

ANNUAL REPORT 2006



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Company Profile

About Scicom

Scicom (MSC) Bhd is a leading Business Process Outsourcing (BPO) service provider headquartered in Kuala Lumpur, Malaysia.

It has operational centres, in Kuala Lumpur (Malaysia), Bangalore (India) and Tampa, Florida (United States), providing multi-lingual, multi-channel BPO services in 38 languages to multinational clients.

Established in April 1997 with only two employees, it now has a global workforce of over 1,400 employees.

Scicom is the first Malaysian BPO to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad, on 26 September 2005.

The Company's service mantra is to constantly deliver on its promise of "Total Customer Delight" to its clients.

Scicom's main product offering is scicom outsourcing, comprising the four distinct modules of scicom partner, scicom academy, scicom consulting and scicom marketing.

scicom partner™ is the outsourced contact centre operations specialising in international multi-lingual, multi-channel outbound and inbound customer care, technical support and associated fulfilment.

scicom academy™ provides for a broad spectrum of training, organisational development and human performance consulting services for customer contact management centres. It also provides Support Centre Practices (SCP) certification services for contact centres in the region that would like to attain international accreditation standards for process and quality to meet world-class performance standards in contact centre operations.

scicom consulting™ offers a range of services, from assisting clients in obtaining certification for their contact centres to human capital performance consultation services involving the operations of contact centres. These services employ Scicom's Change Management tools and Cultural Change Programmes which help change employees' perception, assist them to adapt to change, and new processes, and improve their performance to achieve business vision and goals.

scicom marketing™ is an integrated marketing approach that strategically uses the best combination of formula and tools of marketing, to drive positive behaviour towards a brand or product. This service provides Scicom with a key differentiating factor by providing its clients with the ability to use the contact centre to implement integrated marketing activities that will help Scicom's clients to promote customer loyalty, advocacy and retention. scicom marketingSM focuses on a niche area to provide strategically unique solutions to its clients. These include a wide range of insights to database management, acquisition, retention and loyalty programmes.

The excellence delivered by Scicom in providing its services has not gone unnoticed. Scicom has won nine major international industry awards, a testimony to its dedication to excellence and quality.

Scicom has been awarded MSC status, is ISO certified and has a globally recognised industry specific accreditation with a United States body called SSPA (Services & Support Professionals Association).



Company Profile

Awards



List of Awards won by Scicom

Year	Award	Description
1998	SMART Award (Gold)	For contact centre excellence from leading direct marketing magazine 'Direct Response.' The prestigious Institute of Direct Marketing (IDM) and the Royal Mail were sponsors.
1998	Marketing Award	For best use of Telemarketing within the IT and Telecommunication Industry. This event was sponsored by British Telecom and is seen as one of the most prestigious awards in Europe. The award was for a customer loyalty programme for a mobile phone company.
1999	SMART Award (Bronze)	Sponsored by Mailcom, the award was for a consulting project to improve the operation and service levels of the contact centre.
2000	SMART Award (Gold)	For a loyalty programme, and was sponsored by the Royal Mail.
2000	SMART Award (Finalist)	Scicom was a finalist in this award for a major recruitment and selection programme in the Asia Pacific region for a high-tech MNC.
2001	SMART Award (Gold)	For a Pan Asian multi-lingual contact centre for the same high-tech MNC.
2002	CCAM Awards	Call Centre Professional of the Year (Winner) Call Centre Champion of the Year (Runner-up).
2003	CCAM Award	Best Outsourced Contact Centre of the Year (Gold Award).
2005	Frost & Sullivan Malaysia Telecoms Award	Call Centre Service Provider of the Year.

Company Profile

Vision, Goal, Values and Mission



Our Vision:

"To Be A Leading Global Player In The BPO Business."

Our Goal:

"Total Customer Delight"



People



Teamwork



Quality



Integrity

“ Our Values:
Quality
Teamwork
Innovation
Integrity
People ”



Innovation

“ Our Mission:
To make profits and increase shareholder value.
To be an employer of choice.
To ensure compliance to global standards and the ethics of doing business.
To be the preferred business partner in the BPO industry.
To establish a global presence.
To constantly expand our product portfolio to exploit market opportunities.
To be a responsible corporate citizen in the markets that we operate in. ”

Company Profile

Corporate Directory

Board Of Directors

Dato' Ahmad Kabeer bin Mohamed Nagoor
NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN

Leo Ariyanayakam
GROUP EXECUTIVE DIRECTOR/
CHIEF EXECUTIVE OFFICER

Krishnan Menon
NON-INDEPENDENT NON-EXECUTIVE
DIRECTOR

Dato' Mohd Salleh bin Hj Harun
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Nikolai Dobberstein
INDEPENDENT NON-EXECUTIVE DIRECTOR

Audit Committee

Dato' Mohd Salleh bin Hj Harun
CHAIRMAN OF THE COMMITTEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Nikolai Dobberstein
MEMBER OF THE COMMITTEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Krishnan Menon
MEMBER OF THE COMMITTEE
*NON-INDEPENDENT NON-EXECUTIVE
DIRECTOR*

Secretary

Ng Yen Hoong
(LS No. 008016)

Lim Poh Yen
(MAICSA No. 7009745)

REGISTERED OFFICE

Level 14, Uptown 1
No.1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 603 7725 2888
Fax: 603 7725 7991

BUSINESS OFFICE

25th Floor
Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel: 603 2162 1088
Fax: 603 2164 9820

REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No.1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 603 7725 4888

AUDITORS

PricewaterhouseCoopers (No.AF:1146)
11th Floor, Wisma Sime Darby
Jalan Raja Laut
PO Box 10192
50706 Kuala Lumpur
Tel: 603 2693 1077

SPONSORS

K&N Kenanga Bhd
Suite 17.06, 17th Floor
Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 603 2164 6689

PRINCIPAL BANKER

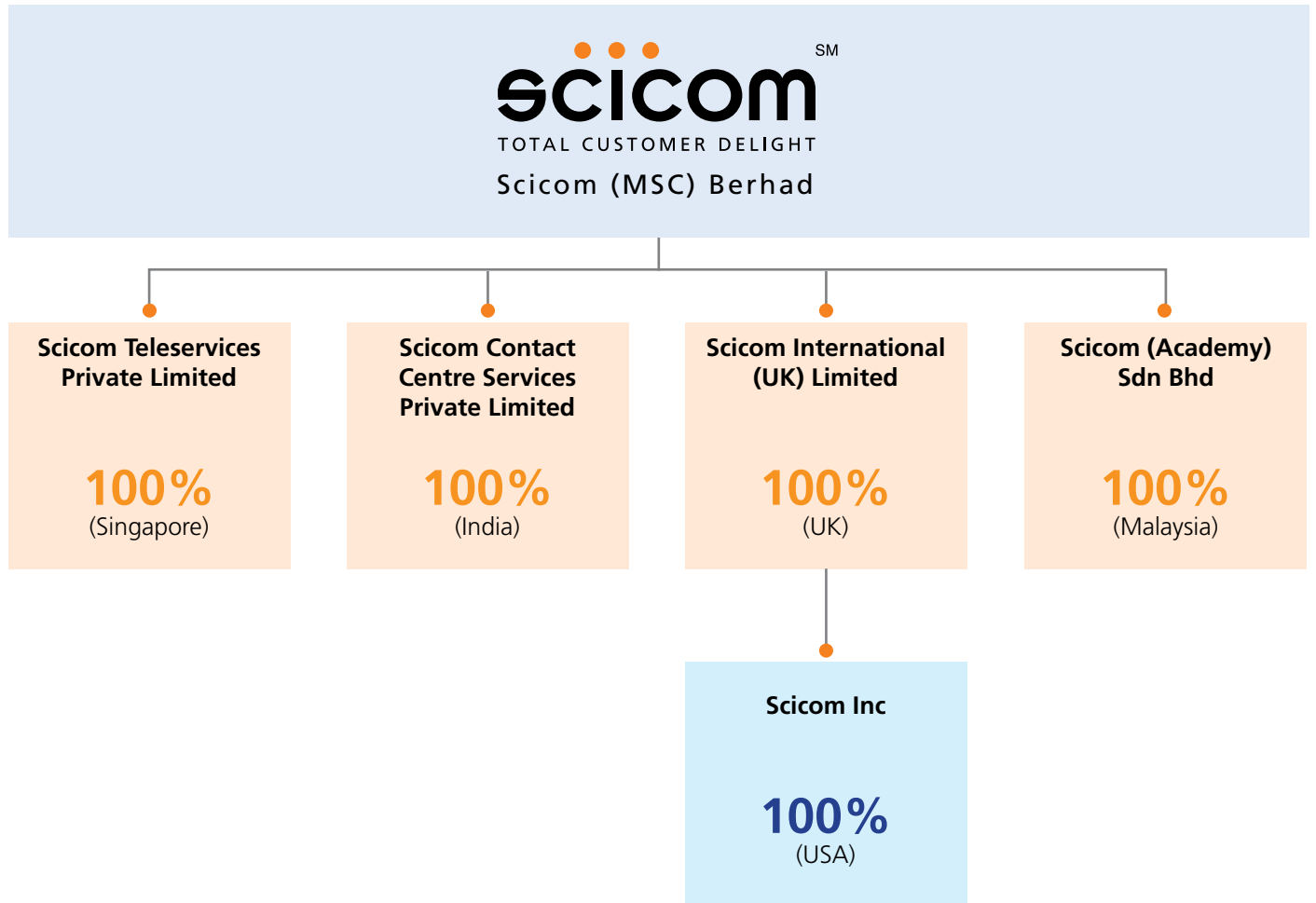
HSBC Bank Malaysia Bhd
Main Branch, No.2 Leboh Ampang
50100 Kuala Lumpur

STOCK EXCHANGE LISTING

MESDAQ Market,
Bursa Malaysia Securities Berhad
Stock Name : SCICOM
Stock Code : 0099

Company Profile

Group Structure



Board of Directors

Directors' Profiles



From left to right

Krishnan Menon

Dr. Nikolai Dobberstein

**Dato' Ahmad Kabeer bin
Mohamed Nagoor**

Leo Ariyanayakam

Dato' Mohd Salleh bin Hj Harun

Dato' Ahmad Kabeer bin Mohamed Nagoor

Dato' Ahmad Kabeer, Malaysian, aged 48, was appointed to the Board on 22nd August 2005 and is the Non-Independent Non-Executive Chairman of the Company. He has a Master's Degree in Finance from the University of St. Louis, Missouri, USA. In 1986, he was with the Bank of Nova Scotia in its foreign exchange division before becoming a lecturer at the School of Management, Universiti Sains Malaysia from 1988 to 1994.

He is a substantial shareholder of the Company by virtue of his substantial shareholding in AKN Capital Sdn Bhd and is the founder of AKN Industries Sdn. Bhd., a wholly-owned subsidiary of AKN Technology Bhd. Dato' Ahmad Kabeer also sits on the boards of AKN Messaging Technologies Berhad, MEMS Technology Berhad and AWC Facility Solutions Berhad.

Leo Ariyanayakam

Mr. Leo Ariyanayakam, Sri Lankan, aged 42, was appointed to the Board on 30th October, 2002. He graduated with a Bachelor's Degree in Biochemistry from the UK in 1985. He began his career in various trading and consultancy firms from 1988 to 1995. In 1995, he joined Poppe Tyson, Inc., a US-based interactive multimedia agency as the Managing Director. He left in 1997 to form Scicom, growing the Company to its present position where he holds the positions of Chief Executive Officer and Group Executive Director. His main responsibilities are the maximisation of the shareholders' wealth, decision-making in the operational, financial and business development aspects of the business, and charting the future growth and direction of the Company. Mr. Ariyanayakam brings to Scicom almost 20 years of corporate and business experience, as well as extensive domain knowledge in the BPO and contact centre industries.

Krishnan Menon

Mr. Krishnan Menon, Malaysian, aged 56, was appointed to the Board on 10th March 2004. He is a Non-Independent Non-Executive Director and a member of the Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales and also a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

He spent 13 years in public practice at Hanafiah, Raslan and Mohamed, seven of

those years as a Partner. He joined Public Bank Berhad as General Manager and was subsequently promoted to Executive Vice-President. After working with two public listed companies, he joined Putrajaya Holdings Sdn Bhd as its Chief Operating Officer from 1997 to 2000.

Mr. Menon is presently the Executive Director of AWC Facility Solutions Berhad and is a Non-Executive Director of SPK-Sentosa Corporation Berhad, AKN Messaging Technologies Berhad and MISC Berhad.

Dato' Mohd Salleh bin Hj Harun

Dato' Mohd Salleh, Malaysian, aged 62, was appointed to the Board on 22nd August 2005. He is an Independent Non-Executive Director and Chairman of the Audit Committee. He is a Fellow of the Institute of Bankers and a member of the Malaysian Institute of Certified Public Accountants.

He has 31 years of experience in the banking and financial sector, having held various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad from 1994 to 2000 prior to joining Bank Negara Malaysia, where he was the Deputy Governor from 2000 to 2004.

Dato' Mohd Salleh's other directorships in public companies include RHB Capital Bhd, RHB Bank Berhad, RHB Insurance Berhad (Chairman), RHB Islamic Bank Berhad and Titan Chemical Corp. Bhd.

Dr. Nikolai Dobberstein

Dr. Dobberstein, German, aged 40, was appointed to the Board on 22nd August 2005. He is an Independent Non-Executive Director and member of the Audit Committee. He holds a PhD in Technology and Innovation Management from the University of Kiel, Germany and is currently Senior General Manager of Maxis Communications Berhad, overseeing the Products & New Businesses Division.

Before joining Maxis in December 2004, he spent 12 years with McKinsey & Company, where he was the Managing Partner of the Kuala Lumpur Office. He had earlier worked in the German, Italian and Indian Offices of McKinsey.

Dr. Dobberstein has been extensively involved in telecommunications and high-tech work across Asia, including issues of national technology strategy development and R&D commercialisation.

Senior Management Team



From left to right

Shanti Jacqueline Jeya Raj
Radah Krishnan Vijaya Gopal
Jeyabalan Parasingam
Benny Philip
Leo Ariyanayakam
Willie Lim
Jayakumar
Brenda Marshall
Viji Rajasundram
Anthony Jerard Rajendram

Willie Lim

Senior Vice-President, Operations

Willie has over 20 years industry experience in general management including sales and operations. As the Senior Vice President of operations he manages the day-to-day operations of Scicom's contact centres and manages demanding client expectations.

Prior to joining Scicom he was an Executive Director at Abric Bhd (a company listed on the Second Board of the Kuala Lumpur Stock Exchange). He was also the Country Manager of UPS Malaysia Bhd and the General Manager of Electrolux Home Centres. Willie has a Bachelors in Business Administration from the University of Singapore.

Jayakumar Narayana Pillai **Sreedharan Nair**

Senior Vice-President, Finance

Jayakumar joined Scicom in 1998 as one of its pioneer management staff. Over the years his main responsibilities of accounting and financial management of the Group has expanded to include corporate finance, risk management, facilities management, budgeting and treasury functions for the Group.

Jayakumar is an associate of the Chartered Association of Certified Accountants and an Associate of the Institute of Chartered Secretaries & Administrators. He has over 23 years experience in financial management and corporate services. His previous employers include Sime Darby Bhd and Halim Rasip Group (Integrax Bhd).

Jeyabalan Parasingam

Senior Vice-President, Corporate Planning

Jeyabalan has over 10 years of working experience in Audit, Investment Banking, Strategic Planning and Business Development. As Senior Vice President of Corporate Planning, Jeyabalan has the primary responsibility of driving Scicom's global business development, and enterprise wide project management initiatives.

Jeyabalan is a Certified Public Accountant (MICPA) by training having worked in a Big 4 accounting firm in Kuala Lumpur for 4 years. He is also a CFA charterholder. He has also 5 years of investment banking experience having worked in one of the local investment banks in Malaysia. Prior to joining Scicom, he was in ASTRO as Senior Manager, Strategic Planning & Business Development, focussing on mobile, TV and satellite interactive application development.

Senior Management Team

Benny Philip

Senior Vice-President, Projects & Planning

In 2004, Benny Philip joined Scicom as Senior Vice President of Projects & Planning, where his main responsibilities include the development and implementation of the Company's HR Strategic Plans and initiatives along with the day to day management of the HR function for the Scicom Group.

Benny brings with him 15 years of experience in both specialist and generalist roles in HR. Benny worked with HSBC where he was Head of HR Group Service Centre in India before he became Vice President HR for their Group Service Centre in Cyberjaya, Malaysia. Benny has a Master's degree in Human Resources Management and a Bachelor's degree in Mathematics from the University of Madras, India.

Radah Krishnan Vijaya Gopal

Country Manager (India)

Radah joined Scicom as a Consultant in Corporate Planning in 2002. He is currently in charge of Scicom's Indian operations as the Country Manager and is primarily responsible for executing Scicom India's strategic direction and its day-to-day operations.

Radah, has over 11 years experience in the areas of consulting, accounting and finance and has over the years been involved in a variety of corporate exercises in a diverse range of industries.

Radah Krishnan, graduated with a professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom in 1997. Prior to joining Scicom he was a Consultant in Corporate Finance and Investment Banking Services, PricewaterhouseCoopers Consulting Sdn Bhd.

Viji Rajasundram

Senior Vice-President, Technology

Viji has over 18 years of experience in the technology arena, having worked in various multinational companies in Malaysia, Singapore, the United States & The Philippines. His industry experience covers the Oil & Gas, Gaming (Lottery), Satellite Data and Television Broadcasting, Mobile Telecommunications & Finance industries.

His last position before joining Scicom was as Director of International Marketing for ICO Global Communications Limited, a data over satellite communications service provider. He has a Degree in Computer Science from Australia and an MBA from Boston University.

Anthony Jerard Rajendram

Vice-President, Scicommarketing

As Vice President of Scicom Marketing, Anthony is responsible for the integrated marketing arm for Scicom Group. He is also responsible for Scicom's internal and external communications (Marcomms) and Public Relations initiatives.

He holds a BSc (Hons) in Behavioural Science from the U.K. and a MSc (Hons) in Behavioural Science from the U.S.A. He comes with over 14 years of practical experience in advertising from J.Walter Thompson, Dentsu, Young & Rubicam and Draft Worldwide. At JWT, he spend 7 years managing a list of global and regional brands, with the last two years being involved in the setting up of JWT's integrated marketing arm, specialising in Relationship Marketing ("RM"). Prior to joining Scicom, Anthony was the Regional Managing Director for Draft Worldwide.



Senior Management Team

Shanti Jacqueline Jeya Raj

Vice-President, Total Quality Management (TQM)

Shanti joined Scicom in 2000 as a Customer Relationship Executive and over the last 6 years has risen through the ranks to her current position as Vice President of TQM and is responsible for ensuring that the group's quality initiatives including processes, compliance and accreditation are constantly reviewed, monitored and enhanced.

Prior to joining Scicom Shanti worked in several multinationals for over 12 years in Marketing Communications, Training Development and Client Services. Shanti comes armed with a Degree in business studies from Australia and a Diploma in public relations.

Brenda Marshall

Vice-President, Scicom (Academy) Sdn Bhd

Brenda joined Scicom as the Vice President of Scicom (Academy) and is in charge of spearheading Academy's business opportunities and the development of customised training solutions together with the expansion of its repertoire of products and services for both internal and external clientele. She also oversees the Academy's marketing and operational strategies.

Brenda holds B.A in Mass Communications, an LLB (University of London) and LLM (University of New South Wales, Australia). She has extensive experience in marketing, advertising and management garnered from 25 years of service with the New Straits Times Press (Malaysia) Berhad where she held the position of Senior Manager, Marketing Support prior to joining Scicom.

2006

HIGHLIGHTS

January 2006

Commenced services for a major mobile phone manufacturer to provide sales, customer and technical helpdesk services based in Florida, USA.

March 2006

Commenced services for a European based IT services company, to provide first and second level technical support helpdesk services for US and UK based customers.

May 2006

Commenced services for a US based travel portal, to provide contact centre support services for customers based in APAC.

June 2006

Joint collaboration between Scicom (Academy) Sdn Bhd and Adam University to roll out CRM courses in the ASEAN region.

2005

HIGHLIGHTS

August 2005

Awarded the Call Centre Service Provider of the Year by Frost & Sullivan.

September 2005

Commenced services for a Singapore based telecommunications company to provide first and second level technical helpdesk services for its multimedia and internet services customers.

September 2005

Became the first Malaysian BPO provider to be quoted on the MESDAQ Market of Bursa Malaysia Securities Berhad.



Group Financial Highlights

Scicom (MSC) Berhad

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
PROFITABILITY (RM'000)				
Operating revenue	77,905	53,957	61,627	52,532
Operating profit	10,563	5,775	6,604	6,094
Profit before taxation	10,761	5,408	6,704	5,941
Profit after taxation	9,091	5,408	6,683	5,941
KEY BALANCE SHEET DATA (RM'000)				
Total Assets	49,478	21,730	43,061	19,491
Total Liabilities	12,482	9,733	6,819	5,857
Shareholders' Equity	36,996	11,997	36,242	13,634
SHARE INFORMATION (sen)				
Earnings per share				
- Basic	7.71	7.21	n/a	n/a
- Diluted	7.57	n/a	n/a	n/a
Gross dividend	4.00	2.70	4.00	2.70
Net Assets per share	28.79	16.00	28.21	18.18
FINANCIAL RATIOS				
Profitability ratios				
Growth in Revenue	44.4%	16.1%	17.3%	96.5%
Growth in Profit Before Tax	99.0%	36.7%	12.8%	27.1%
Growth in Profit After Tax	68.1%	46.6%	12.5%	27.1%
Assets Turnover ratio (times)	1.57	2.48	1.43	2.70
Net return on equity (times)	0.25	0.45	0.18	0.44
Liquidity ratios				
Current ratio (times)	3.0	1.2	5.7	1.9
Cash over Total Assets ratio	44.7%	12.1%	39.7%	4.2%
Debtors turnover (months)	1	1	1	1
Financing ratios (times)				
Debt over equity ratio	0.07	0.27	0.06	0.14
Gearing	0.06	0.21	0.06	0.12

Group Financial Highlights

Analysis of Financial Statements

ANALYSIS OF THE INCOME STATEMENT

Operating revenue

The Group's operating revenue has increased from RM53.9 million to RM77.9 million for the financial year ended 30 June 2006, an increase of 44.4%. The increase is attributable to contribution from new projects secured during the year and organic growth for existing contracts. Major new projects secured during the financial year include a Singapore based telecommunications company helpdesk services and a contact centre operation in the United States of America.

Operating Expenses

The operating expenses of the Group has increased by 37.4% in 2006. Staff cost at RM48.7 million remain the biggest component in the Group's operating expenses accounting for 72% of the total cost. Despite an increase in staff cost for the financial year ended 30 June 2006 by 36.2%, the ratio for staff cost over revenue has decreased from 66% to 62% for 2006. The decrease in the ratio reflects greater economies of scale and subsequently a higher productivity return from the Group's staff force.

Finance Income / (Cost)

The Group recorded a net finance income position for the financial year ended 30 June 2006 as compared to a net cost position for the preceding financial year. The reversal of position is due to the excess cash reserve placed with financial institutions during the financial year which generated interest income for the Group.

Taxation

The Group's effective tax rate of 15.5% for 2006 was lower than the statutory tax rate of 28% primarily due to the Company's Multimedia Super Corridor pioneer status which accords the Company with tax exemption on the Company's statutory income. The Group's current tax for the current financial year is mainly taxation charge on profit generated by the Group's US operations.

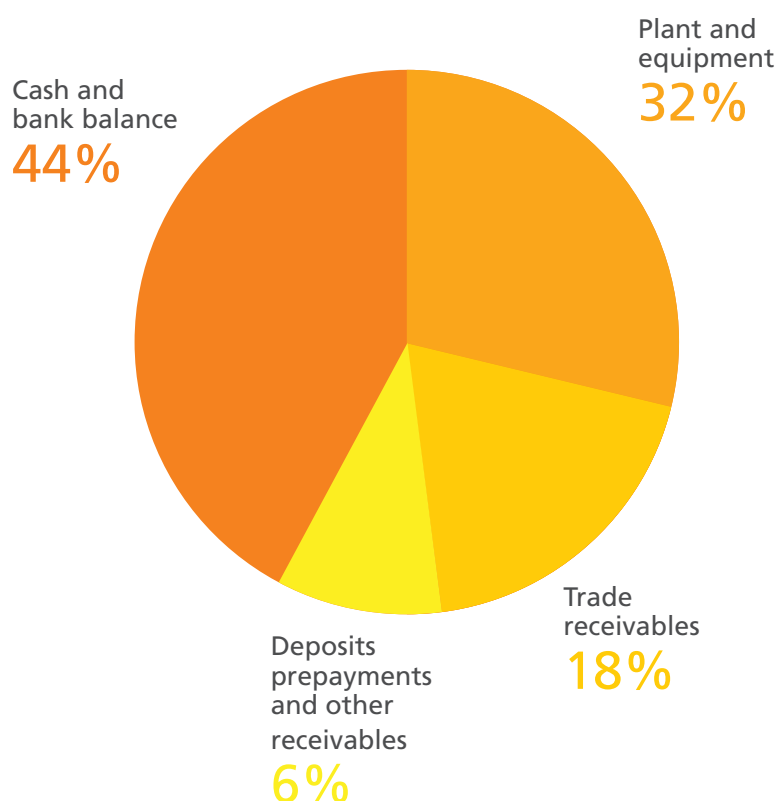
Group Financial Highlights

Analysis of Financial Statements

ANALYSIS OF THE BALANCE SHEET

Total Assets

The Group's total assets stood at approximately RM49.5 million as at 30 June 2006, a growth of 127.7% as compared to the total assets as at 30 June 2005. The increase in total assets is mainly driven by the increase in the Group's cash reserve. The cash reserve for the Group is contributed by the proceeds from the Scicom's IPO exercise and increase in the net cash inflow from the Group's operating activities.



Cash and bank balances (including deposits with financial institutions)

Cash and bank balances including deposits with financial institutions amounted to approximately RM22.1 million, significantly higher by 739% as compared to the preceding year. Cash and bank balances account for 44.7% of total assets as at 30 June 2006. Of the total cash balance as at 30 June 2006, approximately RM16.3 million has been placed with financial institutions to generate interest income. The cash reserve is to be utilized for future expansion.

Trade receivables

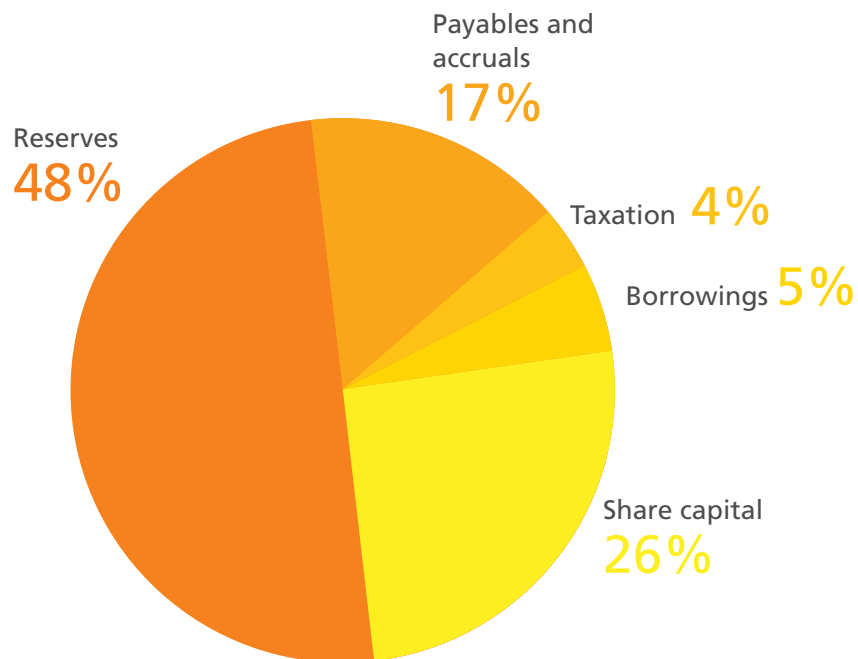
The Group's trade receivables balance has increased from approximately RM4.9 million to RM8.7 million for the financial year ended 30 June 2006. The increase of 77.6% is attributable to the higher revenue achieved for the current financial year. Revenue has increased by 44.4% as compared to the preceding financial year. The Group has managed to maintain its debtors turnover at 1.3 month for the current financial year as compared to 1.1 month in the preceding financial year.

Group Financial Highlights

Analysis of Financial Statements

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

Total liabilities and shareholders' equity of the Group grew by 127.7% mainly due to an increase in reserves and share capital resulting from the Company's listing exercise on the 26 September 2005.



Shareholders' Equity

The Group's shareholders funds remain strong despite a dividend payout of approximately RM4.6 million during the financial year. This was mainly due to the increase in share capital and share premium account resulting from the rights issue and public issue of the Company's shares during the financial year. Shareholders funds were further boosted by the Group's net profit achieved for the current financial year which is 68.1% higher as compared to the preceding year.

Payables and accruals

The Group's payables and accruals has increased by 30.2 % to RM8.2 million for the financial year ended 30 June 2006 as compared to RM6.3 million for the financial year ended 30 June 2005. The increase in payables and accruals is in tandem with the increase in the Group's operating activities.

Borrowings

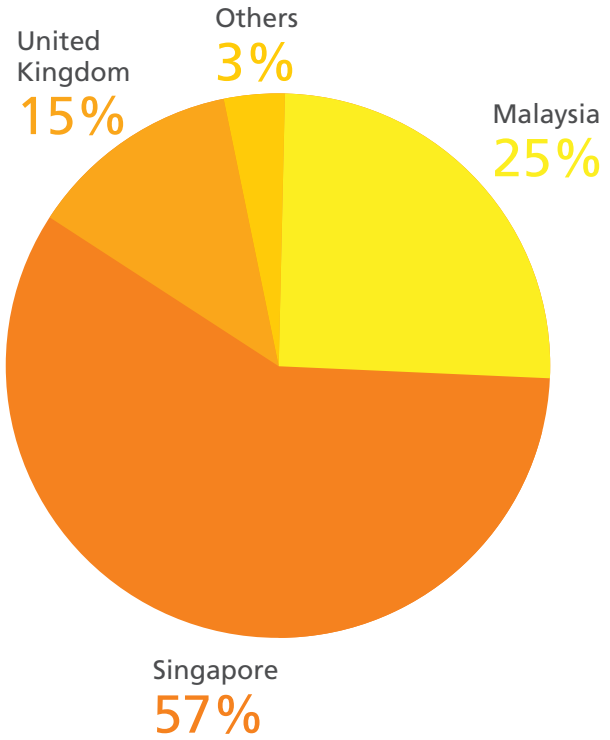
The borrowings for the Group has shown a decrease of 22% as compared to the preceding financial year due to the settlement of its Al-Bai Binthaman Ajil Islamic Term Financing and certain finance lease liabilities. The Group did not utilise its standby bank overdraft facility due to its strong positive cash flow position during the financial year.

Group Financial Highlights

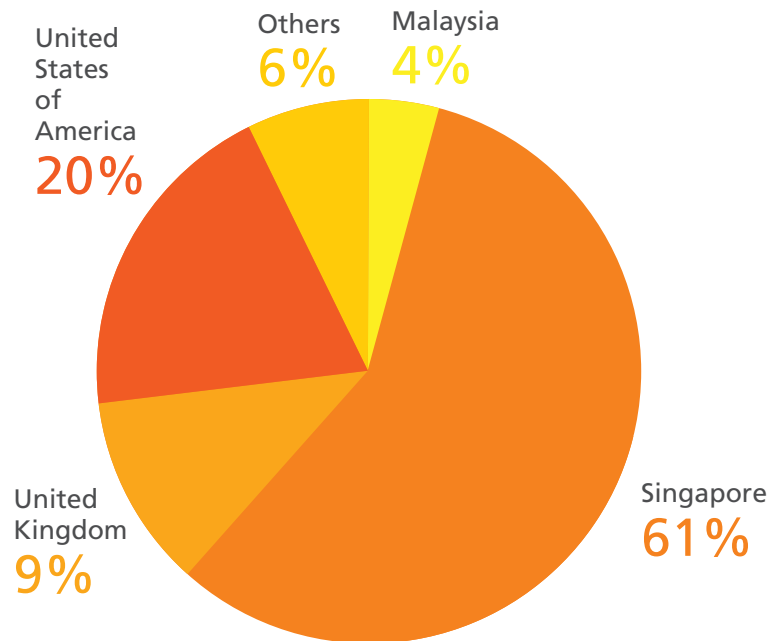
Segmental Analysis

SEGMENTAL REVENUE FOR THE FINANCIAL YEAR

2005



2006

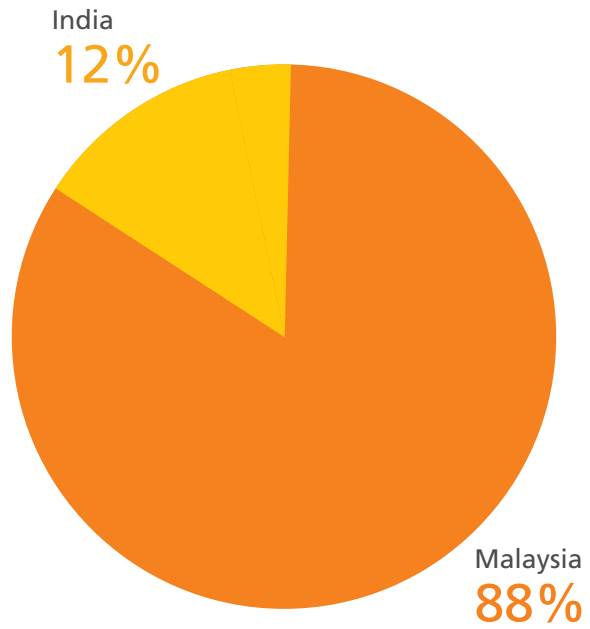


Group Financial Highlights

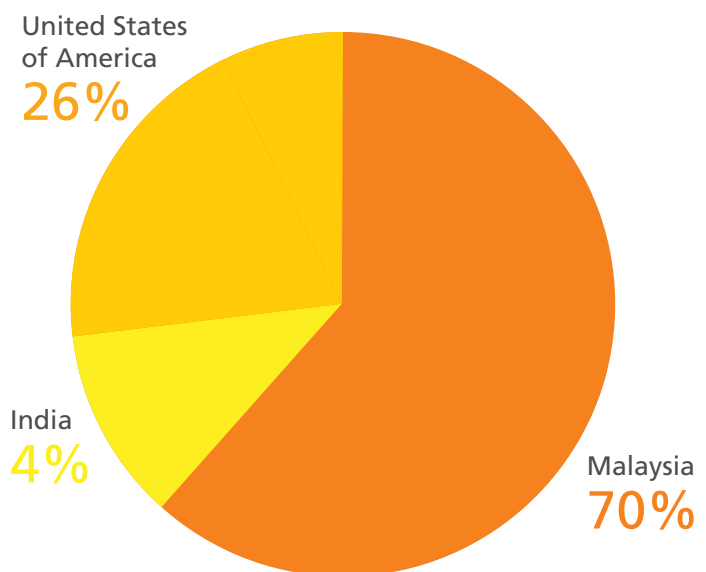
Segmental Analysis

SEGMENTAL TOTAL ASSETS FOR THE FINANCIAL YEAR

2005



2006



Group Financial Highlights

5-year Group Financial Summary

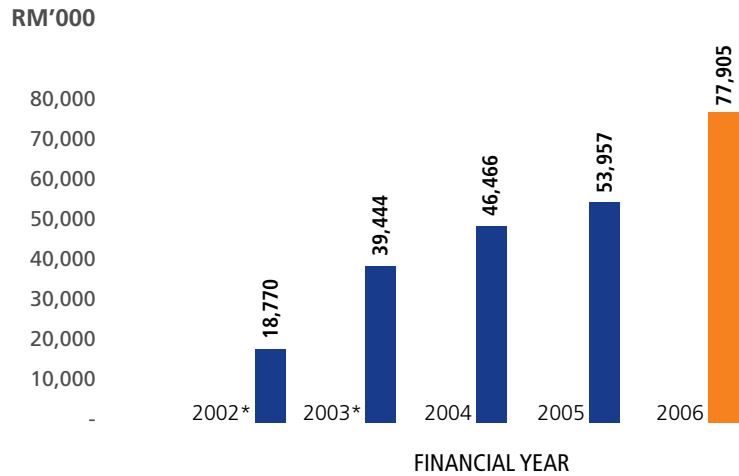
	2002*	2003*	2004	2005	2006
PROFITABILITY (RM'000)					
Operating revenue	18,770	39,444	46,466	53,957	77,905
Profit before taxation	516	2,619	3,955	5,408	10,761
Profit after taxation and minority interest	190	2,394	3,583	5,408	9,091
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	12,122	20,167	24,807	21,730	49,478
Total Liabilities	10,802	16,481	18,203	9,733	12,482
Shareholders' Equity	1,320	3,686	6,604	11,997	36,996
SHARE INFORMATION (sen)					
Earning per share					
- Basic	0.30	3.20	4.80	7.21	7.71
- Diluted	n/a	n/a	n/a	n/a	7.57
Gross dividend	0	0	0	2.70	4.00
Net Assets per share	1.76	4.91	8.80	16.00	28.79
FINANCIAL RATIOS					
Growth in Revenue	75.8%	110.1%	17.8%	16.1%	44.4%
Growth in Profit Before Tax	-95.2%	407.6%	51.0%	36.7%	99.0%
Growth in Profit After Tax	-98.2%	1160.0%	49.7%	46.6%	68.1%
Assets Turnover ratio (times)	1.55	1.96	1.87	2.48	1.57
Net return on equity (times)	0.14	0.65	0.54	0.45	0.25

* Based on proforma figures as disclosed in the Prospectus dated 7 September 2005

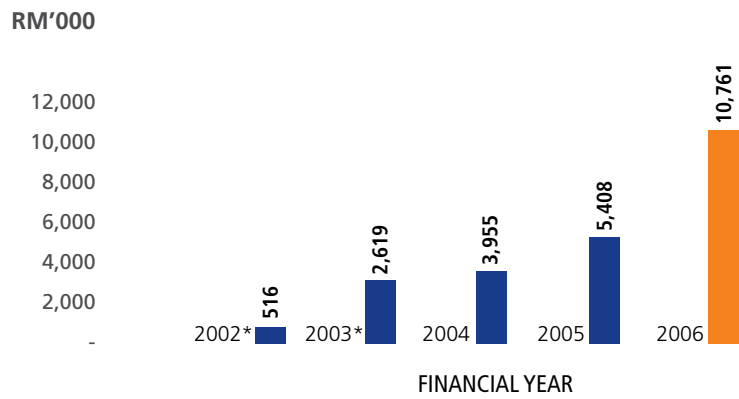
Group Financial Highlights

Summary of 5-year Group Growth

REVENUE TRENDS



PROFIT BEFORE TAXATION TRENDS



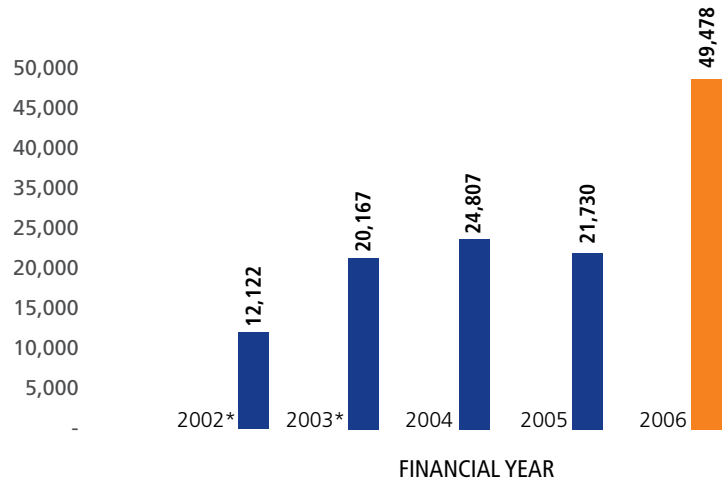
* Based on proforma figures as disclosed in the Prospectus dated 7 September 2005

Group Financial Highlights

Summary of 5-year Group Growth

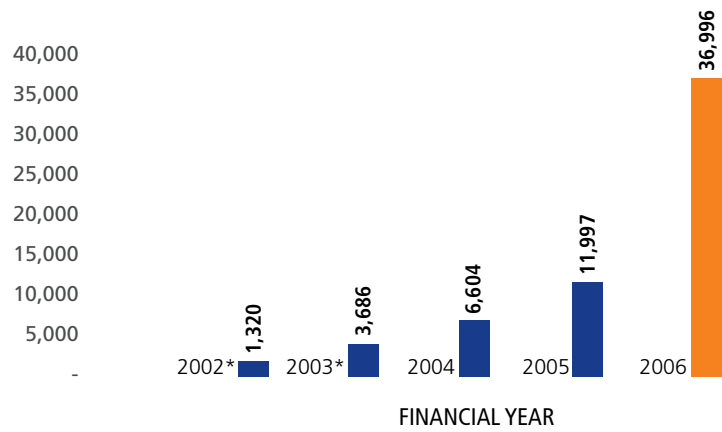
TOTAL ASSETS TRENDS

RM'000



SHAREHOLDERS' EQUITY TRENDS

RM'000



* Based on proforma figures as disclosed in the Prospectus dated 7 September 2005



Dato' Ahmad Kabeer bin Mohamed Nagoor

On behalf of the Board of Directors I am pleased to present the first Annual Report and Audited Financial Statements of Scicom (MSC) Berhad since its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad, for the financial year ended 30th June 2006.

Financial Performance

We are extremely pleased that Scicom has been able to show a remarkable financial performance in its debut year on the bourse, surpassing its own projections.

The Group's total revenue for FY06 grew 44.4% to RM77.9 million over FY05 revenue of RM53.9 million. The Group's profit after tax increased from RM5.4 million in FY05 to RM9.1 million in FY06, an increase of 68.1%. The Group has also surpassed its FY06 revenue and profit after taxation forecast of RM71.6 million and RM8.54 million by 9% and 6.5% respectively.

Dividend

Our sterling performance over the year and strong free cash flows generated has meant that we are able to reward our shareholders with dividend payout in our first year of listing. The Board of Directors is recommending a final dividend of 2 sen per share, tax exempt. Together with the interim dividend of 2 sen per share, tax exempt declared and paid in February 2006, the total dividend for the financial year will be 4 sen per share.

Bonus Issue

In line with the excellent performance and to reward our loyal shareholders, the Board of Directors is recommending a bonus issue of up to 136,363,000 new ordinary shares of RM0.10 each on the basis of one (1) new ordinary share for every one (1) share held, on an entitlement date to be determined.

Future Outlook

The outlook for the BPO industry remains bright both domestically and globally.

Scicom has currently operations in Malaysia, India and the United States of America. We believe that there are significant opportunities available in Malaysia today in the domestic market, as Malaysian conglomerates become increasingly cognizant of outsourcing their non-core activities and understanding that this provides lower cost and higher quality benefits.

In India, Scicom's strategy is to leverage and grow our Indian service offerings not only to domestic clients in India but to international clients that would allow us to capitalise on India's considerable ability to scale, superb IT resources and labour wage arbitrage.

Our strategy in the United States is two-pronged. One, a large portion of the global outsourcing market is US based with only a fraction being currently offshored. Scicom's strategy is to leverage our on-the-ground presence in the United States to market and demonstrate our offshore delivery capability in Malaysia and India. The other is to seek out opportunities in the still growing onshore BPO industry in the United States.

Further local opportunities exist in markets such as Indonesia and Thailand. Scicom's global aspirations are very much aligned to its choice of multinational clients and its customer base globally. We aspire to provide global support to global organisations.

Appreciation

I wish to thank the governments, the regulators, our stakeholders, our loyal clients, suppliers, shareholders and dedicated employees in all the jurisdictions that we operate in, for their valuable support in making our business a resounding success over the last year.

Finally, I would like to express my gratitude to my fellow Board members for their continuous support and prudent advice in shaping the Group's direction to ensure our continuous growth and success.

**Dato' Ahmad Kabeer bin
Mohamed Nagoor**



Leo Ariyanayakam

We are pleased with our performance in our maiden year of listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. Our operating results have exceeded our forecast by 6.5%.

Reflecting continued demand for our services, consolidated revenue for the financial year ended 30 June 2006 rose 44.4% to RM77.9million on the back of us securing two significant projects during the year involving contracts worth a total of RM153 million. One is a three-year RM25 million contract from a Singapore based telecommunications company for the provision of a technical helpdesk solution located in Malaysia, staving off competition from India and the Philippines. The other is a three-year contract worth RM128 million to operate a contact centre in the United States for a leading international mobile phone manufacturer, beating global competition and thereby opening our first operations centre outside the Asia Pacific region.

Our profit before taxation for the year was 99% higher at RM10.76million from our preceding year's profit of RM5.41million. Profit after taxation grew a healthy 68.1% to RM9.1million from RM5.41million in the preceding year. Our core business operations continue to generate healthy cash flows, adding further strength to the balance sheet. We have in hand net cash of close to RM22million and a further RM2.6million in un-drawn credit facilities to fund our growth plans.

According to consulting company Frost & Sullivan, the global shared services and outsourcing (SSO) market was worth US\$758.1 billion in 2005 and is expected to register a steady compound annual growth rate (CAGR) of 12% from 2004 to 2007. Scicom has registered a CAGR of 29.5% from 2004 to 2006.

Frost & Sullivan rates Malaysia highly. It sees the country continuing to be a prime location for offshoring in the Asia Pacific region. Its shared services and outsourcing operations Hub Potential Analysis shows that Malaysia ranks as the second most attractive location for SSO hubbing in the energy sector amongst Global Fortune 500 companies. In the logistics sector, Malaysia polled as the fourth hub of choice, accounting for the highest growth in SSO spending in the Asia Pacific region. The country was also identified as the third most preferred SSO location by financial services institutions for its conducive business environment, cost efficiency and competent human capital.

2006 saw the launch of "Outsourcing Malaysia," a government-supported initiative to promote and develop Malaysia's outsourcing industry as well as to position the country as a leading global hub for high-value SSO. The government sees the outsourcing of business operations offshore as the fastest growing segment of the SSO industry and wants Malaysia to truly shine in this area. Outsourcing Malaysia is focused on increasing Malaysia's partnerships with the global SSO industry, one that reaches almost USD1 trillion in size.

One of the initiative's first tasks is to promote the local industry to a larger international audience. One key advantage it is pushing is that, compared to other destinations, Malaysian companies are able to provide a higher-level of service and advanced solutions that meet the increasingly complex sourcing and multi-sourcing needs of global companies.

The outsourcing sector continues to have a positive image worldwide. In general, organisations which outsource report high levels of satisfaction among their staff and the clients they serve. It is accepted that outsourcing is a trend that will continue to grow. Increasingly complex solutions, integration initiatives, budget and staff constraints, and the demand for diverse training resources are among the factors that will fuel the trend.

More companies find that they need to consider outsourcing as part of the regular planning and budgeting process. When used under the right conditions, outsourcing can add tangible value to various categories of organisations and the clients they serve. For Malaysia, outsourcing has become a net foreign income earner, and Scicom has been in the forefront of the delivery of world-class services to international clients for many years. For the financial year ended 30th June, 2006, foreign exchange denominated earnings constituted 96% of Scicom's total revenue.

Companies that form our target client base have had to reduce the price of their products and services as they strive to compete globally, therefore customer care and other outsourcing initiatives are increasing becoming a business imperative and a clear differentiator to the value of their services. Scicom's prospective and current clients are looking for ways to provide these distinctive services at a cost that will not jeopardize their competitiveness. Scicom armed with 10 years of experience, track record and domain expertise has a unique opportunity to fill this need.

For our BPO business, Scicom focuses on the provision of complex premier customer care solutions, technical helpdesk support and associated fulfilment activities.

Moving forward, we believe that the global business process outsourcing market is growing and will continue to sustain demand for our products and services.

Our operations are centered in Malaysia with full service offerings also available in India and the United States of America. Malaysia continues to be our global hub with approximately 1,050 staff followed by 190 staff in India and 170 staff in the US. Our global headcount stands at approximately 1,410 staff. Of which 41% are non-Malaysian, 78% graduates and 52% females.

In November 2005, Scicom Inc was incorporated as a wholly owned subsidiary of Scicom International (UK) Limited which is in turn a wholly owned subsidiary of Scicom (MSC) Berhad. Scicom Inc commenced operations on schedule in February 2006 with a workforce of 170 staff based in Tampa, Florida. We believe the US market is a compelling market with immense potential not only acting as the primary provider of off-shoring contracts to destinations globally but also as a large on-shore outsourcing market. Our strategy is to leverage on our US operations to demonstrate to US conglomerates that off-shoring to our low cost sites in India and Malaysia coupled with a US based client management and business development philosophy would be a winning proposition.

We believe that our focus in providing complex solutions to our clients result in a greater margin business, long contract tenure and a higher barrier to exit for our clients. We are then able to offer our young professionals longer employment tenure, a challenging work environment and competitive compensation and benefits.

We have invested in our human capital. Today Scicom is pleased to disclose that we have over 150 management staff that have the experience and expertise to scale our business to greater heights. Over the years we have found that our most successful retention strategies are that of providing our people with a culture of transparency and performance along with a defined career path, on-going training and development and an attractive compensation and benefits plan. To that end, Scicom have a talent inventory program to identify and nurture star performers. Our training arm, Scicom Academy provides the necessary hard and soft skills to enable knowledge transfer and excellence in operational delivery. A testament to our success is that there is hardly a contact center in Malaysia today that does not have a Scicom trained personnel. We have in fact become the breeding ground for the industry.

Garnering quality human resources does not pose a major problem for us in Malaysia today. Malaysia has a considerable talent pool available for our business. One of our main product offerings is premier customer care. Malaysians are well suited for this, with their natural strengths derived from being in a multi-cultural and multi-lingual society. Malaysia also has a considerable number of young graduates returning from countries such as the US, UK, Australia and New Zealand. These young people return to Malaysia armed with the experiences of living in a Western society coupled with local knowledge, culture, a sense of confidence and assertiveness and excellent English language skills.

Scicom continues to grow organically with strategic clients that we consider close business partners. Clients come to us because of our ability to deliver operational excellence and at the same time ensuring financial and operational transparency. Scicom growth strategy is to leverage on our existing client base moving deeper into the vertical across their range and breath of products and services. We continue to position ourselves as a strategic extension of our clients' business and work with them to move into regional / global locations. Scicom business philosophy is not to move into locations / markets on a speculative basis but only on the basis of confirmed business. We are however mindful that being a minimum size in terms of people as well as revenue in this industry, to achieve global presence and economies of scale is a priority, and as such will employ acquisition strategies and aggressive business development activities to reach our goals. Some of Scicom's UK and US based global competitors are currently posting revenues in excess of USD1 billion annually.

Scicom continues to be well positioned in the market for off-shoring opportunities, not only being in locations seen by industry experts as global off-shoring hubs but also leveraging on our considerable experience and track record.

As we grow, we exercise prudence and careful planning in terms of expansion or provision of services to new clients. At the same time, we give equal importance in continuing to provide exemplary services to our existing client base.

Business prospects for BPO in Malaysia are bright. The country has the edge in terms of providing multi-lingual services, a strength that rival companies even in India and the Philippines cannot match.

By leveraging on Malaysia's government support, workforce strength, IT infrastructure, competitive costs and good logistics, the BPO industry can be developed to provide up to 100,000 jobs in the near future.

Financial year 2006 has been a watershed year for Scicom. We have grown and expanded our lines of business, improved and systemized our processes, increased our management bandwidth and achieved our financial and operational targets. Over the next three (3) years, we will be focused on executing our growth and expansion strategies globally.

I would like to thank our clients for their trust and continued support. Our friends in the media industry and business partners for their confidence in us. Our regulators and Board of Directors for their guidance. And finally, I would like to thank all of our staff for their loyalty, dedication and professionalism.

Leo Ariyanayakam
Chief Executive Officer

Statement of Corporate Governance

The Board of Directors (“the Board”) of Scicom (MSC) Berhad (“Scicom”) recognises and subscribes to the importance of the Principles and Best Practices set out in the Malaysian Code of Corporate Governance as a key factor towards achieving optimal governance framework and process in managing the business and operational activities of the Company.

The Board subscribes to and supports the belief that good corporate governance practices are pivotal in enhancing shareholders’ value. Hence, the Board is fully dedicated to continuously evaluating the Group’s corporate governance practices and procedures to ensure that the principles and best practices in corporate governance are applied and adhered to in the best interests of the stakeholders.

Set out below is a statement on how the Group has applied the Principles of the Code of Corporate Governance and the extent of compliance with the Best Practices advocated in the Code.

A. BOARD OF DIRECTORS

1. The Board

The Group is headed by an effective Board which comprises of competent individuals with specialised skills and knowledge. The Board is responsible for charting the strategic direction of the Group and overseeing the conduct, performance and internal controls of the Group’s business activities. The selection and composition of the independent and non-independent directors are carefully considered to ensure that the Board is well balanced.

The Board has a formal schedule of matters requiring its decision, which include the following:

- The review and adoption of the strategic direction proposed by the management of the Group. Approved strategies will then be communicated down to the management for implementation;
- The assessment and evaluation of the operational performance of the Group’s business to ensure that it is on track with the strategic direction set by the Board;
- The approval of significant policies that may have a material impact on the Group’s business activities;
- The approval of the Group’s financial budget including major capital expenditure in accordance with the Group’s Authority Limit Manual;
- The review of the financial performance of the Group’s business on a quarterly basis; and
- The review of other significant matters that may have a material impact on the Group.

Statement of Corporate Governance

2. Composition and Balance

The Board of Scicom was reconstituted prior to its listing on Bursa Malaysia Securities Berhad ("Bursa Malaysia") on the 26th of September 2005 to comply with the listing requirements of Bursa Malaysia. The Board currently has five (5) members, consisting of two (2) Independent Non-Executive Directors, two (2) Non-Independent, Non-Executive Directors and one (1) Executive Director.

Name of Director	Designation
Dato' Ahmad Kabeer bin Mohamed Nagoor (appointed on 22nd August 2005)	Non-Independent Non-Executive Chairman
Dato' Mohd Salleh bin Hj Harun (appointed on 22nd August 2005)	Independent Non-Executive Director
Nikolai Dobberstein (appointed on 22nd August 2005)	Independent Non-Executive Director
Krishnan Menon	Non-Independent Non-Executive Director
Leo Ariyanayakam	Group Executive Director / Chief Executive Officer

A brief profile of the Directors is included in the 'Directors' Profiles' on pages 10 to 11 of this Annual Report. The Board is well balanced and comprises well-respected professionals of various backgrounds and industries which are relevant to the Group's business activities. The Directors' wide-ranging experience and expertise provide the Group with the strategic thinking vital for the success of the Group. The Independent Non-Executive Directors play a pivotal role in ensuring corporate accountability as they provide an essential source of impartial and professional advice and judgment.

To ensure a balance of power and authority, there is a clear division of responsibility between the Chairman and the Chief Executive Officer ("CEO") by appointment of separate members of the Board to hold these positions. The primary role of the Chairman is to ensure the effectiveness of the Board and being responsible for the following matters:

- the balance of membership, subject to the approval of the board and shareholders;
- ensuring that all relevant issues are included in the agenda of the Board meetings;
- ensuring that all directors, executive and non-executive alike, are enabled and encouraged to play their full part in its activities. This includes ensuring that directors, especially non-executive directors, receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at the Board meetings; and
- ensuring that the executive director looks beyond his executive function and accepts his full share of responsibilities in governance.

The CEO is responsible for the day-to-day running of the Group business and ensuring that policies and strategies adopted by the Board are implemented with the assistance of the management staff.

3. Board Meetings

The Board meets at least four (4) times a year on a quarterly basis, with additional meetings convened when necessary to approve the Quarterly Report, the Annual Report, the Group's business plans and also to review the performance of the Group. The agenda of the meetings, together with the Board papers, are circulated to the Board prior to the Board meetings to allow the Directors sufficient time to consider and deliberate on the issues to be raised at the meeting. The quarterly Board meeting is set for the last Wednesday of the following month after the end of the quarter.

Statement of Corporate Governance

During the financial year ended 30 June 2006, the Board convened a total of five (5) Board meetings, and the details of each Director's attendance are as follows:

Name of Director	Meetings attended
Dato' Ahmad Kabeer bin Mohamed Nagoor	3 / 4 meetings
Dato' Mohd Salleh bin Hj Harun	4 / 4 meetings
Nikolai Dobberstein	4 / 4 meetings
Krishnan Menon	5 / 5 meetings
Leo Ariyanayakam	5 / 5 meetings

4. Directors' Training

All Directors attended and successfully completed the Mandatory Accreditation Programmes as prescribed by Bursa Malaysia Securities Berhad during the financial year ended 30 June 2006.

The Directors are also encouraged to attend programmes and seminars conducted either in-house or externally to assist them in discharging their duties and to keep abreast of developments in the call centre or outsourcing industry.

5. Supply of Information

The Directors have full, unrestricted and timely access to all information necessary for the discharge of their responsibilities. The Board is provided with the meeting agenda and the Board papers to enable it to consider any matters arising and to facilitate its decision-making process. The formal Board papers will include the following:

- The quarterly and year-to-date performance of the Group's operations as compared to the set budget and operational targets. A detailed explanation of material variances to budget as compared to actual performance. Performance evaluated on a project and individual subsidiary level basis;
- A revised profitability and cash flow budget based on latest events and changes in assumptions due to the prevailing environment;
- The Group's profitability, liquidity, financing and market-based ratios for the period are provided;
- A listing of significant planned capital expenditure together with justification for the Board's approval; and
- Other matters such as utilisation of IPO proceeds and any other significant matters that need to be brought to the Board's attention.

All Directors, whether as a full Board or in their individual capacity, have access to the advice and services of the Company Secretaries. As a Group practice, any Director who wishes to seek independent professional advice in carrying out his duties may do so at the expense of the Group.

Statement of Corporate Governance

6. Appointments to the Board

Due to the relatively small size of the Board, no Nomination Committee has been set up and the full Board is responsible for the nomination process of potential new directors.

7. Re-election

The Articles of Association of Scicom provide that at least one-third of the Directors is subject to retirement by rotation at the Annual General Meeting ("AGM") and that all Directors shall retire once in every three (3) years. The Directors are then eligible to offer themselves for re-election.

8. Board Committee

To enhance the effectiveness of the Board and to comply with certain fiduciary duties, the Board has delegated the following responsibilities to two standing committees. The committees are:

- The Audit Committee

The composition, terms of reference and summary of activities of the Audit Committee are set out separately in the Audit Committee Report.

- The Option Committee

The Option Committee is established to administer the implementation of the Scicom Employees' Share Option Scheme ("ESOS") and to determine that the participating eligibility, allocation, number of options offered and exercising of options by the employees of the Group is in accordance with the Scicom ESOS By-Laws. The Committee comprises eight (8) members and has met three times during the year, with the meetings attended by all members.

B. Directors' remuneration

The full Board is deemed responsible for determining the remuneration scheme for the Directors. However, the Executive Director does not participate in any way in determining his remuneration package.

Details of the Directors' remuneration for the financial year ended 30 June 2006 are as follows:

	Executive RM	Non-Executive RM	Total RM
Salary	607,992	0	607,992
Benefits-in-kind	20,054	0	20,054
	628,046	0	628,046
Fees	0	106,000	106,000
Total	628,046	106,000	734,046
	Executive	Non-Executive	Total
Below RM50,000	0	4	4
RM600,001 – RM650,000	1	0	1
Total	1	4	5

C. SHAREHOLDERS

1. Investor Relations and Shareholders' Communication

The Board recognises the need for clear and effective communication with the Company's shareholders on information pertaining to the Group's business activities and financial performance. The information is relayed through press releases and announcements of quarterly results made through Bursa Malaysia and the Company's Annual Report.

Reports, announcements and press releases are updated and made available for shareholders at the Group's website at www.scicom-intl.com. Queries or concerns regarding the Group may be directed to the senior management at corpinfo@scicom-intl.com.

2. Annual General Meeting ("AGM")

The AGM is a principal forum for dialogue and communication which offers an opportunity for the Board and the management to interact with shareholders. The Group's CEO will conduct a brief presentation on the Group's performance for the year and future outlook. The Board, senior management and the Group's External Auditors are available to respond to shareholders' questions during the AGM. Shareholders are encouraged to participate in the proceedings and pose questions about the resolutions proposed and the operations of the Group.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's performance and prospects in its quarterly announcements, annual report and other public reports to the shareholders. The Directors are also required by the Companies Act 1965 to prepare the Group's annual financial statements with all material disclosures to ensure completeness and accuracy and in compliance with applicable accounting standards and rules and regulations. To achieve this, the Board will be assisted by the Audit Committee in overseeing the Group's financial reporting processes.

A Statement by the Directors of their responsibilities for preparing the financial statements is incorporated in the Statement on Directors' Responsibility.

2. Internal Control

In discharging its duties in ensuring the effectiveness of the Group's internal control systems, the Board has delegated the duty to the Audit Committee. The scope and results of the review are detailed in the Statement of Internal Control set out on pages 41 to 43 of this Annual Report.

3. Relationship with Auditors

The Group, through the Audit Committee, has a professional and transparent relationship with both the internal and external auditors. The role of the Audit Committee in relation to the auditors is set out on pages 37 to 40 of this Annual Report.

Audit Committee Report

The Audit Committee was established on 30th August 2005 in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. In the nine-month period from its date of establishment to the financial year ended 30 June 2006, the Audit Committee worked with management in establishing an Internal Audit function. The Audit Committee review of the Group's internal controls and risk management systems is an ongoing process. The internal audit function of the Group has been outsourced to a reputable external professional firm which reports directly to the Audit Committee.

A. Composition of the audit committee and meetings

During the financial year ended 30th June 2006, the Audit Committee met three (3) times since the Company was listed on 26th September 2005 and the details of attendance of the Audit Committee members are set out below:

Name of Director	Designation	Meetings attended
Dato' Mohd Salleh bin Hj Harun (Chairman of the Committee)	Independent Non-Executive Director	3 / 3 meetings
Nikolai Dobberstein	Independent Non-Executive Director	3 / 3 meetings
Krishnan Menon	Non-Independent Non-Executive Director	3 / 3 meetings

A brief profile of each of the Audit Committee members is detailed in the 'Directors' Profiles' on pages 10 to 11 of this Annual Report.

B. Terms of reference of the Audit Committee

The Audit Committee is governed by the following terms of reference:

1. Composition of the Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) members, the majority of whom are independent directors.

At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or possess at least three (3) years working experience and has passed the examinations sets out in Part I of the First Schedule or is a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act 1967, respectively.

No alternate Director(s) shall be appointed to be member(s) of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director.

The Board must ensure that the Chief Executive Officer shall not be a member of the Audit Committee.

The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such committee and members have carried out their duties in accordance with their terms of reference.

2. Meeting

(a) Frequency of Meeting

The Audit Committee shall meet not less than four (4) times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed. However, as Scicom was listed on 26th September 2005, the Audit Committee has met three (3) times in the financial year ended 30th June 2006.

(b) Proceedings of Meeting

At least four (4) meetings are held in a year. However, meetings are also held as and when required or upon the request of the external auditors to consider any matter that the external auditors believe should be brought to the attention of the Directors and/or shareholders.

The quorum for meeting of the Audit Committee shall be two (2) members of which the majority of members present must be Independent Non-Executive Directors.

The agenda of the Audit Committee meetings shall be circulated before each meeting to members of the Audit Committee. The Audit Committee may require the external auditors and any officer of the Company to attend any of its meetings as it determines.

If, at any meeting, the Chairman of the Audit Committee is not present within fifteen (15) minutes of the time appointed for holding the same, the members of the Audit Committee present shall choose another member who shall be an Independent Non-Executive Director to be Chairman of such meeting.

The Company Secretary shall be the Secretary of the Audit Committee.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

(c) Attendance at Meeting

The presence of external auditors and internal auditors (if any) at any meeting of the Audit Committee can be requested if required by the Audit Committee.

Other members of the Board and officers of the Company and its Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Audit Committee.

(d) Keeping and Inspection of Minutes

The Company shall cause minutes of all proceedings of the Audit Committee Meeting to be entered in books kept for that purpose within 14 days of the date upon when the relevant meeting was held.

Those minutes to be signed by the Chairman of the Audit Committee Meeting at which the proceedings were had, or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings to which it relates.

The books containing the minutes of proceedings of the Audit Committee Meeting shall be kept by the Company at the place to be determined by the Board, and shall be open to the inspection of any members of the Board of Directors or Audit Committee members without charge.

The minutes of the Audit Committee Meeting shall be circulated to the members of the Board for notation.

3. Authority

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:-

- a) have the authority to appoint the internal auditor of the Company;
- b) have explicit authority to investigate any matter within the terms of reference;
- c) have the resources which the Audit Committee requires to perform the duties;
- d) have full access to any information which the Audit Committee requires in the course of performing the duties;
- e) have unrestricted access to the Chief Executive Officer of the Company;
- f) have direct communication channels with the external auditors and person carrying out the internal audit function (if any);
- g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- h) be able to invite outsiders with relevant experience to attend its meetings, if necessary; and
- i) be able to convene meetings with the external auditors, excluding the attendance of the executive board members, whenever deemed necessary.

4. Duties and responsibilities

The duties and responsibilities of the Audit Committee shall include the following:-

(a) Matters relating to External Audit:

- To review the nomination of external auditors and the external audit fee;
- To review the nature, scope and quality of external audit plan/arrangements;
- To review quarterly and annual financial statements of the Company before submission to the Board, focussing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgment issues;
- To review the external auditors' audit report on the financial statement;
- To review any management letter sent by the external auditors to the Company and the management's response to such letter;
- To review any letter of resignation from the external auditors;
- To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- To review the assistance given by the Company's officers to the external auditors; and
- To discuss problems and reservation arising from the interim and final audits on any significant audit findings, reservations, difficulties encountered or material weakness reported.

(b) Matters relating to Internal Audit function, if any exist:-

- To review the effectiveness of the internal audit function (if any);
- To review the internal audit programme and results of the internal audit process;
- To review the follow up actions by the management on the weakness of internal accounting procedures and controls;
- To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- To review the assistance and co-operation given by the Company and its officers to the internal auditors;
- To review any appraisal or assessment of the performance of staff of the internal audit function, compliance with accounting standards and regulatory requirements, any change in accounting policies and practices, significant issues arising from the audit and major judgment issues;
- To review any letter of resignation from internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) Roles and Rights of the Audit Committee:

- To consider and review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company and the Group;
- To report to Bursa Malaysia on any matter reported by the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements; and
- To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Audit Committee's duties and responsibilities.

(d) Retirement and Resignation of Member of Audit Committee:

- Retirement/Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

- Vacancy

In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

C. Summary of activities

During the financial year under review, the activities undertaken by the Audit Committee include:

- a) Working with management to set up the internal audit function and approving the appointment of the external professional firm to assume that role;
- b) Reviewing and approving the internal audit working plan for the Group;
- c) Reviewing the internal audit report for the Group;
- d) Reviewing with the external auditor the audit planning memorandum of the Group for the financial year ended 30th June 2006;
- e) Reviewing the audit report from the external auditors of the Group; and
- f) Reviewing and discussing the quarterly announcement of the Group and subsequently recommending to the Board to approve and release it to Bursa Malaysia.

D. Internal audit function

The Group's internal audit function is carried out by Audex Governance Sdn Bhd, which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Audit Committee to audit the Group business operations and internal control processes and procedures to ensure a sound system of internal controls. The Internal Auditors' report will then be presented to the Audit Committee on a quarterly basis.

E. Review of the Share Option Scheme

The Audit Committee has reviewed the allocation of option pursuant to the Employee Share Option Scheme in conjunction with the Company's Initial Public Offering.

Statement of Internal Control

The Board of Directors (“the Board”) of Scicom (MSC) Berhad is pleased to provide the following Statement on Internal Control, which outlines the nature and features of internal controls within the Group to safeguard shareholders’ investment and assets for the financial year ended 30th June 2006. The Board has prepared the Internal Control Statement in accordance with the guidelines set forth in the Statement on Internal Control – Guidance for Directors of Public Listed Companies as issued by Bursa Malaysia Securities Berhad.

Board Accountability

The Board recognizes the importance of maintaining a sound system of internal controls which covers risk management, financial, organisational, operational and compliance controls. The Board acknowledges its responsibility to:

- Identify principal risks and ensure implementation of appropriate controls measures to manage the risks;
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directive and guidelines.

The system of internal control is designed to manage risks that may impede the achievement of the Group’s business objectives rather than to eliminate these risks. As such, the internal control systems in place can only provide reasonable but not absolute assurance against material misstatement or losses.

Risk Management Framework

The Board regards risk management as an integral part of the Group’s business operations. The management has set in place an established process for identifying, analyzing, measuring, monitoring and reporting of significant risks that may impact the Group’s business operations.

The management is responsible for creating a risk aware culture and to ensure that there is a necessary knowledge framework for risk management. The senior management, in conjunction with the Group’s heads of department conduct periodic reviews of its significant risks and also identify new risks and its impact on the Group’s business operations.

Risk management awareness sessions are also conducted at the operational level to help sustain a risk aware culture and to understand the importance of risk management across the Group. In addition key existing processes are reviewed and enhanced to embed a risk based approach to the Group’s business activities.

Control Environment And Structure

The Board and management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. The established processes include constant improvement in the systems of internal controls due to changes in the Group’s business environment or regulatory guidelines. The key elements of the Group’s control environment include:

• Organisational Structure

The Board is supported by established Board committees in the execution of some of its fiduciary responsibilities. The existing committees are the Audit Committee and the Options Committee, the details of which are set out in the Corporate Governance Statement and the Audit Committee Report.

The daily implementation of the Group’s strategies is delegated to the management team. The management has in place structured management reporting procedures for effective supervision of the Group’s operations. Senior operations and support services departmental heads and operations managers report on any deviations in corporate strategy and monitor the Group’s progress towards the attainment of its business objectives.

Statement of Internal Control

• Audit Committee

The Audit Committee comprises of non-executive members of the Board, the majority of which are independent directors. The Audit Committee is empowered by the Board to review the adequacy and integrity of the Group's internal control systems. By its terms of reference, the Audit Committee obtains assurance on the adequacy of the integrity of the internal control systems through reviews of quarterly reports it receives from internal auditors, external auditors and management.

Detailed activities of the Audit Committee are set out in the Audit Committee Report.

• Internal Audit

The Group's internal audit function is independent of the Group's management and operations. The internal audit functions is presently outsourced to a professional firm who monitor, evaluate and report on the adequacy of the Group's financial, accounting and operational control systems. Internal audit visits are carried out over the course of the financial year in accordance with the Internal Audit Plan approved by the Audit Committee

• Policies and procedures

The Group's policies, processes and procedures are continuously reviewed and enhanced during the year to improve the existing system of internal controls. There are extensive documentation of policies, procedures, guidelines and departmental service level agreements in manuals and on the Group's intranet site. The Total Quality Management ("TQM") department has been assigned to review and ensure that the Group's policies and procedures are updated and relevant at all times.

• Limits of Authority

A Limits of Authority ("LOA") manual sets out the authorization limits for the senior management of the Group and the Board to ensure accountability, segregation of duties and control of the Group's financial and operational commitments. The LOA is reviewed and updated when necessary with the approval of the Board.

• Financial and Operational Information

A detailed budgeting and reporting process is currently being practiced by the management. The budget is driven by the finance department with inputs from respective operational projects and shared services departments before the commencement of the new financial year. The budget is subject to the approval of the Board. The budget is reviewed on a quarterly basis to account for any changes in the Group's business environment. The revised budget is then presented to the Board during the quarterly Board meeting. The management track and measure the Group's monthly performance against the approved budget. Comparison of the Group's actual performance for the month against the approved budget and explanation of significant variances are highlighted to the Chief Executive Officer of the Group. On a quarterly basis, the results are reviewed by the Board to enable them to gauge the Group's overall performance as compared to the approved budget and preceding quarters.

• Business Continuity Planning

The Business Continuity Planning ("BCP") function headed by the Group's senior management team is responsible for identifying activities and operations that are critical to sustaining business operations in the event of a disaster. These activities include facilitating the building of additional redundancies in network infrastructure and the establishment of an alternate site where key operational activities can be resumed. A risk based approach is applied in identifying the key initiatives and their levels of importance by reviewing critical systems, single point failures as well as their impact on the business of the Group as a whole.

Statement of Internal Control

Monitoring And Review

The Group adopted the following processes to monitor and review the effectiveness of its systems of internal control:-

The Group's operations are monitored, evaluated and reported on a regular basis by the internal Total Quality Management ("TQM") department which reports directly to the Chief Executive Officer of the Group. TQM is also responsible for all measuring compliance and adherence to Group's policies and standard operating procedures. The Group is also audited for ISO and industry specific quality standards by external certification bodies on an annual basis.

- The Internal Auditors presents the results of their review and recommendations for improvement to the Audit Committee on a quarterly basis. Follow-up visits are then subsequently conducted by the auditors to ensure a proper implementation of committed action plans by the respective process owners.
- The annual statutory audit of the Group carried out by the external auditors will include a review of certain internal controls systems of the Group. The issues identified and the corresponding recommendations for improvements by the external auditors are brought to the attention of the Audit Committee through management letters which will be discussed at the year end Audit Committee meeting.

Conclusion

.....

The Board is satisfied that the Group's system of internal controls is adequate and effective. Notwithstanding this, a review of all internal control process and procedures is continuously carried out so as to ensure the ongoing effectiveness and adequacy of the system to protect shareholders investment and assets of the Group in line with the business environment.

This Statement is made in accordance with a resolution adopted by the Board at its meeting held on the 25th of July, 2006.

Responsibility Statement By Board of Directors



The Directors are responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable accounting standards in Malaysia, the provisions of the Companies Act 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at 30th June 2006.

In preparing the financial statements for the year ended 30th June 2006, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgment and estimates that are reasonable and prudent;
- Ensured adoption of applicable accounting standards; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

2006 Financial Statements

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Directors' Report

The Directors hereby submit their Report to the members together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2006.

Significant Event During The Financial Year

On 26 September 2005, the Company's entire issued and paid up share capital of RM12,800,000 comprising 128,000,000 ordinary shares of RM0.10 each were admitted to the MESDAQ Market of the Bursa Securities under the "Trading/Services" sector on the same date.

Principal Activities

The principal activities of the Company are that of an investment holding company and the provision of customer contact centre within the Business Process Outsourcing space. The Group provides customer contact centre outsourcing services, customer services training products as well as contact centre consulting and marketing services. The details of the principal activities of the subsidiaries are shown in Note 14 to the financial statements.

There has been no significant change in the principal activities of the Company and the Group during the financial year other than the incorporation of a new subsidiary, Scicom Inc as disclosed in Note 14.

Financial Results

	Group	Company
	RM	RM
Net profit for the financial year	<u><u>9,091,328</u></u>	<u><u>6,683,272</u></u>

Dividends

On 18 August 2005, a final dividend of 2.72 sen, tax exempt, per ordinary share, amounting to RM2,040,000 was paid in respect of the financial year ended 30 June 2005.

On 28 February 2006, an interim dividend of 2 sen, tax exempt, per ordinary share, amounting to RM2,560,400 was paid in respect of the financial year ended 30 June 2006.

The Directors now recommend the payment of a final gross dividend of 2 sen per ordinary share, tax exempt, in respect of the financial year ended 30 June 2006 amounting to RM2,569,620. The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Reserves And Provisions

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

Directors' Report

Share Capital

During the financial year, the issued and fully paid ordinary share capital of the Company was increased from 75,000,000 of RM0.10 each to 128,481,000 ordinary shares of RM0.10 each by the issuance of:

Number of shares	Purpose of issue	Class of issue	Term of issue
20,400,000	Rights issue	Ordinary	At par of RM0.10 per share
32,600,000	Initial Public Offering	Ordinary	At premium of RM0.50 per share
481,000	Exercise of Employee Share Option Scheme ("ESOS")	Ordinary	At premium of RM0.50 per share

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing issued shares of the Company.

Employee Share Option Scheme

The Employee Share Option Scheme ("ESOS") was implemented on 23 September 2005 for the benefit of eligible employees and Directors of the Group and the Company. The ESOS is to be in force for a period of 5 years for which it is governed by the ESOS By-Laws.

The ESOS Committee comprising appointed members of the Board was set up to administer the ESOS, who may from time to time offer share options to eligible employees and Directors of the Group and the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

Details of the ESOS are set out in Note 23(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this Report the names of employees who have been granted options in aggregate of less than 350,000 options during the financial year. The names of employees who have been granted options in aggregate of 350,000 options or more during the financial year are as follows:

Name of employee	Number of options granted
	'000
Willie Lim	500
Jeyabalan A/L S.K Parasingam	500
Jayakumar A/L Narayana Pillai Sreedharan Nair	400
Radah Krishnan A/L Vijaya Gopal	400
Benny Phillip	350
Anthony Jerard Rajendram	350
Martin Shaw	350
Shanti Jacqueline A/P K Jeya Raj	350

The options over shares were granted pursuant to the ESOS and entitled the employees to subscribe for new ordinary shares of RM0.10 at the exercise price of RM0.60 per ordinary share.

Directors' Report

Directors

The Directors who have held office during the period since the date of the last report are as follows:

Leo Suresh Ariyanayakam

Krishnan Menon

Dato' Ahmad Kabeer bin Mohamed Nagoor (appointed on 22 August 2005)

Dato' Mohd Salleh bin Hj. Harun (appointed on 22 August 2005)

Nikolai Dobberstein (appointed on 22 August 2005)

Sreekumar A/L P Narayana Pillai (resigned on 22 August 2005)

In accordance with Article 84 of the Company's Articles of Association, Krishnan Menon retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. In accordance with Article 91 of the Company's Articles of Association, Dato' Ahmad Kabeer bin Mohamed Nagoor, Dato' Mohd Salleh bin Hj. Harun and Nikolai Dobberstein are required to retire by casual vacancy from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for election.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Interests In Shares

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares of the Company are as follows:

Number of ordinary shares of RM0.10 each in the Company

	At 1 July 2005/ date of appointment	Bought	Disposed	At 30 June 2006
	'000	'000	'000	'000
Direct interest in shareholdings				
Dato' Mohd Salleh bin Hj. Harun	0	300	80	220
Krishnan Menon	6,000	1,632	608	7,024
Leo Suresh Ariyanayakam	15,000	4,080	400	18,680
Nikolai Dobberstein	0	470	0	470
	<u>21,000</u>	<u>6,482</u>	<u>1,088</u>	<u>26,394</u>

Directors' Report

Directors' Interests In Shares

	Number of ordinary shares of RM0.10 each in the Company			
	At 1 July 2005/ date of appointment	Bought	Disposed	At 30 June 2006
	'000	'000	'000	'000
Deemed interest in shareholdings				
Krishnan Menon ¹	19,425	5,284	3,300	21,409
Dato' Ahmad Kabeer bin Mohamed Nagoor ²	28,575	7,772	17,347	19,000
	<u>48,000</u>	<u>13,056</u>	<u>20,647</u>	<u>40,409</u>

1 Deemed interested by virtue of his shareholdings in Netinsat Asia Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965.

2 Deemed interested by virtue of his shareholdings in AKN Capital Sdn Bhd, pursuant to Section 6A of the Companies Act, 1965.

Number of options over ordinary shares of RM0.10 each in the Company

	At 1 July 2005/ date of appointment	Granted	Exercised	At 30 June 2006
	'000	'000	'000	'000
Leo Suresh Ariyanayakam	0	1,000	0	1,000

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares of the Company, options over shares of the Company and shares of its related corporations during the financial year

Statutory Information On The Financial Statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected to realise.

At the date of this Report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Directors' Report

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year, except as disclosed in the financial statements.

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the income statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 July 2006.

LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN MENON
DIRECTOR

Kuala Lumpur

Income Statements

For The Financial Year Ended 30 June 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
REVENUE	6	77,904,664	53,957,460	61,627,296	52,532,165
OTHER OPERATING INCOME		67,073	864,235	50,832	836,071
		<u>77,971,737</u>	<u>54,821,695</u>	<u>61,678,128</u>	<u>53,368,236</u>
LESS: OPERATING EXPENSES					
Depreciation of plant and equipment		4,377,237	3,608,207	3,421,006	1,868,701
Maintenance expenses		898,690	761,874	501,222	427,448
Management fees		0	0	6,633,594	4,457,963
Professional fees		1,207,512	785,907	732,313	660,335
Rental expenses		4,084,868	3,298,380	2,847,143	1,985,604
Staff costs	7	48,670,024	35,725,917	34,663,799	33,004,201
Travelling expenses		1,889,654	1,042,698	1,165,781	929,000
Telecommunication and utilities expenses		2,037,001	1,443,452	1,757,278	1,347,804
Other operating expenses		4,243,568	2,380,739	3,351,704	2,593,011
		<u>67,408,554</u>	<u>49,047,174</u>	<u>55,073,840</u>	<u>47,274,067</u>
PROFIT FROM OPERATIONS	8	10,563,183	5,774,521	6,604,288	6,094,169
FINANCE INCOME / (COST)	9	197,436	(366,892)	135,984	(153,479)
PROFIT BEFORE TAXATION		10,760,619	5,407,629	6,740,272	5,940,690
TAXATION	10	(1,669,291)	339	(57,000)	0
NET PROFIT FOR THE FINANCIAL YEAR		<u>9,091,328</u>	<u>5,407,968</u>	<u>6,683,272</u>	<u>5,940,690</u>
Earnings per share:					
- Basic (sen)	11	7.71	7.21		
- Diluted (sen)	11	7.57	N/A		
Gross dividend per share (sen)	12	4.0	2.7	4.0	2.7

Balance Sheets

As At 30 June 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
NON-CURRENT ASSETS					
Plant and equipment	13	15,805,525	11,781,788	9,491,345	8,989,187
Investment in subsidiaries	14	0	0	575,990	575,990
Deferred tax asset	22	46,474	0	0	0
		<u>15,851,999</u>	<u>11,781,788</u>	<u>10,067,335</u>	<u>9,565,177</u>
CURRENT ASSETS					
Trade receivables	15	8,666,833	4,934,262	4,515,927	4,758,817
Deposits, prepayments and other receivables	16	2,838,643	2,376,522	1,917,955	1,158,760
Amounts due from subsidiaries	17	0	0	9,482,248	3,191,415
Deposits with financial institutions	18	16,334,058	1,765,456	16,185,272	0
Cash and bank balances	19	5,786,402	871,755	892,519	817,161
		<u>33,625,936</u>	<u>9,947,995</u>	<u>32,993,921</u>	<u>9,926,153</u>
LESS: CURRENT LIABILITIES					
Payables and accruals	20	8,164,389	5,845,317	4,561,427	3,937,373
Taxation		1,786,035	83,483	14,250	0
Borrowings (secured and interest-bearing)	21	1,260,472	2,164,962	1,174,104	1,254,104
		<u>11,210,896</u>	<u>8,093,762</u>	<u>5,749,781</u>	<u>5,191,477</u>
NET CURRENT ASSETS		22,415,040	1,854,233	27,244,140	4,734,676
NON-CURRENT LIABILITIES					
Payables and accruals	20	34,468	468,360	0	0
Borrowings (secured and interest-bearing)	21	1,236,317	1,033,615	1,069,664	666,014
Deferred taxation	22	0	137,289	0	0
		<u>1,270,785</u>	<u>1,639,264</u>	<u>1,069,664</u>	<u>666,014</u>
NET ASSETS		<u>36,996,254</u>	<u>11,996,757</u>	<u>36,241,811</u>	<u>13,633,839</u>
CAPITAL AND RESERVES					
Share capital	23	12,848,100	7,500,000	12,848,100	7,500,000
Share premium reserve		15,177,000	0	15,177,000	0
Currency translation reserve		(29,141)	(12,610)	0	0
Retained earnings		9,000,295	4,509,367	8,216,711	6,133,839
SHAREHOLDERS' FUNDS		<u>36,996,254</u>	<u>11,996,757</u>	<u>36,241,811</u>	<u>13,633,839</u>

Statements Of Changes In Equity

For The Financial Year Ended 30 June 2006

Group	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable	Total RM
		Number of shares unit	Nominal value RM	Share premium RM	Currency translation reserve RM	Retained earnings RM	
At 1 July 2004		3,000,000	3,000,000	0	2,376	3,601,399	6,603,775
27,000,000 ordinary shares split to convert the nominal value from RM1 each to RM0.10 each		27,000,000	0	0	0	0	0
Bonus issue of shares		45,000,000	4,500,000	0	0	(4,500,000)	0
Net profit for the financial year		0	0	0	0	5,407,968	5,407,968
Currency translation differences		0	0	0	(14,986)	0	(14,986)
At 30 June 2005		<u>75,000,000</u>	<u>7,500,000</u>	<u>0</u>	<u>(12,610)</u>	<u>4,509,367</u>	<u>11,996,757</u>
At 1 July 2005		75,000,000	7,500,000	0	(12,610)	4,509,367	11,996,757
Final dividend for financial year ended 30 June 2005	12	0	0	0	0	(2,040,000)	(2,040,000)
Rights issue	23	20,400,000	2,040,000	0	0	0	2,040,000
Issue of ordinary shares:							
- 32,600,000 ordinary shares of RM0.10 each issued pursuant to the Initial Public Offering at an issue price of RM0.60 per ordinary share	23	32,600,000	3,260,000	16,300,000	0	0	19,560,000
- 481,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.60 per ordinary share	23	481,000	48,100	240,500	0	0	288,600
Share issue expenses in relation to the Initial Public Offering		0	0	(1,363,500)	0	0	(1,363,500)
Interim dividend for financial year ended 30 June 2006	12	0	0	0	0	(2,560,400)	(2,560,400)
Net profit for the financial year		0	0	0	0	9,091,328	9,091,328
Currency translation differences		0	0	0	(16,531)	0	(16,531)
At 30 June 2006		<u>128,481,000</u>	<u>12,848,100</u>	<u>15,177,000</u>	<u>(29,141)</u>	<u>9,000,295</u>	<u>36,996,254</u>

Statements Of Changes In Equity

For The Financial Year Ended 30 June 2006

	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable	Total
		Number of shares unit	Nominal value RM	Share premium RM	Retained earnings RM	
Company						
At 1 July 2004		3,000,000	3,000,000	0	4,693,149	7,693,149
27,000,000 ordinary shares split to convert the nominal value from RM1 each to RM0.10 each		27,000,000	0	0	0	0
Bonus issue of shares		45,000,000	4,500,000	0	(4,500,000)	0
Net profit for the financial year		0	0	0	5,940,690	5,940,690
At 30 June 2005		75,000,000	7,500,000	0	6,133,839	13,633,839
At 1 July 2005		75,000,000	7,500,000	0	6,133,839	13,633,839
Final dividend for financial year ended 30 June 2005	12	0	0	0	(2,040,000)	(2,040,000)
Rights issue	23	20,400,000	2,040,000	0	0	2,040,000
Issue of ordinary shares:						
- 32,600,000 ordinary shares of RM0.10 each issued pursuant to the Initial Public Offering at an issue price of RM0.60 per ordinary share	23	32,600,000	3,260,000	16,300,000	0	19,560,000
- 481,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.60 per ordinary share	23	481,000	48,100	240,500	0	288,600
Share issue expenses in relation to the Initial Public Offering		0	0	(1,363,500)	0	(1,363,500)
Interim dividend for financial year ended 30 June 2006	12	0	0	0	(2,560,400)	(2,560,400)
Net profit for the financial year		0	0	0	6,683,272	6,683,272
At 30 June 2006		128,481,000	12,848,100	15,177,000	8,216,711	36,241,811

Cash Flow Statements

For The Financial Year Ended 30 June 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
OPERATING ACTIVITIES					
Profit after taxation		9,091,328	5,407,968	6,683,272	5,940,690
Adjustments for:					
Allowance for doubtful debts		1,303	16,511	192,603	114,242
Bad debts written off		0	82,202	30,641	78,877
Depreciation of plant and equipment		4,377,237	3,608,207	3,421,006	1,868,701
Gain on disposal of plant and equipment		(6,718)	0	0	0
Interest expense		218,356	414,490	252,762	153,479
Interest income		(415,792)	(47,598)	(388,746)	0
Taxation		1,669,291	(339)	57,000	0
Unrealised exchange loss		207,864	141,549	0	141,549
Write-back of bad debts		0	(2,882)	0	0
Write-off of plant and equipment		172,296	0	73,400	0
Write-off of set up cost		413,847	0	0	0
Operating profit before changes in working capital		15,729,012	9,620,108	10,321,938	8,297,538
Changes in working capital:					
Receivables		(4,287,785)	3,813,167	(517,608)	(171,096)
Payables		1,982,479	(4,702,597)	624,054	(3,448,218)
Intercompany balances		0	0	(6,512,774)	(890,597)
Cash flows from operations		13,423,706	8,730,678	3,915,610	3,787,627
Interest received		415,792	47,598	388,746	0
Taxation paid		(143,859)	(38,435)	(42,750)	0
Net cash flow from operating activities		13,695,639	8,739,841	4,261,606	3,787,627

Cash Flow Statements

For The Financial Year Ended 30 June 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
INVESTING ACTIVITIES					
Proceeds from disposal of plant and equipment		132,635	0	0	0
Purchase of plant and equipment	13	(6,951,040)	(4,731,374)	(2,106,247)	(3,855,160)
Net cash flow used in investing activities		(6,818,405)	(4,731,374)	(2,106,247)	(3,855,160)
FINANCING ACTIVITIES					
Repayment of factoring facility		0	(535,759)	0	0
Repayment of Al-Bai Bithaman Ajil Islamic Term Financing		(298,323)	(336,585)	0	0
Repayment of finance lease principal		(2,065,036)	(1,685,718)	(1,566,667)	(986,590)
Interest paid		(218,356)	(414,490)	(252,762)	(153,479)
Deposits with licensed banks		1,600,000	(8,170)	0	0
Proceeds from issuance of shares		21,888,600	0	21,888,600	0
Payment of dividends		(4,600,400)	0	(4,600,400)	0
Payments of share issue expenses		(1,363,500)	0	(1,363,500)	0
Net cash flow received from / (used in) financing activities		14,942,985	(2,980,722)	14,105,271	(1,140,069)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,820,219	1,027,745	16,260,630	(1,207,602)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		(491,554)	56,873	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		643,009	(441,609)	817,161	2,024,763
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	19	21,971,674	643,009	17,077,791	817,161

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

1 GENERAL INFORMATION

The principal activities of the Company are that of an investment holding company and the provision of customer contact centre within the Business Process Outsourcing space. The Group provides customer contact centre outsourcing services, customer services training products as well as contact centre consulting and marketing services. The details of the principal activities of the subsidiaries are shown in Note 14 to the financial statements.

There has been no significant change in the principal activities of the Company and the Group during the financial year other than the incorporation of a new subsidiary, Scicom Inc as disclosed in Note 14.

The Company is a public limited liability company incorporated and domiciled in Malaysia. The Company is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The address of the registered office of business of the Company is as follows:

Level 14, Uptown 1
No 1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

The address of the principal place of business is as follows:

25th Floor, Menara TA One
22 Jalan P. Ramlee
50250 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention. The financial statements comply with Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia and the provisions of the Companies Act 1965.

The preparation of financial statements in conformity with MASB approved accounting standard in Malaysia and the provisions of the Companies Act, 1965 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the Group and the Company.

(a) Credit risk

Credit risk arises from sales made on deferred credit terms. The Group and the Company manage this risk by monitoring credit ratings and limiting the aggregate financial exposure to any individual company within the Group. The Group and the Company extend credit to customers based on evaluation of the customer's financial position or creditworthiness. The Group and the Company do not expect any third parties to fail to meet their obligations.

(b) Liquidity risk

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(c) Foreign exchange risk

The Group and the Company operate internationally and are exposed to fluctuation in various currencies, mainly United States Dollars, Singapore Dollars, Indian Rupees, British Pounds and Euro. The Group has potential foreign exchange exposure in net investments in its foreign subsidiaries and in those financial instruments denominated in foreign currencies.

The Group and the Company are also exposed to foreign exchange risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The Group and the Company manage this risk by pegging most material contracts with its customers to the Ringgit.

(d) Interest rate risk

The Group's and the Company's exposure to interest rate risk is limited to its financing through hire purchase facilities. It is the Group's policy to source for the most favourable interest rate available.

The Group's surplus funds are deposited with licensed financial institutions at the most favourable interest rate.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the financial year are included from the date of acquisition to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' identifiable net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

All intragroup transactions, balances and unrealised gains on intragroup transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of the net assets.

(b) Investments in subsidiaries

Investments in subsidiaries are stated at cost. A write down is made if the carrying amount of the investment exceeds the recoverable amount. See accounting policy Note 4(f) on impairment of assets.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is written off on acquisition or included in the balance sheet as intangible assets. Capitalised goodwill is amortised using the straight-line method over its estimated useful life. The Directors determine the estimated useful life of goodwill based on the evaluation of the respective companies at the date of the acquisition.

A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 4(f) on impairment of assets.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(d) Revenue recognition

Revenue comprises the invoiced value for the sale of services, net of sales taxes, rebates and discounts.

Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Other operating income comprises revenue earned on other services.

Interest income is recognised on an accrual basis.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation of plant and equipment is calculated on a straight-line basis to write-off the cost of the assets over their estimated useful life. The principal annual depreciation rates used are summarised as follows:

Furniture and fittings	20%
Office equipment, Computers and Telecommunications equipment	20% - 33 1/3%
Software	20% - 33 1/3%
Office renovations	50%
Motor vehicles	20%

Computer software and development costs with economic benefit exceeding three years are capitalised where material. Computer software costs are amortised on a straight line basis over the estimated useful life of the software, which is between three to five years.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 4(f) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

(f) Impairment of assets

Plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(g) Foreign currency transactions

The financial statements are presented in Ringgit Malaysia (RM).

Foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	2006 RM	2005 RM
1 United States Dollar (USD)	3.67	3.80
1 Singapore Dollar (SGD)	2.31	2.23
1 Pound Sterling (GBP)	6.72	6.86
100 Indian Rupees (INR)	7.97	8.86
1 Euro (EURO)	4.65	n/a

(h) Foreign subsidiaries

The Group's foreign subsidiaries are operations that are not an integral part of the operations of the Company. Income statements of the foreign subsidiaries are translated into Ringgit Malaysia at average exchange rates for the year and the balance sheets are translated at exchange rates ruling at balance sheet date. Exchange differences arising from retranslation of the net investment in foreign subsidiaries are taken to 'Currency Translation Reserve' in shareholders' equity. On disposal of the foreign subsidiaries, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

(i) Income taxes

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary on distributions of retained earnings to companies in the Group and real property gains taxes payable on disposal of properties.

Deferred taxation is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred taxation.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(j) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, bank balances, deposits held at call with banks, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts. Deposits held as pledged securities for bank overdrafts are not included in cash and cash equivalents.

(k) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at financial year end. Bad debts are written off when identified.

(l) Operating lease

Leases of assets under which a significant portion of risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease period.

(m) Finance lease

Leases of plant and equipment where the Group and the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the outstanding balance. The corresponding rental obligations, net of finance charges are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Plant and equipment acquired under finance leases are depreciated according to the basis set out in Note 4(e).

(n) Financial instruments

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy notes associated with each item.

(ii) Fair value estimation for disclosure purposes

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

In assessing the fair value of other financial instruments, the Group and the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(o) Employee and post-employment benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(ii) Post-employment benefits

Defined contribution plans benefit

The Group makes contributions to post-employment funds under local laws and regulations in certain territories. The contributions are charged to the income statement in the period in which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method, any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Interest is reported within finance cost in the income statement.

(q) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. When the dividend is payable, it will be accounted for as a liability.

(r) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group companies within a single segment.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

5 SEGMENTAL REPORTING

(a) Business segments

The Group is principally involved in a single line of business, namely the provision of customer contact centre within the Business Process Outsourcing space, and as such the segmental disclosure are as reported in the income statement and balance sheet of the Group. The Group's business segment operates substantially from Malaysia.

(b) Geographical segments

In determining the geographical segments of the Group, revenue is based on the country in which the customer is located. There is no inter-segment revenue. Total assets and capital expenditure are determined based on where the assets are located.

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Malaysia*	3,116,393	13,361,338	34,294,580	19,143,608	4,001,115	5,118,467
Singapore	47,722,368	30,720,028	127	2,695	0	0
United Kingdom	7,041,056	8,283,365	21,827	18,183	0	0
United States of America	15,289,541	149,655	13,086,861	0	4,686,506	0
Others	4,735,306	1,443,074	2,074,540	2,565,297	153,736	741,850
	<u>77,904,664</u>	<u>53,957,460</u>	<u>49,477,935</u>	<u>21,729,783</u>	<u>8,841,357</u>	<u>5,860,317</u>

* Group's home country

6 REVENUE

Revenue represents the invoiced value of the following types of services rendered:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Customer services	76,886,721	52,433,024	61,627,296	51,364,880
Training and consultancy	1,017,943	1,524,436	0	1,167,285
	<u>77,904,664</u>	<u>53,957,460</u>	<u>61,627,296</u>	<u>52,532,165</u>

7 STAFF COSTS

Salaries and bonus	43,191,749	30,551,165	30,721,294	28,311,676
Defined contribution plan	3,213,322	2,957,465	2,541,697	2,826,778
Other employee benefits	1,547,555	1,599,700	686,816	1,257,755
	<u>47,952,626</u>	<u>35,108,330</u>	<u>33,949,807</u>	<u>32,396,209</u>
Directors' remuneration:				
Salaries	607,992	607,992	607,992	607,992
Fees	109,406	9,595	106,000	0
	<u>717,398</u>	<u>617,587</u>	<u>713,992</u>	<u>607,992</u>
	<u>48,670,024</u>	<u>35,725,917</u>	<u>34,663,799</u>	<u>33,004,201</u>

The number of employees at the end of the financial year for the Group and the Company was 1,241 (2005: 776) and 880 (2005: 591) employees respectively.

The estimated money value of benefits-in-kind receivable by a Director of the Group during the financial year amounted to RM20,054 (2005: RM36,638).

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

8 PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Auditors' remuneration:				
- PwC Malaysia	107,000	108,270	89,000	88,270
- Overseas affiliate of PwC Malaysia	13,671	9,304	0	0
- Other auditors	26,076	26,054	0	0
Allowance for doubtful debts	1,303	16,511	192,603	114,242
Bad debts written off	0	82,202	30,641	78,877
Rental of apartments	591,459	412,536	561,203	369,033
Rental of office	2,711,474	2,202,150	2,121,767	1,682,650
Rental of office equipment	747,999	296,834	157,698	296,834
Realised exchange loss / (gain)	155,559	(322,212)	157,903	(125,903)
Unrealised exchange loss	207,864	141,549	0	141,549
Write-off of plant and equipment	172,296	0	73,400	0
Write-off of set up cost	413,847	0	0	0

9 FINANCE INCOME/(COST)

Interest income	415,792	47,598	388,746	0
Interest expenses:				
- finance lease	(200,231)	(235,212)	(242,696)	(136,476)
- bank overdraft	(13,660)	(129,705)	(10,066)	0
- factoring interest	0	(17,003)	0	(17,003)
- Al-Bai Bithaman Ajil Islamic Term Financing	(4,465)	(32,570)	0	0
	<u>(218,356)</u>	<u>(414,490)</u>	<u>(252,762)</u>	<u>(153,479)</u>
	<u>197,436</u>	<u>(366,892)</u>	<u>135,984</u>	<u>(153,479)</u>

10 TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current taxation:				
- Malaysian tax	57,000	73,512	57,000	0
- foreign tax	1,788,265	0	0	0
Deferred tax	(175,974)	(73,851)	0	0
	<u>1,669,291</u>	<u>(339)</u>	<u>57,000</u>	<u>0</u>
Current taxation:				
Current year	1,845,265	20,000	57,000	0
Underaccrual in prior year	0	53,512	0	0
Deferred taxation:				
Origination and reversal of temporary differences	(175,974)	(73,851)	0	0
	<u>1,669,291</u>	<u>(339)</u>	<u>57,000</u>	<u>0</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

The taxation charged for the Company is in respect of interest income. The Company was awarded the Multimedia Super Corridor ("MSC") status on 7 November 2002. In association with the MSC status, the Company was awarded pioneer status which accords the Company with five years of income tax exemption on the Company's statutory income which is renewable for a second five-year term.

The explanation of the relationship between taxation expense and profit before taxation is as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate:				
Malaysian tax rate	28	28	28	28
Tax effect of:				
- Expenses not deductible for tax purposes	3	5	3	0
- Effect of different tax rate				
- Malaysian	0	2	0	0
- foreign subsidiaries	4	0	0	0
- Income not subject to tax	(21)	(37)	(33)	(28)
- Temporary differences not recognised	2	1	3	0
- Underaccrual in prior year	0	1	0	0
Average effective tax rate	<u>16</u>	<u>0</u>	<u>1</u>	<u>0</u>

Subject to agreement by the tax authorities, the Company has tax exempt income under the Promotion of Investments Act, 1986 and tax credit under Section 108 of the Malaysian Income Tax Act 1967 of RM15,217,079 (2005: RM12,014,474) and RM42,750 (2005: RM Nil), respectively to frank dividends out of its retained earnings.

11 EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of issued ordinary shares during the financial year.

	Group	
	2006	2005
Net profit for the financial year (RM'000)	<u>9,091</u>	<u>5,408</u>
Weighted average number of issued ordinary shares ('000)	<u>117,958</u>	<u>75,000</u>
Basic earnings per share (sen)	<u>7.71</u>	<u>7.21</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

(ii) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the net profit for the financial year by the adjusted weighted average number of issued ordinary shares during the financial year. The weighted average number of issued ordinary shares has been adjusted assuming conversion of the share options which represents the dilutive potential of the shares. There is only one category of dilutive potential ordinary shares, which is share options granted to employees under the ESOS.

	Group	
	2006	2005
Net profit for the financial year (RM'000)	9,091	5,408
Weighted average number of issued ordinary shares ('000)	117,958	75,000
Adjusted for share options granted ('000)	2,132	0
Adjusted weighted average number of issued ordinary shares ('000)	120,090	75,000
Diluted earnings per share (sen)	7.57	N/A *

*The diluted earnings per share for the financial year ended 30 June 2005 is not applicable as the ESOS is implemented during the current financial year.

12 DIVIDENDS

	Group and Company			
	2006		2005	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
Final dividend				
- paid in respect of financial year ended 30 June 2005	2.7	2,040,000	0	0
Interim dividend				
- paid in respect of financial year ended 30 June 2006	2.0	2,560,400	0	0
Proposed final dividend in respect of financial year ended 30 June 2006	2.0	2,569,620	0	0
	4.0	5,130,020	0	0

The proposed final dividend of 2 sen per ordinary share, tax exempt in respect of the financial year ended 30 June 2006 amounting to RM2,569,620 is subject to the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2007.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

13 PLANT AND EQUIPMENT

	As at 1.7.2005	Additions	Reclassi- fication	Write-off	Disposal	Currency translation differences	As at 30.6.2006
	RM	RM	RM	RM	RM	RM	RM
2006							
Group							
At cost							
Furniture and fittings	2,003,480	112,350	0	0	0	(53,911)	2,061,919
Office equipment, computers and telecommunications equipment	12,560,019	2,606,139	39,069	(349,045)	0	(111,510)	14,744,672
Software	3,173,745	1,496,932	0	(146,800)	0	(35,726)	4,488,151
Office renovations	2,054,091	557,606	0	0	0	(20,885)	2,590,812
Motor vehicles	994,089	385,000	0	0	(235,000)	0	1,144,089
	<u>20,785,424</u>	<u>5,158,027</u>	<u>39,069</u>	<u>(495,845)</u>	<u>(235,000)</u>	<u>(222,032)</u>	<u>25,029,643</u>
Capital work-in-progress	39,069	3,683,330	(39,069)	0	0	(28,837)	3,654,493
	<u>20,824,493</u>	<u>8,841,357</u>	<u>0</u>	<u>(495,845)</u>	<u>(235,000)</u>	<u>(250,869)</u>	<u>28,684,136</u>

	As at 1.7.2005	Charge for the financial year	Reclassi- fication	Write-off	Disposal	Currency translation differences	As at 30.6.2006
	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation							
Furniture and fittings	912,089	357,751	0	0	0	(18,066)	1,251,774
Office equipment, computers and telecommunications equipment	4,619,212	2,486,085	0	(250,149)	0	(55,518)	6,799,630
Software	1,261,277	862,512	0	(73,400)	0	(16,425)	2,033,964
Office renovations	1,637,686	494,322	0	0	0	(18,690)	2,113,318
Motor vehicles	612,441	176,567	0	0	(109,083)	0	679,925
	<u>9,042,705</u>	<u>4,377,237</u>	<u>0</u>	<u>(323,549)</u>	<u>(109,083)</u>	<u>(108,699)</u>	<u>12,878,611</u>

Net book value

	2006	2005
	RM	RM
Furniture and fittings	810,145	1,091,391
Office equipment, computers and telecommunications equipment	7,945,042	7,940,807
Software	2,454,187	1,912,468
Office renovations	477,494	416,405
Motor vehicles	464,164	381,648
Capital work-in-progress	3,654,493	39,069
	<u>15,805,525</u>	<u>11,781,788</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

13 PLANT AND EQUIPMENT (CONTINUED)

	As at 1.7.2005	Additions	Write-off	As at 30.6.2006
	RM	RM	RM	RM
2006				
Company				
At cost				
Furniture and fittings	856,310	79,537	0	935,847
Office equipment, computers and telecommunications equipment	7,616,435	1,514,114	0	9,130,549
Software	2,240,416	1,460,307	(146,800)	3,553,923
Office renovations	1,000,281	557,606	0	1,557,887
Motor vehicles	2,174	385,000	0	387,174
	<u>11,715,616</u>	<u>3,996,564</u>	<u>(146,800)</u>	<u>15,565,380</u>
	As at 1.7.2005	Charge for the financial year	Write-off	As at 30.6.2006
	RM	RM	RM	RM
Accumulated depreciation				
Furniture and fittings	138,895	253,802	0	392,697
Office equipment, computers and telecommunications equipment	1,568,939	1,783,444	0	3,352,383
Software	373,657	877,134	(73,400)	1,177,391
Office renovations	644,777	435,615	0	1,080,392
Motor vehicles	161	71,011	0	71,172
	<u>2,726,429</u>	<u>3,421,006</u>	<u>(73,400)</u>	<u>6,074,035</u>
			<u>2006</u>	<u>2005</u>
			RM	RM
Net book value				
Furniture and fittings			543,150	717,415
Office equipment, computers and telecommunications equipment			5,778,166	6,047,496
Software			2,376,532	1,866,759
Office renovations			477,495	355,504
Motor vehicles			316,002	2,013
			<u>9,491,345</u>	<u>8,989,187</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

13 PLANT AND EQUIPMENT (CONTINUED)

Net book values of plant and equipment acquired under finance leases are as follows:

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Office equipment, computers and telecommunications equipment	2,231,882	2,346,761	2,231,882	1,927,668
Software	773,810	172,070	773,810	0
Office renovations	0	11,208	0	0
Motor vehicles	462,579	331,642	314,417	0
	<u>3,468,271</u>	<u>2,861,681</u>	<u>3,320,109</u>	<u>1,927,668</u>

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2006	2005
	RM	RM
Unquoted shares at cost	<u>575,990</u>	<u>575,990</u>

Details of the subsidiaries are as follows:

Name	Group's effective interest		Principal activities
	2006	2005	
	%	%	
INCORPORATED IN MALAYSIA			
Scicom (Academy) Sdn. Bhd. (formerly known as Scicom Sdn Bhd) *	100	100	Provides customer service training products as well as contact centre consulting and marketing services.
INCORPORATED IN INDIA			
Scicom Contact Centre Services Private Limited ^	100	100	Provides customer contact centre outsourcing services
INCORPORATED IN UNITED KINGDOM			
Scicom International (UK) Ltd *	100	100	Investment holding
INCORPORATED IN SINGAPORE			
Scicom Teleservices Pte Ltd **	100	100	Dormant
INCORPORATED IN UNITED STATES OF AMERICA			
Subsidiary of Scicom International (UK) Ltd			
Scicom Inc. *	100	0	Provides customer contact centre outsourcing services

* Audited by PricewaterhouseCoopers, Malaysia

** Audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.

^ Audited by a firm other than PricewaterhouseCoopers Malaysia and its affiliates

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

15 TRADE RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	8,668,136	4,950,773	4,517,230	4,775,328
Less: Allowance for doubtful debts	(1,303)	(16,511)	(1,303)	(16,511)
	<u>8,666,833</u>	<u>4,934,262</u>	<u>4,515,927</u>	<u>4,758,817</u>
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	2,175,910	933,509	1,624,010	758,064
- United States Dollar	5,105,987	3,349,645	1,553,981	3,349,645
- Euro	660,455	199	613,455	199
- Pound Sterling	724,481	650,909	724,481	650,909
	<u>8,666,833</u>	<u>4,934,262</u>	<u>4,515,927</u>	<u>4,758,817</u>

Credit terms of trade receivables range from 30 to 90 days (2005: 30 to 90 days).

Concentrations of credit risk with respect to trade receivables are to a few number of customers. The Group and the Company's historical experience in collection of trade receivables falls within recorded allowances. Management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's and the Company's trade receivables.

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits	1,806,429	1,445,473	1,238,108	453,929
Prepayments	739,184	751,376	413,248	704,831
Other receivables	293,030	179,673	266,599	0
	<u>2,838,643</u>	<u>2,376,522</u>	<u>1,917,955</u>	<u>1,158,760</u>
The currency exposure profile of deposits, prepayments and other receivables is as follows:				
- Ringgit Malaysia	1,918,028	2,032,880	1,670,223	1,158,760
- Indian Rupee	692,818	324,151	0	0
- United States Dollar	209,935	0	247,732	0
- Pound Sterling	17,862	18,061	0	0
- Singapore Dollar	0	1,430	0	0
	<u>2,838,643</u>	<u>2,376,522</u>	<u>1,917,955</u>	<u>1,158,760</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

17 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Amounts due from subsidiaries	9,998,790	4,582,317
Less: Allowance for doubtful debts	(516,542)	(1,390,902)
	<u>9,482,248</u>	<u>3,191,415</u>
The currency exposure profile of amounts due from subsidiaries is as follows:		
- Ringgit Malaysia	1,614,312	2,174,189
- Indian Rupee	1,168,787	828,518
- United States Dollar	6,699,149	0
- Pound Sterling	0	188,708
	<u>9,482,248</u>	<u>3,191,415</u>

The amounts due from subsidiaries represent advances and are unsecured, interest free and have no fixed terms of repayment.

18 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	16,334,058	1,765,456	16,185,272	0
Currency exposure profile of deposits with financial institutions is as follows:				
- Ringgit Malaysia	16,185,272	1,600,000	16,185,272	0
- Indian Rupee	148,786	165,456	0	0
	<u>16,334,058</u>	<u>1,765,456</u>	<u>16,185,272</u>	<u>0</u>

Deposits with licensed banks of RM148,786 (2005: RM1,765,456) are pledged for banking facilities granted to subsidiaries of the Company.

The weighted average interest rate of deposits with licensed banks that was effective at the financial year end is as follows:

	Group	
	2006 %	2005 %
Deposits with licensed banks		
- Ringgit Malaysia	2.48	2.79
- Indian Rupee	4.23	4.23

The weighted average maturity days of placement of funds with licensed banks is as follows:

	Group	
	2006 Days	2005 Days
Deposits with licensed banks		
- Ringgit Malaysia	20	365
- Indian Rupee	457	820

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	5,786,402	871,755	892,519	817,161
Deposits with licensed banks	16,185,272	0	16,185,272	0
Bank overdraft (Note 21)	0	(228,746)	0	0
	<u>21,971,674</u>	<u>643,009</u>	<u>17,077,791</u>	<u>817,161</u>
The currency exposure profile of cash and cash equivalents is as follows:				
- Ringgit Malaysia	16,386,188	378,818	16,261,503	595,323
- United States Dollar	5,567,016	223,601	816,288	221,838
- Indian Rupee	18,222	39,312	0	0
- Singapore Dollar	127	1,155	0	0
- Pound Sterling	121	123	0	0
	<u>21,971,674</u>	<u>643,009</u>	<u>17,077,791</u>	<u>817,161</u>

Deposits with licensed banks is the net of deposits pledged for banking facilities granted to subsidiaries of the Company amounting to RM148,786 (2005: RM1,765,456) (Note 18).

20 PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current				
Trade payables	897,204	803,052	476,074	803,052
Accruals	1,575,770	2,343,642	1,247,141	667,405
Performance related bonus	1,836,337	747,832	1,225,896	706,458
Payroll liabilities	2,215,232	473,706	574,018	402,645
Other payables	1,639,846	1,477,085	1,038,298	1,357,813
	<u>8,164,389</u>	<u>5,845,317</u>	<u>4,561,427</u>	<u>3,937,373</u>
Non-current				
Accruals	34,468	468,360	0	0
	<u>8,198,857</u>	<u>6,313,677</u>	<u>4,561,427</u>	<u>3,937,373</u>
The currency exposure profile of payables and accruals is as follows:				
- Ringgit Malaysia	4,740,896	3,449,358	4,183,324	3,300,510
- United States Dollar	2,540,924	611,869	362,302	611,869
- Pound Sterling	31,089	24,994	15,801	24,994
- Singapore Dollar	61,824	58,806	0	0
- Indian Rupee	824,124	2,168,650	0	0
	<u>8,198,857</u>	<u>6,313,677</u>	<u>4,561,427</u>	<u>3,937,373</u>

Credit terms of trade payables range from 30 to 120 days (2005: 30 to 120 days).

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

21 BORROWINGS (SECURED AND INTEREST-BEARING)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current:				
Bank overdraft	0	228,746	0	0
Al-Bai Bithaman Ajil Islamic Term Financing	0	298,323	0	0
Finance lease liabilities	1,260,472	1,637,893	1,174,104	1,254,104
	<u>1,260,472</u>	<u>2,164,962</u>	<u>1,174,104</u>	<u>1,254,104</u>
Non-current:				
Finance lease liabilities	1,236,317	1,033,615	1,069,664	666,014
	<u>2,496,789</u>	<u>3,198,577</u>	<u>2,243,768</u>	<u>1,920,118</u>
Maturity of borrowings:				
- not later than 1 year	1,260,472	2,164,962	1,174,104	1,254,104
- later than 1 year and not later than 5 years	1,236,317	1,033,615	1,069,664	666,014
	<u>2,496,789</u>	<u>3,198,577</u>	<u>2,243,768</u>	<u>1,920,118</u>

All borrowings are denominated in Ringgit Malaysia.

Bank overdraft

The Company was granted a bank overdraft facility amounting to RM2.6million on 4 August 2005. The bank overdraft is to be utilised for working capital purposes.

- (a) The bank overdraft is secured by debentures over all fixed and floating assets of the Company in respect of general banking facilities owing from time to time including future advances with unlimited covenant to pay on the part of the Company up-stamped at ad valorem duty to secure RM2,600,000.
- (b) The covenants underlying this facility are:
 - The Company maximum gearing ratio at 2:1 at any one time;
 - The Company must not provide advances to directors/shareholders without the bank's consent in writing; and
 - The Company's Tangible Networth must be at least RM10,000,000 at all time.

The effective interest rate of the bank overdraft as at the balance sheet date is 8.75% (2005: 8.0%) per annum.

The bank overdraft facility accorded to a subsidiary of the Company in the prior year was terminated on 23 August 2005.

Al-Bai Bithaman Ajil Islamic Term Financing

The Al-Bai Bithaman Ajil Islamic Term Financing was fully paid and terminated on 23 August 2005.

The salient terms of the Al-Bai Bithaman Ajil Islamic Term Financing which was taken by a subsidiary of the Company are as follows:

- (a) Al- Bai Bithaman Ajil Islamic Principle Loan with maturities due on year three;
- (b) The Al-Bai Bithaman Ajil Islamic Term Financing is secured by a specific charge over assets amounting to RM1,000,000 and a debenture issued under the Company's subsidiary amounting to RM1,000,000; and
- (c) The covenants underlying this facility are:
 - The Company's subsidiary undertakes not to declare dividends or make any advances to directors/shareholder without the consent of the bank; and
 - The Company's internal fund or its Directors' private resources shall fund any cost over run.

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

21 BORROWINGS (SECURED AND INTEREST-BEARING) (CONTINUED)

Finance lease liabilities

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The minimum lease payments to the Group and the Company at the balance sheet date are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Minimum lease payments:				
- not later than 1 year	1,473,941	1,731,346	1,373,121	1,309,976
- later than 1 year and not later than 5 years	1,357,823	1,384,044	1,176,981	976,740
	<u>2,831,764</u>	<u>3,115,390</u>	<u>2,550,102</u>	<u>2,286,716</u>
Future finance charges on finance leases	(251,939)	(269,262)	(223,298)	(191,978)
Future maintenance charges on finance leases	(83,036)	(174,620)	(83,036)	(174,620)
	<u>(334,975)</u>	<u>(443,882)</u>	<u>(306,334)</u>	<u>(366,600)</u>
Present value of finance lease liabilities	<u>2,496,789</u>	<u>2,671,508</u>	<u>2,243,768</u>	<u>1,920,118</u>

22 DEFERRED TAXATION

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when the deferred taxes relate to the same authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2006 RM	2005 RM
Deferred taxation assets / (liabilities)	<u>46,474</u>	<u>(137,289)</u>
As at 1 July	(137,289)	(211,140)
Credited/(charged) to income statement:		
- plant and equipment	(51,505)	490,685
- provisions	235,268	(416,834)
As at 30 June	<u>46,474</u>	<u>(137,289)</u>
Deferred taxation assets (before offsetting)		
- provisions	250,579	9,421
Offsetting	(204,105)	(9,421)
Deferred taxation assets (after offsetting)	<u>46,474</u>	<u>0</u>
Deferred taxation liabilities (before offsetting)		
- plant and equipment	(204,105)	(146,710)
Offsetting	204,105	9,421
Deferred taxation liabilities (after offsetting)	<u>0</u>	<u>(137,289)</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

23 SHARE CAPITAL

(a) Share capital

	Company	
	2006 RM	2005 RM
Authorised ordinary shares of RM0.10 each:		
At beginning of financial year	25,000,000	5,000,000
Created during the financial year	0	20,000,000
At end of financial year	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid ordinary shares of RM0.10 each:		
At beginning of financial year	7,500,000	3,000,000
Bonus shares issued in the financial year ended 30 June 2005	0	4,500,000
Issued during the financial year ended 30 June 2006:		
- Rights issue of shares	2,040,000	0
- Initial Public Offering	3,260,000	0
- ESOS	48,100	0
At end of financial year	<u>12,848,100</u>	<u>7,500,000</u>

The Company completed a right issue of 20,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 per ordinary share to the shareholders as at the date of the issuance, on the basis of 0.27 new ordinary share for every one existing ordinary share held on 18 August 2005.

On 20 September 2005, the Company issued 32,600,000 new ordinary shares of RM0.10 each at an issue price of RM0.60 per ordinary share to the public in conjunction with the Company's listing on the MESDAQ Market of Bursa Securities on 26 September 2005.

During the period, 481,000 new ordinary shares of RM0.10 each share were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme ("ESOS") at an exercise price of RM0.60 per share.

(b) Employee share option scheme

The ESOS was implemented on 23 September 2005 for the benefit of eligible employees and Directors of the Group and of the Company.

The ESOS Committee comprising certain appointed Directors was set up to administer the ESOS, who may from time to time offer share options to eligible employees and Directors of the Group and the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the ESOS are as follows:

- The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management;
- Not more than 10% of the total shares available under the ESOS is allocated to any eligible employee of the Group who either singly or collectively through persons connected with the Executive Director or employee concerned holds 20% or more of the issued and paid-up share capital of the Company;
- Only Employees confirmed in service at the Date of Offer which fall under one of the categories of Eligible Employees listed in By-Law 6.1, shall be eligible to participate in the Scheme; and

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

23 SHARE CAPITAL (CONTINUED)

(b) Employee share option scheme (continued)

- The Subscription Price of each share comprised in any Offer made in conjunction with the Company's listing on the MESDAQ Market of Bursa Securities shall be at the initial public offer price of RM0.60 per ordinary share. In respect of any Offer made subsequently to the Company's listing, the Subscription Price of each share will be at a discount of not more than ten per centum (10%) to the weighted average market price of the shares for the five (5) Market Days immediately preceding the Date of Offer and the price so determined shall not be less than the par value of the shares;
- The shares to be allotted upon the exercise of any Options will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company, except that the new shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date of allotment of the said shares. The new shares will be subject to all the provisions of the Articles of Association of the Company.
- The options granted are exercisable at the end of each quarter beginning from the first quarter after grant date and have a contractual option term between 2 to 5 years dependent on the employees' banding. The employees' entitlement to the option are vested as soon as they are granted.

The movements during the financial year in the number of options over the ordinary shares of RM0.10 each in the Company are as follows:

Grant date	Expiry date	Number of options over ordinary shares of RM0.10 each in the Company				As at 30 Jun 2006 '000
		As at 23 Sept 2005 '000	Granted '000	Exercised '000	Retired '000	
2006						
23.9.2005	22.9.2010	5,200	0	240	0	4,960
23.9.2005	22.9.2008	3,844	0	241	886	2,717
23.9.2005	22.9.2007	300	0	0	95	205
		<u>9,344</u>	<u>0</u>	<u>481</u>	<u>981</u>	<u>7,882</u>

The above options were granted at the exercise price of RM0.60 per ordinary share.

	2006
Number of share options vested as at the balance sheet date ('000)	<u>8,363</u>

Details relating to options over ordinary shares of RM0.10 each exercised during the financial year were as follows:

Exercise date	Fair value of shares RM per share	Exercise price RM per share	Number of share issued '000
January 2006	0.65	0.60	20
April 2006	0.80	0.60	461
			<u>481</u>

The share options over ordinary shares of RM0.10 each exercised during the year and the fair value, at exercise date, of shares issued are as follows:

	Group and Company
	2006 RM
Ordinary share capital at par	48,100
Share premium	240,500
Proceeds received on exercise of share options	<u>288,600</u>
Fair value at exercise date of shares issued	<u>379,455</u>

Notes To The Financial Statements

For The Financial Year Ended 30 June 2006

24 COMMITMENTS

(a) Capital commitments

Capital expenditure approved by the Directors not provided for in the financial statements are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Plant and equipment				
- Authorised and contracted	4,719,210	0	1,512,002	0
- Authorised but not contracted	497,412	0	0	0

(b) Non-cancellable operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
- not later than 1 year	3,583,658	2,666,031	2,734,246	1,669,085
- later than 1 year and not later than 5 years	1,112,431	2,808,751	929,979	2,022,759
	4,696,089	5,474,782	3,664,225	3,691,844

25 FAIR VALUES

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair values of finance lease liabilities with maturity of more than one year at the balance sheet date is set out below:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	1,236,317	1,242,384	1,069,664	1,076,828

In assessing the fair values of finance lease liabilities, the discounted cash flow method was applied using current market interest rates available to the Group and the Company.

26 NON-CASH TRANSACTION

The principal non-cash transaction of the Group and the Company is in respect of the purchase of certain plant and equipment by means of hire purchase amounting to RM1,890,317 (2005: RM1,128,943).

27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 July 2006.

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act 1965

We, Leo Suresh Ariyanayakam and Krishnan Menon, being the Directors of Scicom (MSC) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 51 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2006 and of its results and cash flows of the Group and the Company for the financial year ended on that date in accordance with MASB approved accounting standards in Malaysia and the provisions of the Companies Act 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 July 2006.

LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN MENON
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act 1965

I, Jayakumar A/L Narayana Pillai Sreedharan Nair, the Officer primarily responsible for the financial management of Scicom (MSC) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 77 are, to the best of my knowledge and behalf, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

JAYAKUMAR A/L NARAYANA PILLAI SREEDHARAN NAIR
OFFICER

Subscribed and solemnly declared by the above named Jayakumar A/L Narayana Pillai Sreedharan Nair at Kuala Lumpur in Malaysia on 25 July 2006, before me.

YTM TUNKU MAZNAH BINTI TUNKU SHUIB (No. W276)
COMMISSIONER FOR OATHS

Report Of The Auditors To The Members

Of Scicom (MSC) Berhad (Company No. 597426 H)

We have audited the financial statements set out on pages 51 to 77. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 30 June 2006 and of its results and cash flows of the Group and the Company for the financial year ended on that date;and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

ERIC OOI LIP AUN
(No. 1517/06/08 (J))
Partner of the firm

Kuala Lumpur
25 July 2006

Additional Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities:-

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The IPO proceeds were received on 28 September 2005. The amount of RM19,560,000 was derived from the issuance of 32,600,000 new ordinary shares at RM0.60 per share. As at 1 August 2006, the details of the utilisation of the IPO proceeds are as follows:-

	Proposed utilisation proceeds*	Amount utilised as at 1.8.2006	Transfer**	Amount outstanding	Expected timeframe for utilisation*
	RM'000	RM'000	RM'000	RM'000	
Working Capital	13,060	(13,196)	136	0	12 months from listing date
Capital Expenditure	5,000	(759)	0	4,241	24 months from listing date
Share issue expenses	1,500	(1,364)	(136)	0	3 months from listing date
	<u>19,560</u>	<u>(15,319)</u>	<u>0</u>	<u>4,241</u>	

* Proposed utilisation as set out in the Company's prospectus dated 7 September 2005.

** The unutilised share issue expenses of RM136,000 is transferred to working capital.

2. SHARE BUY-BACK

The Company does not have a scheme to buy-back its own shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company does not have any warrants or convertible securities in issue. For the financial year ended 30 June 2006, a total of 481,000 ordinary shares have been exercised under the Company's Employee Share Option Scheme.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 30 June 2006.

5. SANCTIONS AND/ OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 30 June 2006.

Additional Compliance Information

6. NON-AUDIT FEES

	2006		2005	
	Group RM	Company RM	Group RM	Company RM
PricewaterhouseCoopers, Malaysian firm				
- reporting accountant	111,008	109,208	92,325	92,325
- accounting work	18,000	18,000	0	0
- tax advisory	9,017	6,000	33,300	16,200
Overseas member firm of PricewaterhouseCoopers International Limited, which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia				
- tax advisory	23,979	0	0	0

7. VARIATION OF RESULTS

The Group's profit after taxation for the financial year ended 30 June 2006 has exceeded the Group's forecast profit as per the Company's prospectus dated 7 September 2005 by 6.5%.

8. PROFIT GUARANTEE

During the financial year ended 30 June 2006, the Group and the Company did not give any profit guarantee.

9. MATERIAL CONTRACTS

For the financial year ended 30 June 2006, no contracts of a material nature were entered into or were subsisting between the Group and its Directors or major shareholders.

Analysis of Shareholdings

SHARE CAPITAL AS AT 1ST AUGUST 2006

Authorised Share Capital- authorised ordinary shares of RM0.10 each	RM25,000,000
Issued and Fully Paid Up Capital- ordinary shares of RM0.10 each	RM12,848,100
Class of Securities	Ordinary Shares of RM0.10 each
Voting Rights	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 1ST AUGUST, 2006

Number of Holders	%	Size of Shareholdings	Total Holdings	%
2	0.29%	Less than 100 shares	100	0.00%
77	11.11%	100 to 1,000 shares	65,500	0.05%
312	45.02%	1,001 to 10,000 shares	1,663,500	1.29%
209	30.16%	10,001 to 100,000 shares	8,332,300	6.49%
88	12.70%	100,001 to less than 5% of issued shares	44,415,600	34.57%
5	0.72%	5% and above of issue shares	74,412,600	57.92%
693	100.00%	TOTAL	128,481,000	100.00%

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 1ST AUGUST, 2006 (As shown in the record of Depositors)

No.	Name of Shareholders	No. of Shares Held	%
1	Netinsat Asia Sdn Bhd	21,000,000	16.34%
2	AKN Capital Sdn Bhd	19,000,000	14.79%
3	Leo Ariyanayakam	18,680,000	14.54%
4	HSBC Nominees (Asing) Sdn Bhd (Exempt for JPMorgan Chase Bank, National Association [Jersey])	8,300,000	6.46%
5	Krishnan Menon	7,024,000	5.47%
6	Seow Lun Hoo @ Seow Wah Chong	5,392,000	4.20%
7	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for the Hwang-DBS Select Opportunity Fund)	3,155,000	2.46%
8	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Loke Tan Chong)	2,894,100	2.25%
9	HSBC Nominees (Asing) Sdn Bhd (Exempt for Credit Suisse)	2,796,300	2.18%
10	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for the Hwang-DBS Select Small Caps Fund)	2,584,100	2.01%
11	Jaganath Derek Steven Sabapathy	1,652,000	1.29%
12	HSBC Nominees (Asing) Sdn Bhd (TNTC for DBS Malaysia Equity Fund)	1,236,000	0.96%
13	BHLB Trustee Berhad (TA Small Cap Fund)	1,183,000	0.92%
14	A.A. Assets Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Loh Pin Hock)	1,009,000	0.79%
15	A.A. Anthony Nominees (Asing) Sdn Bhd (Pledged Securities Account for Citibase Limited)	899,100	0.70%

Analysis of Shareholdings

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 1ST AUGUST, 2006

(As shown in the record of Depositors) (Continued)

No.	Name of Shareholders	No. of Shares Held	%
16	Tan Soh Goh	851,300	0.66%
17	Edmund Hilary Tensing Ponniah	800,000	0.62%
18	HSBC Nominees (Tempatan) Sdn Bhd <i>(HSBC (M) Trustee Bhd for Hwang-DBS Select Balanced Fund)</i>	680,800	0.53%
19	Mayban Nominees (Tempatan) Sdn Bhd <i>(Malaysian Trustees Berhad for Mayban First Capital Guaranteed Trust Fund)</i>	650,400	0.51%
20	CIMSEC Nominees (Tempatan) Sdn Bhd <i>(BCB for Song Kee Siong)</i>	616,800	0.48%
21	CIMSEC Nominees (Tempatan) Sdn Bhd <i>(BCB for Song Kee Ling)</i>	603,400	0.47%
22	CIMSEC Nominees (Tempatan) Sdn Bhd <i>(BCB for Salbiah Binti Shuib)</i>	550,000	0.43%
23	CIMSEC Nominees (Tempatan) Sdn Bhd <i>(CIMB for Rosaline Ganendra)</i>	500,000	0.39%
24	NLE Electrical Engineering Sdn Bhd	500,000	0.39%
25	RHB Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Rahimah Stephens)</i>	500,000	0.39%
26	Tah-Wah Sdn Bhd	500,000	0.39%
27	Ahmad Fuad Bin Md Ali	495,000	0.39%
28	Nikolai Dobberstein	470,000	0.37%
29	Mougin Jean-Michel, Gilbert	450,800	0.35%
30	Eapen Thomas A/L K I Thomas	450,000	0.35%
	Total	105,423,100	82.08%

SUBSTANTIAL SHAREHOLDERS AS AT 1ST AUGUST, 2006

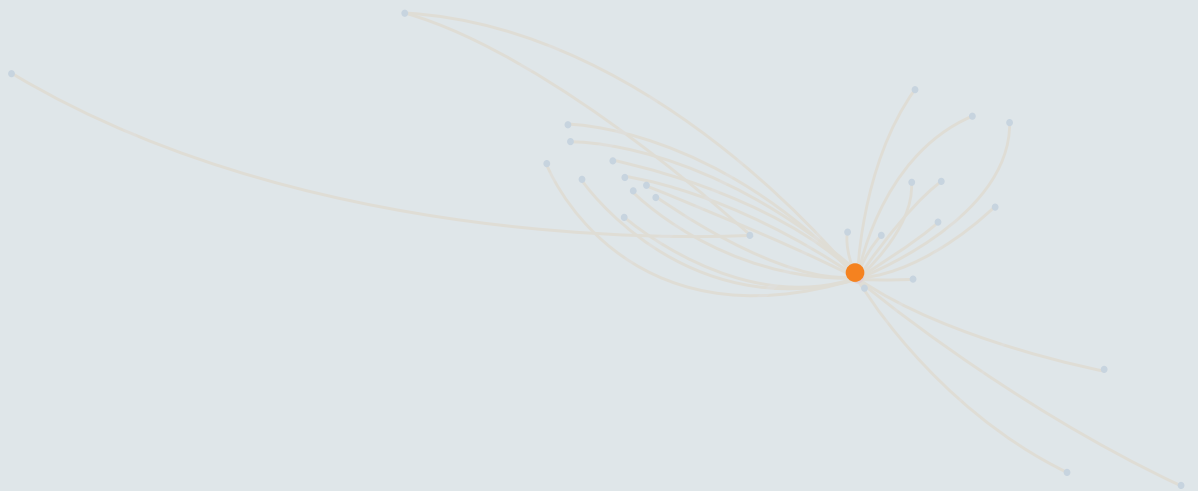
No.	Name of Shareholders	Direct Interest	No. of Shares Held%	Deemed Interest	%
1	Netinsat Asia Sdn Bhd	21,408,600	16.66%		
2	AKN Capital Sdn Bhd	19,000,000	14.79%		
3	Leo Ariyanayakam	18,680,000	14.54%		
4	Krishnan Menon	7,024,000	5.47%	21,408,600	16.66% ¹
5	Sreekumar A/L P Narayana Pillai			21,408,600	16.66% ¹
6	Dato' Ahmad Kabeer Bin Mohamed Nagoor			19,000,000	14.79% ²
7	Ooi Boon Leong			19,000,000	14.79% ²

DIRECTOR'S SHAREHOLDINGS AS AT 1ST AUGUST, 2006

No.	Name of Shareholders	Direct Interest	No. of Shares Held%	Deemed Interest	%
1	Dato' Ahmad Kabeer Bin Mohamed Nagoor			19,000,000	14.79% ²
2	Krishnan Menon	7,024,000	5.47%	21,408,600	16.66% ¹
3	Leo Ariyanayakam	18,680,000	14.54%		
4	Dato' Mohd Salleh Bin Hj Harun	220,000	0.17%		
5	Dr. Nikolai Dobberstein	470,000	0.37%		

(1) Deemed interested by virtue of his shareholdings in Netinsat Asia Sdn Bhd

(2) Deemed interested by virtue of his shareholdings in AKN Capital Sdn Bhd



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25th Floor Menara TA One
22, Jalan P Ramlee
50250 Kuala Lumpur
Tel: 603 2162 1088
Fax: 603 2164 9820
Email: corpinfo@scicom-intl.com

SCICOM (MSC) Berhad

2nd Floor FSBM Plaza
3539 Jalan Teknokrat 7
63000 Cyberjaya, Selangor
Tel: 603 8312 4262
Fax: 603 8312 2255
Email: corpinfo@scicom-intl.com

SCICOM (Academy) Sdn Bhd

25th Floor Menara TA One
22, Jalan P Ramlee
50250 Kuala Lumpur
Tel: 603 2162 1088
Fax: 603 2164 9820
Email: academy@scicom-intl.com

SCICOM Contact Centre Services Pte Ltd

Unit 02, Level 10, Innovator Building
International Tech Park, Whitefield Road
Bangalore 560066, Karnataka, India
Tel: 91 80 41262020
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Email: corpinfo@scicom-intl.com

SCICOM, Inc

4630, Woodland Corporate Blvd
Suite 160
Tampa 33614
United States of America
Tel: 1 813 8805 5800
Fax: 1 813 8805 5768
Email: corpinfo@scicom-intl.com

Notice Of Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 13 September 2006 at 10.00 a.m. to transact the following business:-

AGENDA

A. Ordinary Business

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2006 together with the Reports of the Directors and Auditors thereon. | (Resolution 1) |
| 2. To declare a tax exempt final dividend of RM0.02 per ordinary share for the financial year ended 30 June 2006 as recommended by the Directors. | (Resolution 2) |
| 3. To re-elect Mr. Krishnan Menon, a Director who retires pursuant to Article 84 of the Company's Articles of Association. | (Resolution 3) |
| 4. To elect the following Directors who retire pursuant to Article 91 of the Company's Articles of Association:-

Dato' Ahmad Kabeer bin Mohamed Nagoor

Dato' Mohd Salleh bin Hj Harun

Mr. Nikolai Dobberstein | (Resolution 4)
(Resolution 5)
(Resolution 6) |
| 5. To approve Directors' Fees for the financial year ended 30 June, 2006. | (Resolution 7) |
| 6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 8) |

B. Special Business

- | | |
|---|----------------|
| 7. As Special Business, to consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." | (Resolution 9) |
|---|----------------|

C. Other Business

- | | |
|---|--|
| 8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965. | |
|---|--|

Notice Of Fourth Annual General Meeting

Notice Of Dividend Entitlement And Payment

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Fourth Annual General Meeting to be held on 13 September 2006, a tax exempt final dividend of RM0.02 per ordinary share for the financial year ended 30 June 2006, if approved, will be paid on 29 September 2006.

The entitlement date for the dividend payment is 18 September 2006.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 18 September 2006 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Petaling Jaya
21 August 2006

NOTES:-

1. Notes on Appointment of Proxy

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing, signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Explanatory Notes on Special Business

The Ordinary Resolution proposed under Resolution 9, if passed, will give the Directors the authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Notice Of Fourth Annual General Meeting

Statement Accompanying Notice Of The Fourth Annual General Meeting

(1) Venue, Date and Time of the Fourth Annual General Meeting

The details of the Fourth Annual General Meeting of the Company:-

Place: Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan

Date & Time: 13 September 2006 at 10.00 a.m.

(2) Directors Standing for Re-election/Election

The name of Director who is standing for re-election pursuant to Article 84 of the Company's Articles of Association:-

- (i) Mr. Krishnan Menon

The name of Directors who are standing for election pursuant to Article 91 of the Company's Articles of Association:-

- (i) Dato' Ahmad Kabeer bin Mohamed Nagoor
- (ii) Dato' Mohd Salleh bin Hj Harun
- (iii) Mr. Nikolai Dobberstein

(3) Attendance of Directors at Board Meetings

The attendance record at Board Meetings and other details of the above named Directors are set out on page 11 and page 34 of this Annual Report.

Proxy Form

Scicom (MSC) Berhad (495846-A)

I / We :

(Please use block capital)

NRIC no:

of

(Full address)

a member/members of SCICOM (MSC) BERHAD hereby appoint* the Chairman of the Meeting or

of

or failing him

of

as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Fourth Annual General Meeting of the Company to be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 13 September 2006 at 10.00 a.m. and at any adjournment thereof, to vote as indicated below :-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Ordinary Business Receive the Audited Financial Statements, Report of the Directors and Report of the Auditors thereon.		
2.	Declaration of a tax exempt final dividend of RM0.02 per ordinary share for the financial year ended 30 June 2006.		
3.	Re-election of Mr. Krishnan Menon as Director.		
4.	Election of the following Directors:- (i) Dato' Ahmad Kabeer bin Mohamed Nagoor (ii) Dato' Mohd Salleh bin Hj Harun (iii) Mr. Nikolai Dobberstein		
5.			
6.			
7.	Approval of Directors' Fees for the financial year ended 30 June 2006.		
8.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors.		
9.	Special Business Issue of shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2006

No. of ordinary shares held

Signature of Member / Common Seal

Note:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote instead. A proxy may, but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing, signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.



SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the
Companies Act, 1965)

MALAYSIA

INDIA

USA

AFRICA

AUSTRALIA

BAHRAIN

CHINA

EGYPT

FIJI

GUAM

HONG KONG

INDONESIA

JAPAN

JORDAN

KUWAIT

LEBANON

MOROCCO

NEW ZEALAND

OMAN

PHILIPPINES

QATAR

SAUDI ARABIA

SINGAPORE

SOUTH KOREA

THAILAND

UAE

UNITED KINGDOM

VIETNAM

YEMEN