interest paid	0	(13)
Payment of dividends	(24,882)	(24,882)
Net cash flow used in financing activities	(24,882)	(24,895)
Net increase/(decrease) in cash and cash equivalents	2,836	(5,632)
Effect of foreign exchange on cash and cash equivalents	(2,482)	(1,453)
Cash and cash equivalents at beginning of financial year	21,066	26,189
Cash and cash equivalents at end of financial period	21,420	19,104
Deposits with maturity of more than 3 months	11,000	8,000
Cash and bank balances at the end of the financial period	32,420	27,104

* The comparative balances in the statement of cash flow have been restated to conform to the current year's presentation and classification, which more accurately reflects the nature of the relevant transactions.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 2018

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 2017.

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 2017. The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 July 2017 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Annual Improvements to MFRS 12 ‘Disclosures of Interests in Other Entities’ (effective from 1 January 2017)
- Amendments to MFRS107 ‘Statement of Cash Flows – Disclosure Initiative’ (effective from 1 January 2017)
- Amendments to MFRS112 ‘Income Taxes- Recognition of Deferred Tax Assets for Unrealised Losses’ (effective from 1 January 2017)

Standards, amendments to published standards and interpretations that have been issued but not yet effective

Effective for financial periods beginning on or after 1 January 2018

- MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments
- MFRS128 Investments in Associates and Joint Ventures
- IC Interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’

Effective for financial periods beginning on or after 1 January 2019

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’
- MFRS 16 Leases

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



SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

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 2017.

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2017 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 2018

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	Dividend	Date of dividend payment	Amount paid
2017	Interim dividend of 3.0 sen per ordinary share	27 September 2017	RM10,663,607
2018	Interim dividend of 2.0 sen per ordinary share	12 December 2017	RM7,109,071
2018	Interim dividend of 2.0 sen per ordinary share	8 March 2018	RM7,109,071

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.

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

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. SEGMENT RESULTS AND REPORTING (cont'd)

Segmental analysis by geographical areas:

	Current Period Quarter 31.3.2018	Preceding Year Corresponding Quarter 31.3.2017
	RM'000	RM'000
Revenue		
Malaysia	24,834	27,453
Singapore	1,812	2,497
Philippines	6,237	12,080
Thailand	646	567
Sri Lanka	1,335	1,341
China	2,079	3,876
Others	1,862	972
	38,805	48,786

Segmental analysis by business segment is as follows:

For the financial period ended 31 March 2018

FY 2018	Current 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)	-
Total revenue	127,523	1,657	(1,527)	127,653
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 results of jointly controlled entity (net of tax)				8
Finance income				739
Finance cost				-
Profit before taxation				30,749
Taxation				(2,903)
Net profit for the financial period				27,846

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

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 2017

FY 2017	Preceding Financial Period Ended 31.3.2017			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	152,368	31	-	152,399
Inter-segment revenue	-	1,496	(1,496)	-
Total revenue	152,368	1,527	(1,496)	152,399
Segment results	44,943	(1,399)		43,544
Unallocated income/ other gains				-
Depreciation of plant and equipment				(5,137)
Amortisation of software licences				(798)
Share of results of jointly controlled entity (net of tax)				51
Finance income				664
Finance cost				(13)
Profit before taxation				38,311
Taxation				(3,032)
Net profit for the financial period				35,279

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 2018, 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 2018

NOTES TO THE UNAUDITED 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 2017.

14. COMMITMENTS

Commitments for the Group not provided for as at 31 March 2018 are as follows:

(a) Capital commitments

In respect of plant and equipment
- Authorised and contracted

Current Financial Period Ended 31.3.2018	
RM'000	
56	

(b) Non-cancellable 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 31.3.2018	
RM'000	
8,273	
3,866	
12,139	

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 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER

Financial quarter ended	31 Mar 2018	31 Mar 2017	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	38,805	48,755	(9,950)
Education	-	31	(31)
Total revenue	38,805	48,786	(9,981)
Profit before taxation	8,353	12,094	(3,741)

a. 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 reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM11.67 million for the financial quarter under review as compared to the preceding year corresponding quarter.

The decrease in revenue is mitigated by revenue from increase in existing projects which amounted to RM1.72 million, respectively.

The net decrease in the Group's outsourcing revenue for the financial quarter under review is RM9.95 million.

Education

The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the financial quarter under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

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 primarily to lower revenue for the financial quarter under review



SCICOM (MSC) BERHAD
 (Company No. 597426-H)
 (Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL PERIOD TO DATE

Financial period ended	31 Mar 2018	31 Mar 2017	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	127,523	152,368	(24,845)
Education	130	31	99
Total revenue	127,653	152,399	(24,746)
Profit before taxation	30,749	38,311	(7,562)

a. 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 reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM38.00 million for the period under review as compared to the preceding year corresponding period.

The decrease in revenue is mitigated by revenue from increase in existing projects which amounted to RM13.15 million, respectively.

The net decrease in the Group's outsourcing revenue for the period under review is RM24.85 million.

Education

The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL PERIOD TO DATE (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 primarily to lower revenue for the financial quarter under review and the reversal of forex gain recognized in the previous financial quarters as compared to a forex gain position in the preceding year corresponding quarter.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	31 Mar 2018	31 Dec 2017	Increase/ (decrease)
	RM'000	RM'000	RM'000
Revenue			
Outsourcing	38,805	42,965	(4,160)
Education	-	45	(45)
Total revenue	38,805	43,010	(4,205)
Profit before taxation	8,353	10,627	(2,274)

a. 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.

Revenue for the financial quarter under review decreased by RM7.42 million as compared to the preceding financial quarter due mainly to the reduction in billable transaction for certain projects as a result of a change in clients' requirements and/or strategies. The decrease is mitigated by organic growth in certain projects and revenue from ad-hoc project amounting to RM3.26 million during the financial quarter under review.

The net decrease in the Group's outsourcing revenue for the financial quarter under review is RM4.16 million.



SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

Education

The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

b. Profit before taxation

The lower profit before taxation for the current financial quarter under review as compared to the preceding quarter is primarily due to drop in revenue as compared to the preceding financial quarter.

18. CURRENT YEAR REVIEW

Over the course of the year, whilst the BPO division did not lose any major clients, the composition of revenue and profit contribution for certain key clients has been impacted.

As such, the Group's results for the fourth quarter is expected to be lower than the quarter under review.

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 ended 30 June 2018.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. TAXATION

	Current Financial Quarter Ended 31.3.2018 RM '000	Current Financial Period Ended 31.3.2018 RM '000
<u>Group</u>		
Current tax	801	2,978
Deferred tax	(75)	(75)
	726	2,903

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2017: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

Scicom (MSC) Berhad (“the Company”) was granted Customised Incentive of 100% income tax exemption on statutory income derived from the outsourcing income (“tax incentive”) for 5 years commencing 7 November 2012 to 6 November 2017. The recognition of the tax incentive is subject to fulfilment of certain conditions and Key Performance Indicators (‘KPIs’) and is to be assessed annually by the administrator of the Customised Incentive (“the administrator”). In August 2016, the administrator had revised the KPIs and the tax incentive was reduced from 100% to 70% which is applicable for the incentive period from 7 November 2015 to 6 November 2017.

During the financial period to date, the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services until 6 November 2017. The Company’s achievement of the conditions and KPIs have been presented to the administrator, however the outcome of the assessment by the administrator has not been finalised as at the date of this report. The Directors have assessed that the Company is able to meet the requirements for the tax incentive after taking into consideration that the Company has substantially met the stipulated conditions and KPIs, and their prior experience where confirmations from the administrator were obtained to recognise the tax incentive when conditions and KPIs were substantially met.

Therefore, the Directors are of the view that there is reasonable basis for the Company to recognise the tax incentive during the financial period ended 31 March 2018.



SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. TAXATION (cont'd)

Where the final outcome of the assessment of income tax exemption by the administrator is different from the Company's assessment, this will result in higher income tax expense on the statutory income from outsourcing services recognised during the financial year.

A subsidiary of the Company has received tax assessment notices of INR23.8 million (2017: 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 crystallise from these assessments.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 21 May 2018, 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 2018.

23. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the financial year to date or pending as at 21 May 2018, being the date of this report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

24. DIVIDENDS

The Board of Directors has approved and declared a third interim dividend of 2 sen, tax exempt, per ordinary share, amounting to RM7,109,071 which is payable on 21 June 2018.

	Current Financial Year Ended 31.3.2018	Preceding Financial Year Ended 31.3.2017
Interim dividend for the financial year ended 30 June	2018	2017
<u>3rd interim</u>		
Approved and declared on	21-May-18	22-May-17
Date payable/paid	21-Jun-18	20-Jun-17
Based on register members dated	06-Jun-18	05-Jun-17
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend payable/paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	2018	2017
<u>2nd interim</u>		
Approved and declared on	07-Feb-18	28-Feb-17
Date paid	08-Mar-18	28-Mar-17
Based on register members dated	22-Feb-18	14-Mar-17
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	2018	2017
<u>1st interim</u>		
Approved and declared on	13-Nov-17	07-Nov-16
Date paid	12-Dec-17	07-Dec-16
Based on register members dated	27-Nov-17	21-Nov-16
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	2017	2016
<u>4th interim</u>		
Approved and declared on	25-Aug-17	26-Aug-16
Date paid	27-Sep-17	28-Sep-16
Based on register members dated	12-Sep-17	13-Sep-16
Amount per share	3.0 sen tax exempt	3.0 sen tax exempt
Net dividend paid (RM)	10,663,607	10,663,607

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

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:

	Current Financial Quarter Ended 31.3.2018	Current Financial Period Ended 31.3.2018
Profit attributable to the Owners of the Company for the financial period (RM'000)	7,706	28,085
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	2.17	7.90

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 2018

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 December 2017 disclosed in the report approximate their fair values.

The following table represents the assets measured at fair value:

	Current Financial Quarter Ended 31.3.2018 RM'000	As at preceding Financial Year Ended 30.6.2017 RM'000
<u>Available-for-sale financial assets</u>		
Investments in cash funds		
- Recurring fair value measurement at Level 1 of the fair value hierarchy	13,364	8,062

There were no transfers between levels 1 and 2 for recurring fair value measurements during the financial period.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia)
THIRD QUARTER REPORT ENDED 31 MARCH 2018

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

27. 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:

	Financial Period Ended 31.3.2018 RM'000	Financial Year Ended 30.6.2017 RM'000
Total retained profit for Scicom and its subsidiaries :		
- Realised	22,450	26,147
- Unrealised	875	102
	23,325	26,249
Total share of retained profit from jointly controlled entity :		
- Realised	143	135
	23,468	26,384
Add : Consolidation adjustments	52,685	46,566
Total Group retained profits as per consolidated accounts	76,153	72,950

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR
21 May 2018