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SCICOM • ANNUAL REPORT 2008

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## COMPANY PROFILE

### ABOUT SCICOM

Over the last 11 years, Scicom has established a strong leadership position in the region as a premier outsourcing service provider.

Unique in Asia, Scicom supports a global customer base in over 40 languages from its centres in Kuala Lumpur, Bangalore and Tampa.

State-of-the-art Technology and Telecommunication infrastructure also allows Scicom to deliver multi-channel support such as voice, email, web chat, fax, sms and dataservices to an increasingly sophisticated MNC client base.

Scicom's main product offering is Scicom Sourcing, comprising the five distinct modules of Scicom Partner, Scicom Academy, Scicom Education, Scicom Consulting and Scicom Marketing.

Today, Scicom has earned the reputation of consistently delivering on its promise of "Total Customer Delight".

### SCICOM'S GLOBAL SUPPORT NETWORK



#### Languages Supported

• English (Aus & UK) • Bahasa Malaysia • Bahasa Indonesia • Cantonese (S.E.A) • Mandarin • Tamil • Arabic • Tagalog • Korean • Japanese • French • Farsi • Thai • Vietnamese • Urdu • Khmer • Zulu • Swahili • Igbo • Hausa • Yoruba • Afrikaans • English • Hindi • Gujarati • Punjabi • Marathi • Bengali • Kannada • Sindhi • Tamil • Telugu • Malayalam • English (USA) • Spanish • French • Portuguese

## scicompartner<sup>SM</sup>

is the main thrust and cornerstone of Scicom's business, Scicom Partner is offered out of 3 sites around the world, namely Kuala Lumpur, Bangalore and Tampa.

Scicom Partner provides for the lionshare of Scicom's revenues as well as employing the major part of our human capital.

The business unit's focused service offerings, inherant domain expertise, state-of-the-art technology and communication platform, systems and applications, make Scicom Partner a critical and valuable service for our growing list of MNC clients.

Scicom Partner has been developed with strengths in various verticle specialisations such as transportation, telecommunications, leisure & entertainment, oil & gas, banking & financial services and technology. As a result, Scicom Partner provides thought leadership in these areas as a value add to our clients.

## scicomacademy<sup>SM</sup>

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 around the region.

## scicomeducation<sup>SM</sup>

leverages on the combination of domain expertise and operational experiences of our employees to provide a global first.

Scicom Education provides internationally accredited certifications and diplomas in customer contact management, in line with global best practices and benchmarks.

## scicomconsulting<sup>SM</sup>

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.

## scicommarketing<sup>SM</sup>

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 retention, acquisition and revenue generation.

Scicom Marketing focuses on a niche area to provide strategically unique solutions to its clients.



## COMPANY PROFILE

GOAL, VALUES AND STRATEGY





## OUR GOAL

# ✓ Total Customer Delight

## OUR VALUES

- ✓ Quality
- ✓ Teamwork
- ✓ Innovation
- ✓ Integrity
- ✓ People

## OUR STRATEGY

- ✓ To be an employer of choice.
- ✓ To constantly expand our services portfolio to exploit market opportunities and evolve with our clients.
- ✓ To be a leading global player in our industry.



## COMPANY PROFILE

### AWARDS AND RECOGNITION

Scicom has won a multitude of major international industry awards, a testimony to its dedication to excellence and quality.

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

Scicom has been awarded the Multimedia Super Corridor ("MSC") status, is ISO certified and has a globally recognised industry specific accreditation with a United States body, namely the Services and Support Professionals Association ("SSPA").



## Awards

YEAR	DESCRIPTION	RECOGNITION / AWARDS
Nov 2007	<b>CCAM</b>	Best Contact Centre Professional – GOLD AWARD Best Contact Centre Team Leader – GOLD AWARD Best Contact Centre Manager – GOLD AWARD Best Outsourced 'Mystery Shopper' Excellence – GOLD AWARD Best Outsourced Contact Centre of the Year – GOLD AWARD
Nov 2007	<b>Hong Kong Best Practise Awards</b>	Outsourcing - Gold Award
April 2008	<b>Global Services Magazine and neolT</b>	Listed in the Global 2008 "Global 100"- Best Outsourcing Company for the 3rd consecutive year
April 2008	<b>Global Services Magazine and neolT</b>	Listed in Global Services Provider - "Leader, Emerging Asian Markets"
April 2008	<b>EDEXCEL</b>	Scicom Academy recognised as official Centre of Learning for BTEC

Kindly refer to the 2007 Annual Report for the list of awards and recognition awarded to Scicom prior to the 2008 financial year.

## Fast Facts

- We offer 24 x 7 x 365 operations
- We support customers from over 40 countries from our centres
- We support our customers in over 40 languages
- We have over 40 nationalities working for us
- We handle over 40 Million customer contacts annually
- We service blue-chip clients
- Over 93% of our revenues are derived from outside Malaysia
- We have over 11 years of experience and track record
- We are listed in the Global Services Top 100 Companies, consecutively for 3 years
- We have won awards and have been internationally recognised for outstanding service delivery solutions since incorporation.



## COMPANY PROFILE

### CORPORATE DIRECTORY AND GROUP STRUCTURE

#### BOARD OF DIRECTORS

**YBhg Dato' Ahmad Kabeer bin Mohamed Nagoor**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR/CHAIRMAN

**Leo Ariyanayakam**  
NON-INDEPENDENT  
EXECUTIVE DIRECTOR/  
CHIEF EXECUTIVE OFFICER/  
GROUP EXECUTIVE DIRECTOR

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

**Krishnan Menon**  
NON-INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**Dr. Nikolai Dobberstein**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Loh Lee Soon**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

#### AUDIT COMMITTEE

**YBhg Dato' Mohd Salleh bin Hj Harun**  
CHAIRMAN

**Dr. Nikolai Dobberstein**

**Krishnan Menon**

**Loh Lee Soon**

#### COMPANY SECRETARY

**Ng Yen Hoong**  
(LS No.008016)

**Lim Poh Yen**  
(MAICSA No.7009745)

**REGISTERED OFFICE**  
**Scicom (MSC) Berhad**  
(Company No. 597426-H)  
Level 18  
The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia  
Tel : 03 2264 8888  
Fax : 03 2282 2733

**SHARE REGISTRAR**  
**PFA Registration Services Sdn Bhd**  
Level 18  
The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia  
Tel : 03 2264 8888  
Fax : 03 2282 2733

**PRINCIPAL BANKER**  
**HSBC Bank Malaysia Berhad**  
Main Branch, No.2 Leboh Ampang  
50100 Kuala Lumpur  
Malaysia

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

**AUDITORS**  
**PricewaterhouseCoopers**  
Level 10, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
50706 Kuala Lumpur  
Malaysia  
Tel : 03 2173 1188  
Fax : 03 2173 1288

**STOCK EXCHANGE LISTING**  
**MESDAQ Market**  
**Bursa Malaysia Securities Berhad**  
(Listed since 26 September 2005)  
Stock Name: SCICOM  
Stock Code: 0099

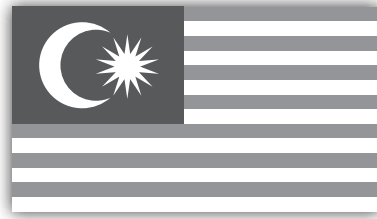
**SPONSOR**  
**Kenanga Investment Bank Berhad**  
Suite 17.06, 17th Floor  
Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia  
Tel : 603 2164 6689

**WEB**  
URL : [www.scicom-intl.com](http://www.scicom-intl.com)  
URL : [www.scicomacademy.com](http://www.scicomacademy.com)  
E-mail : [corpinfo@scicom-intl.com](mailto:corpinfo@scicom-intl.com)

# scicom

## GROUP STRUCTURE

Scicom (MSC) Berhad  
Kuala Lumpur and  
Cyberjaya, Malaysia



Scicom (Academy)  
Sdn Bhd

**100%**  
owned



(Kuala Lumpur, Malaysia)

Scicom International  
(UK) Limited

**100%**  
owned



(UK)

Scicom Contact Centre  
Services Private Limited

**100%**  
owned



(Bangalore, India)

Scicom Inc

**100%**  
owned



(Tampa, USA)

## BOARD OF DIRECTORS



### **Dato' Ahmad Kabeer bin Mohamed Nagoor**

*Non-Independent Non-Executive Director*

Dato' Ahmad Kabeer bin Mohamed Nagoor, 51, a Malaysian, was appointed to the Board on 22 August 2005. He is also the Chairman of the Group, as well as a substantial shareholder of the Company by virtue of his shareholdings in AKN Capital Sdn Bhd.

He holds a Master's Degree in Finance.

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 between 1988 and 1994. He was the founder of AKN Industries Sdn Bhd, a wholly-owned subsidiary of AKN Technology Berhad.

His other directorships include AKN Technology Berhad (of which he is currently Executive Chairman of the Board), M3 Technologies (Asia) Berhad, MEMS Technology Berhad (of which he is currently Chairman of the Board) and AWC Facility Solutions Berhad.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.



### **Leo Ariyanayakam**

*Non-Independent Executive Director*

Mr. Leo Ariyanayakam, 45, a Sri Lankan, was appointed to the Board on 30 October 2002. He is also the Chief Executive Officer and Group Executive Director. His main responsibilities as the Chief Executive Officer and Group Executive Director are to maximise the shareholders' wealth, making high-level decisions in terms of the Group's business development, finance, technology, human capital, culture, operations and strategies, and charting the future growth and direction of the Group globally.

Under his guidance, Scicom has won several major international industry awards, including "the 2007 Contact Centre Service Provider of the Year", as conferred by Frost & Sullivan Malaysia Telecoms Awards in 2007. The Group is now widely regarded as one of the premier contact centre and BPO providers within the industry, with an unblemished performance record. He has been instrumental in building Scicom as the leader in contact centre outsourcing, BPO, training and customer relationship management consulting solutions in the Asia Pacific region, and is a respected visionary and leader in this rapidly growing industry.

On 7 October 2006, he was appointed as the President of the Customer Relationship Management and Contact Centre Association (Malaysia). He was further re-elected as the President for a two-year term in 2008.

In June 2007, he was selected as one of Malaysia's Outstanding Entrepreneurs at the Asia Pacific Entrepreneurship Awards.

He graduated with a Bachelor's Degree in Biochemistry.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.



### **YBhg Dato' Mohd Salleh bin Hj Harun**

*Independent Non-Executive Director*

Dato' Mohd Salleh bin Hj Harun, 64, a Malaysian, was appointed to the Board on 22 August 2005. He is also the Chairman of the Audit Committee.

He is a Fellow of the Institute of Bankers and also a member of the Malaysian Institute of Certified Public Accountants.

He started his career in government service in 1971, before moving on to the banking and financial sector in 1974, of which he has garnered 32 years of experience, having held various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad respectively between 1994 and 2000. He was a Deputy Governor of Bank Negara Malaysia between 2000 and 2004.

His other directorships include RHB Bank Berhad, RHB Insurance Berhad (of which he is currently Chairman of the Board), RHB Islamic Bank Berhad and Titan Chemical Corp. Bhd.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.



### **Krishnan Menon**

*Non-Independent Non-Executive Director*

Mr. Krishnan Menon, 58, a Malaysian, was appointed to the Board on 10 March 2004. He is also a member of the Audit Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, 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 then joined Public Bank Berhad as a General Manager, and was subsequently promoted to Executive Vice-President. After working with two public-listed companies, he joined Putrajaya Holdings Berhad between 1997 and 2000 as its Chief Operating Officer.

He is presently the Chairman of Putrajaya Perdana Berhad and is a non-Executive Director of Malaysia International Shipping Corporation Berhad, SPK-Sentosa Corporation Berhad and M3 Technologies (Asia) Berhad as well as the Director of Putrajaya Holdings Sdn Bhd.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.



### **Dr. Nikolai Dobberstein**

*Independent Non-Executive Director*

Dr. Nikolai Dobberstein, 42, a German, was appointed to the Board on 22 August 2005. He is also a member of the Audit Committee.

He holds a Ph.D. in Technology and Innovation Management from the University of Kiel, Germany.

He is currently both the Head of Strategy and the Head of new Business of Maxis Communications Berhad, where he is responsible for corporate strategy and all of Maxis's data, multimedia and broadband businesses. He joined Maxis Communications Berhad in December 2004 to set up Maxis 3G and broadband businesses.

Before joining Maxis, he spent 12 years in McKinsey & Company, 3 of those years as the Managing Partner of their Kuala Lumpur Office. He had also earlier worked in the German, Italian and Indian Offices of McKinsey & Company.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.



### **Loh Lee Soon**

*Independent Non-Executive Director*

Mr. Loh Lee Soon, 52, a Malaysian, was appointed to the Board of Directors on 25 April 2007. He is also a member of the Audit Committee.

Mr. Loh is a member of the Malaysian Institute of Accountants and the institute of Chartered Accountants in England and Wales. He spent nearly 24 years in the professional accounting, finance and management consulting fields, including 6 years as a Practice Director of a big four firm in Malaysia. He has also held senior finance, general management and sales position with multinational corporations including Tupperware International, KPMG Asia Pacific and Oracle Corporation and a number of other Malaysian companies.

Mr. Loh is currently the Principal of his own consultancy firm which provides services primarily in business process optimization, information technology ("IT") enablement, management skills training and organization alignment. His clients span industries as diverse as gaming, IT, manufacturing and distribution and property development.

He does not have any family relationship with any director and/or major shareholder of Scicom and is not aware of any conflict of interest with Scicom.

## SENIOR MANAGEMENT TEAM

### CORPORATE DIRECTORY AND GROUP STRUCTURE



**Jayakumar Narayana Pillai Sreedharan Nair**

*Chief Financial Officer*

Jayakumar is one of the pioneer management staff of Scicom since its incorporation in 1997. His portfolio of responsibilities includes accounting and financial management activities, as well as the Group's corporate finance, risk management, administration, corporate secretarial, budgeting and treasury activities.

He has over 25 years of experience in financial management and corporate services. Prior to joining Scicom, he had previously worked in large conglomerates such as Sime Darby Berhad and the Halim Rasip Group (now known as Integrex Berhad).

Jayakumar is an associate of both the Chartered Association of Chartered Accountants and Institute of Chartered Secretaries and Administrators.



**Benny Philip**

*Chief Operating Officer - Scicom Partner*

Benny joined Scicom in 2004, where his main responsibilities include developing the Group's human resource strategic plan and management of the human resource function of the Group, which includes its operations in India, United States and Singapore as well.

He brings with him to Scicom experience in both human resource-related generalist and specialist roles, having established and headed the human resource function for HSBC's 2,000-seat customer contact centres in both India and Malaysia.

Benny was promoted in 2008 to Chief Operating Officer - Scicom Partner with responsibility for service delivery across all Scicom's locations.

He began his career in 1991 with Intercraft South Exports, and has up to 2000, worked with companies such as Unilever, Indo Matsushita and Ford. Between 2000 and mid-2004, he was HSBC's Head of the Human Resource Group Service Centre in India, and was later promoted to Vice-President – Human Resource for their group service centre in Cyberjaya.

Benny has a Master's Degree in Human Resources Management and a Bachelor's Degree in Mathematics.



**Jude Mohan**

*Chief Operating Officer - Scicom Education*

Jude joined Scicom in 2007 and helms Scicom Education, a global educational initiative for formal professional development. This division is the driving force behind the need to create a globally competent work-force for emerging growth markets in the Customer Relationship Management and Contact Centre space. This division, through its research arm The International Academy of Professional Studies (IAPS) also acts as a global think-tank for the CRM & Contact Centre Industry, internationally.

Jude has been in the business of global product management, strategic marketing and consumer behaviour for close to two decades of his life. An ardent exponent of provocative marketing and consumer solutions, his last international posting was with American healthcare giant, 21st Century Healthcare, Inc. where he served as their Chief Operating Officer for Asia.

He has worked with over 50 fast moving brands and has successfully seen the fruits of his thought, bear profit making results. Some of his past clients include Marlboro Cigarettes for Philip Morris Inc., Kent Cigarettes for British American Tobacco, Hugo Boss, Hyundai Automobiles, Starbucks Coffee, Digi Telecommunications, Otis Elevator, Porsche, TV3 (Malaysia) and Cerruti 1881.

Jude holds a Masters Degree in Business from Newcastle and is a member of the Royal British Society for Philosophers. He is also an Honorary Director of the CRM & Contact Centre Association of Malaysia.


**Brenda Marshall**

*Chief Operating Officer - Scicom Academy*

Brenda joined Scicom in April 2006, and is responsible for spear-heading Scicom Academy's business initiatives, as well as the development of customised training solutions together with the expansion of its respectable repertoire of products and services, for both internal and external clients. As Chief Operating Officer of Scicom (Academy) Sdn Bhd, she also oversees the subsidiary's marketing and operational strategies.

She has extensive experience in the areas of marketing, advertising and management, thanks to 25 years of service with the New Straits Times Press (Malaysia) Berhad, where she held the position of Senior Manager, Marketing Support, before joining Scicom.

Brenda holds a LLB from the University of London in the United Kingdom, a LLM as well as a Bachelor's Degree in Mass Communication.


**Viji Rajasundram**

*Chief Technology Officer*

Viji joined Scicom in 2005. As the Group's Chief Technology Officer, his primary responsibilities span over Scicom's technology implementations at all Scicom locations around the world. He also works closely with the Chief Executive Officer in reviewing and recommending strategic and tactical technology-related acquisitions for the Group.

He has over 18 years of experience in the technology arena, having worked in various multinational companies in Malaysia, Singapore, the United States and Philippines. His industry experience includes oil and gas, gaming (lottery), satellite data and television broadcasting, mobile telecommunications and finance.

Prior to his joining Scicom, he was the Director of International Marketing for ICO Global Communications Limited, a data over satellite communications service provider.

Viji has a MBA from Boston University and Bachelor's Degree in Computer Science.


**Willie Lim**

*Senior Vice-President – Client Management*

Willie joined Scicom in October 2000, and carries with him over 20 years of industry experience in relation to general management, including sales and operations. In his capacity as the Senior Vice-President – Client Management. Willie is the strategic point of contact for Scicom clients.

Prior to joining Scicom, he was an Executive Director in Abric Berhad, which is listed on the Second Board of Bursa Securities Malaysia Berhad. He was also previously the Country Manager of United Parcel Service (M) Sdn Bhd, as well as the General Manager of Electrolux Home Centres.

Willie has a Bachelor's Degree in Business Administration.


**Radah Krishnan Vijaya Gopal**

*Senior Vice-President – Corporate Planning*

Radah joined Scicom in 2002 as a Consultant – Corporate Planning and was later promoted to Vice-President – Corporate Planning in early-2004 where he assisted in the Group's formulation of strategic plans, execution of business development initiatives for strategic clients, management of projects and liaison with key government authorities in Malaysia and India respectively.

He has over 15 years of working experience in the areas of consulting, accounting and finance, strategic planning and business development. As the Senior Vice-President – Corporate Planning, he has the primary responsibility for the strategic planning and managing of Scicom's business development initiatives.



## SENIOR MANAGEMENT TEAM

He then moved on to be in charge of the Group's Indian operations, as the Country Manager and Vice-President – Operations, where he was primarily responsible for executing the Group's strategic direction and operations in India.

Prior to joining Scicom he was a Consultant in Corporate Finance and Investment Banking Services in PricewaterhouseCoopers Consulting Sdn Bhd.

Radah, graduated with a professional accounting qualification from the Association of Chartered Certified Accountants in 1997.



### **Shanti Jacqueline Jeya Raj**

*Senior Vice-President – Total Quality Management & Project Management Office*

Shanti joined Scicom in 2000 as a Customer Relationship Executive, and within one year, was spearheading the Group's Training Department in terms of its training and development programmes both for internal and external clients. She was subsequently appointed Head of the Customer Experience Teams, where she developed service quality standards for Scicom's operations.

Her next portfolio was a promotion as an Operations and Training Consultant in Scicom (Academy) Sdn Bhd, where she was involved in numerous projects across the Group. Shanti's dedication and a comprehensive grasp of the contact centre business have now led to her current position .

In her current capacity, she is responsible for ensuring that the Group's quality initiatives including its processes, compliance with ISO and SCP, and their respective accreditations are constantly reviewed, monitored and enhanced. In a nutshell, she is entrusted with the task of continuously enhancing operational effectiveness and efficiencies across the Group's operations.

Prior to joining Scicom, she had worked in various multinational corporations over a 12-year period, with her areas of expertise covering marketing communications, training development and client services.

Shanti holds a Bachelor's Degree in Business Studies and a Diploma in Public Relations. On top of that, she is also a certified trainer of the Service and Support Professionals Association in the United States, for its Certified Support Professional programme.



### **Michael Daly**

*Senior Vice-President – Client Management*

Michael joined Scicom in 2007 and has more than 20 years of experience in managing customer care and technical support organizations. Prior to joining Scicom, he was at Dell Computer. During his tenure with Dell, he was the Sr. Regional Director of Strategic Operations for the Asia Pacific territory. One of his many achievements was the implementation of a process optimization program that helped set new levels of customer satisfaction, efficiency, effectiveness and profitability across the APAC region. Before coming to APAC region, Michael served as Director of Technical Support Service for corporate accounts in North America with Dell.

Prior to Dell Computer, Michael was attached to the consulting firm of eProcesses Inc. as Senior Vice President of Operations. During the 1990's, he was responsible for the development and implementation of day-to-day operations with domestic and international call centers clients. Responsible for over 20 start-up operations during his career, he has held upper management positions with teleservices agencies ranging in sizes from 30 to 2000 plus workstations. The client list include fortune 500 companies and start-up dot-com companies across multiple verticals such as banking, higher education, telecom, IT and hospitality industry. His area of expertise covers outsourcing, sales, marketing and management of technical and support services.

Michael holds a master's degree in International Business, a black belt in six-sigma and certification from COPC and Purdue Benchmark Portal. With this background, he has contributed as a judge for Contact Center World Awards and locally with CCAM in a consulting and judging function.



### **Jerry Rajendram**

*Global Head – Scicom Marketing*

Jerry joined Scicom in January 2003. In his capacity as the Global Head of Scicom Marketing, he is responsible for all corporate branding responsibilities of Scicom worldwide and its intellectual properties, with the intention of formulating integrated marketing solutions to further expand the Group's existing service offerings. He is also responsible for the Group's internal and external marketing communications and public relations initiatives.

Prior to joining Scicom, he was the Regional Managing Director, and the first-ever Malaysian to be elected to the Board of DraftWorldwide.

He has over 20 years of practical experience in advertising, having previously hailed from J.Walter Thompson, Dentsu, Young & Rubicam and DraftWorldwide. During his seven years at J.Walter Thompson, Jerry managed a list of global and regional brands, with the last two years being additionally involved in the setting up of the firm's integrated marketing arm, specialising in relationship management.

Over his 20 years working experience prior to joining Scicom, Jerry had managed major and respectable brands including ASTRO, Philip Morris, HSBC, DiGi, Singapore Airlines, Burger King, Citibank, Salem, Nestle, Ericsson, just to name a few.

Jerry holds both a Master of Science Degree and Honour's Degree respectively in Behavioural Science.



### **Kim Priestley**

*Global Head - Scicom Consulting*

Kim joined Scicom in 2008.

With over 18 years of management consulting, business process and contact center development. Kim was the VP, of Strategic Integration for Priority Healthcare and was responsible for the largest integration/acquisition in Priority Healthcare's history.

Kim served as the Vice President, Business Process Outsourcing for IntelliRisk Management an outsource company with 34 worldwide offices specializing in financial Customer Support.

From 1998 through 2002 she was Vice President, Customer Contact Development for eProcesses consulting, a firm specializing in contact center implementation and re-organization for its global clients. Kim also held executive positions at MCI Telecommunications.

Kim's experience includes over 8 years in the international community, the past 5 years in Asian countries such as India, Japan, Korean, Malaysia and China.

Kim is a graduate of UCLA, with a MBA in Global Management from the Thunderbird School of Global Management. Kim is Purdue University Certified Auditor for Call Center Excellence, COPC Certified Coordinator, a Six Sigma Black Belt, and a CCNG Member. Kim is also a certified facilitator of DDI Learning Systems.



### **Jeff Russell**

*Global Head - Business Development*

Jeff joined Scicom in 2008.

Jeff has more than twenty years of international business experience. He is considered a pioneer and expert in global business process outsourcing (BPO) and contact centre operations. He has either lived in or traveled extensively to more than 45 countries and has directed a myriad of projects. His many contacts and expertise are invaluable for growing businesses rapidly and globally.

Jeff helped birth the BPO and contact centre industry in many developing countries including Malaysia, India, the Philippines, Pakistan. His specialty is global business development. Prior to joining Scicom, Jeff consulted with or directed business development activities securing clients such as AT&T, Yellow Pages, MySpace.com, Newsweek, and American Express.

Jeff has negotiated for and then directed outsourcing, shared services and direct marketing strategies for healthcare, financial, security, telecommunications and hospitality clients from the USA and Europe. For example, he successfully helped secure and then implemented several contact centre projects for clients including; Global Healthcare Communications, Universal Savings Bank, Sprint Cellular, Telecommunications-On-Demand, Fairfield Resorts and Marriott Corporation.

Besides his skills in business development, Jeff has developed policies and procedures and trained thousands of personnel on contact centre operations. Additionally, Jeff has designed, advised on the build-out, developed operational teams and then provided ongoing consulting for several contact centres worldwide.

## MILESTONES OF THE FINANCIAL YEAR

### August 2007

- Dubai Investment Group Ltd emerged as a substantial shareholder in Scicom.

### September 2007

- Asia Pacific helpdesk set up for a large UK based Multinational Corporation.

### November 2007

- Scicom signed a memorandum of understanding with PT Telekomunikasi Indonesia, to set up a joint operating entity in Indonesia
- At the 8th Annual Malaysian Contact Centre Awards organized by the Customer Relation Management and Contact Centre Association of Malaysia, Scicom's services for its major client received the "Best Outsourced Service Contact Centre (over 50 seats) British Telecom Award Best of the Best" category.

### January 2008

- PT Telekomunikasi Indonesia International emerged as a substantial shareholder in Scicom.
- Scicom announces a tax-exempt interim dividend of 1 sen per share for the financial year ending June 30, 2008.

### March 2008

- Scicom disposes its shareholding interest in Jade Apple Marketing Sdn Bhd.

### April 2008

- Scicom is listed in the prestigious Global 2008 "Global 100" best Outsourcing Companies for the third consecutive year.
- Scicom is also included into the prestigious Global Services Providers listing under the 'Leader, Emerging Asian Markets' category.
- Scicom (Academy) Sdn Bhd launches the BPO@Work course, the first formal qualification for contact centre workers in the world, with a career-specific syllabus and certification from an internationally recognised educational body. The courses are certified by Edexcel, a globally recognized accreditation body in existence from the year 1870 and a subsidiary of the world's largest publishing house Pearson plc.
- The pioneer batch of 30 students receive their certificates at a ceremony in Kuala Lumpur, officiated by the Deputy Minister of Science Technology and Innovation of Malaysia and graced by the presence of the British High Commissioner to Malaysia.



### May 2008

- Scicom participated in the prestigious WCIT 2008 event held in Kuala Lumpur where more than 150 MSC Malaysia-status companies participated to showcase their products and services to the global ICT market.

## GROUP FINANCIAL HIGHLIGHTS

Scicom (MSC) Berhad

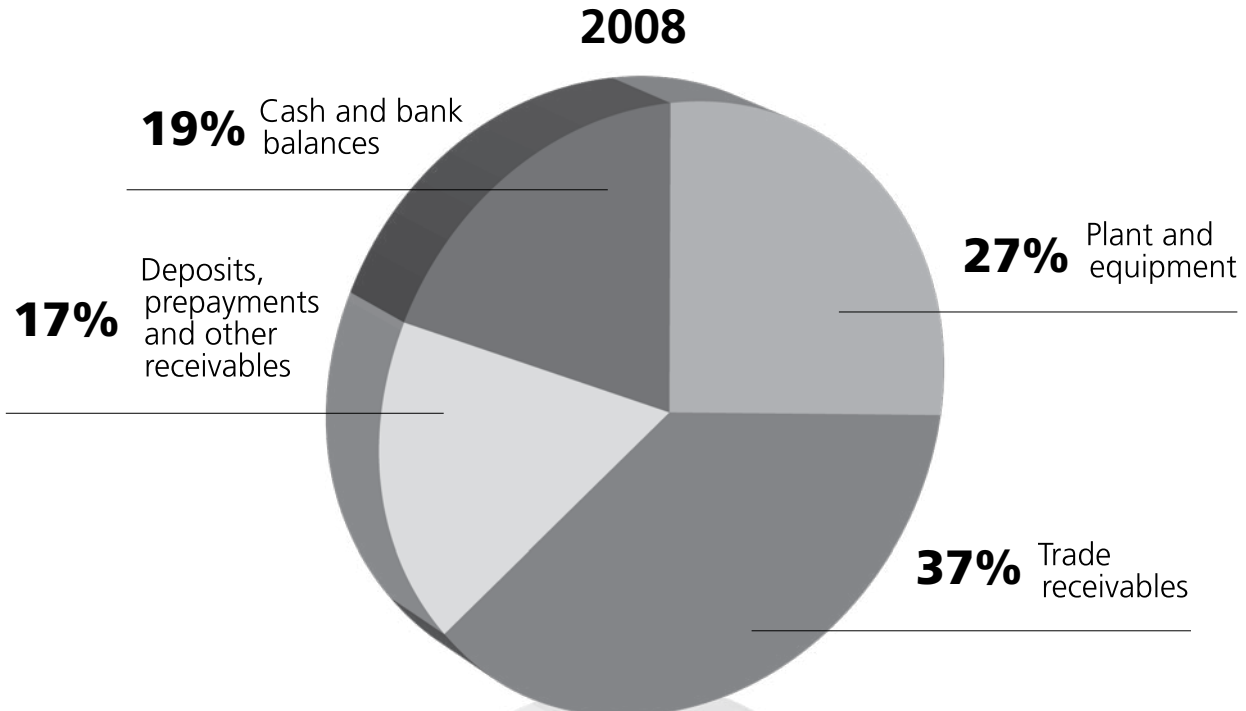
	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>PROFITABILITY (RM'000)</b>				
Operating revenue	118,272	108,067	89,747	77,958
Profit before taxation ("PBT")	6,106	11,932	5,585	10,650
Net profit for the financial year:				
- Attributable to equity holders of the Company	6,056	11,315	5,583	10,633
- Minority interest	-	(4)	-	-
	6,056	11,311	5,583	10,633
<b>KEY BALANCE SHEET DATA (RM'000)</b>				
Total assets	57,002	52,704	50,735	49,220
Total liabilities	11,153	7,867	6,373	5,635
Capital and reserves attributable to equity holders of the Company	45,849	44,811	44,362	43,585
Minority interest	-	26	-	-
<b>FINANCIAL RATIOS</b>				
Profitability:				
- Revenue growth (%)	9.4%	38.7%	15.1%	26.5%
- PBT growth (%)	-48.8%	5.8%	-47.6%	58.0%
- Net profit growth (%)	-46.5%	68.1%	-47.5%	13.6%
- Basic earnings per share (sen)	2.28	4.33	N/A	N/A
- Diluted earnings per share (sen)	2.27	4.25	N/A	N/A
- Asset turnover (times)	2.07	2.05	1.77	1.58
- Net return on equity (times)	0.13	0.25	0.13	0.24
Liquidity				
- Current (times)	3.68	4.47	6.20	7.08
- Cash over total assets (%)	18.4%	13.6%	14.7%	13.8%
- Trade receivables turnover (months)	2	2	2	2
Financing:				
- Debt over equity (times)	0.01	0.04	0.01	0.04
- Gearing (times)	0.01	0.04	0.01	0.04

## GROUP FINANCIAL HIGHLIGHTS

### SUMMARY OF THE GROUP'S FINANCIAL POSITION

#### TOTAL ASSETS

The Group's total assets amounted to RM57 million as at 30 June 2008, a growth of 8.3% from the previous financial year-end.



#### Cash and bank balances (including fixed deposits with a financial institution)

The Group's cash and bank balances inclusive of fixed deposits increased by 33% over the preceeding financial year to RM10.5 million.

#### Trade receivables

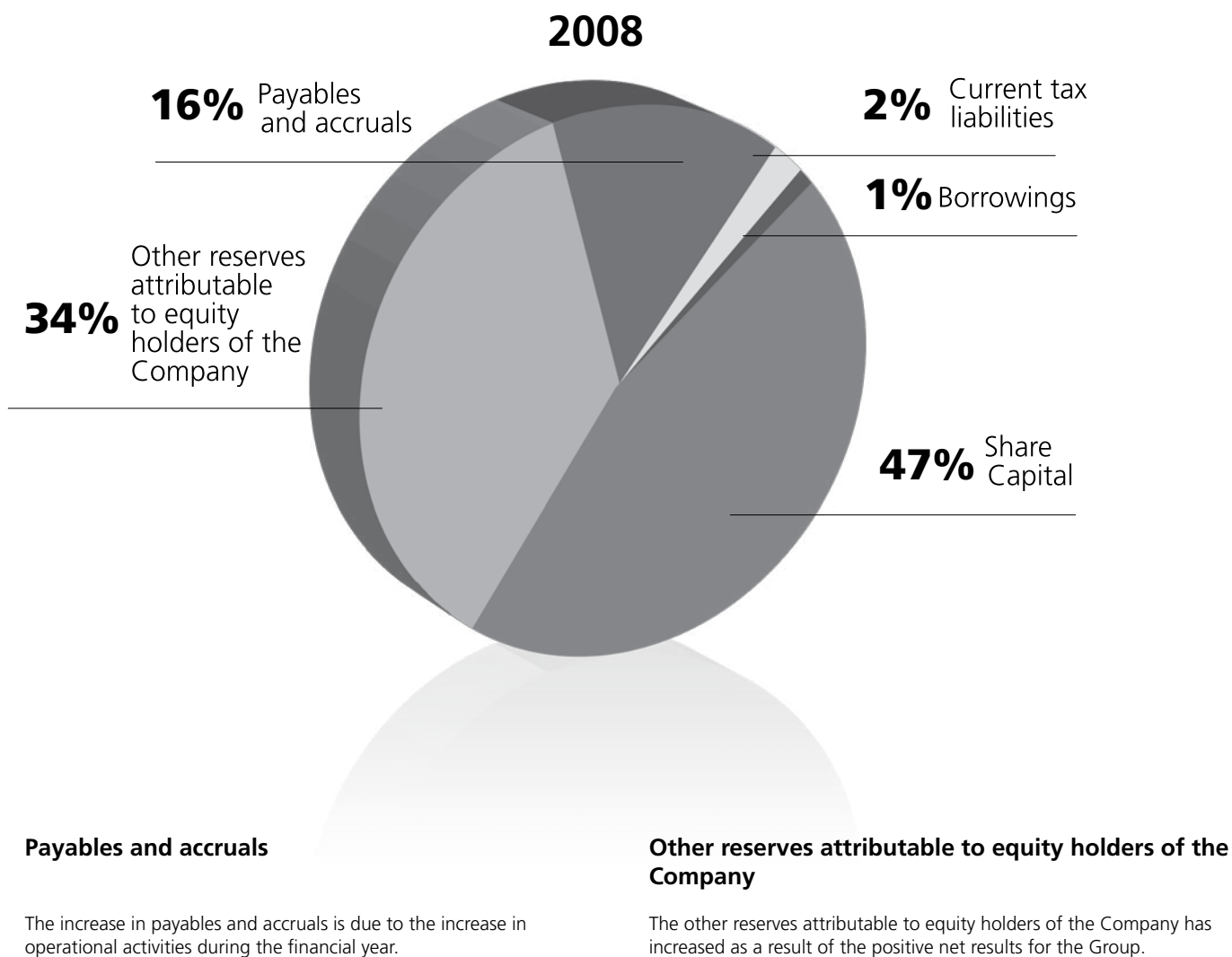
The Group's trade receivables increased by 7% over the preceeding financial year to RM21.2 million. This is attributable to an increase in new business revenue.

## GROUP FINANCIAL HIGHLIGHTS

### SUMMARY OF THE GROUP'S FINANCIAL POSITION

#### TOTAL LIABILITIES, CAPITAL AND RESERVES

Total liabilities, capital and reserves of the Group had increased by 8.2% as at 30 June 2008.



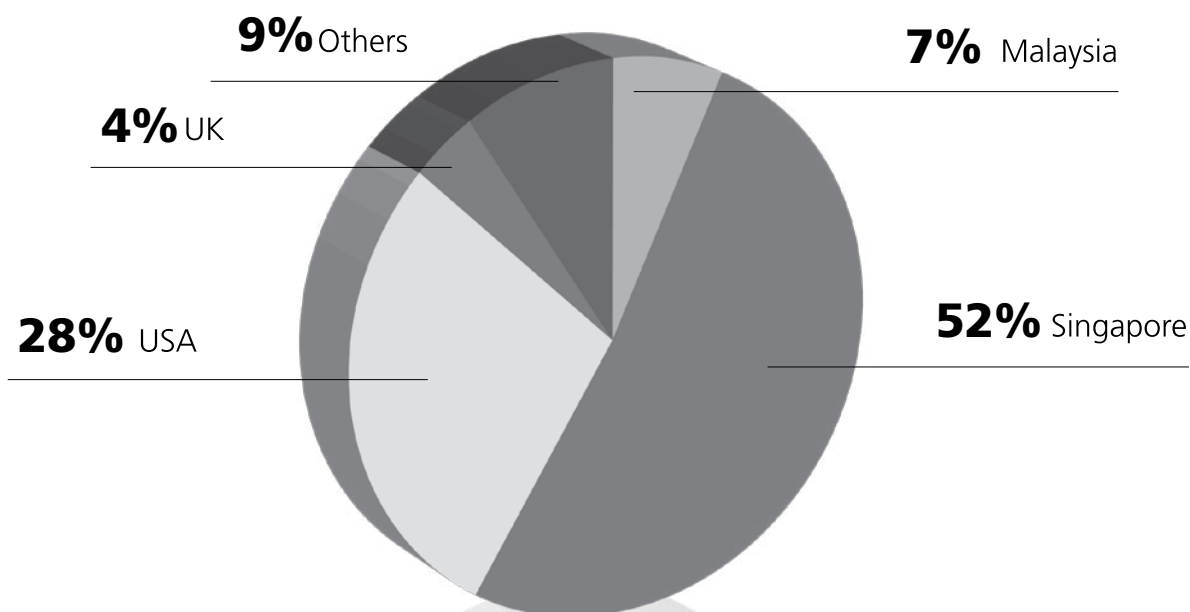


## GROUP FINANCIAL HIGHLIGHTS

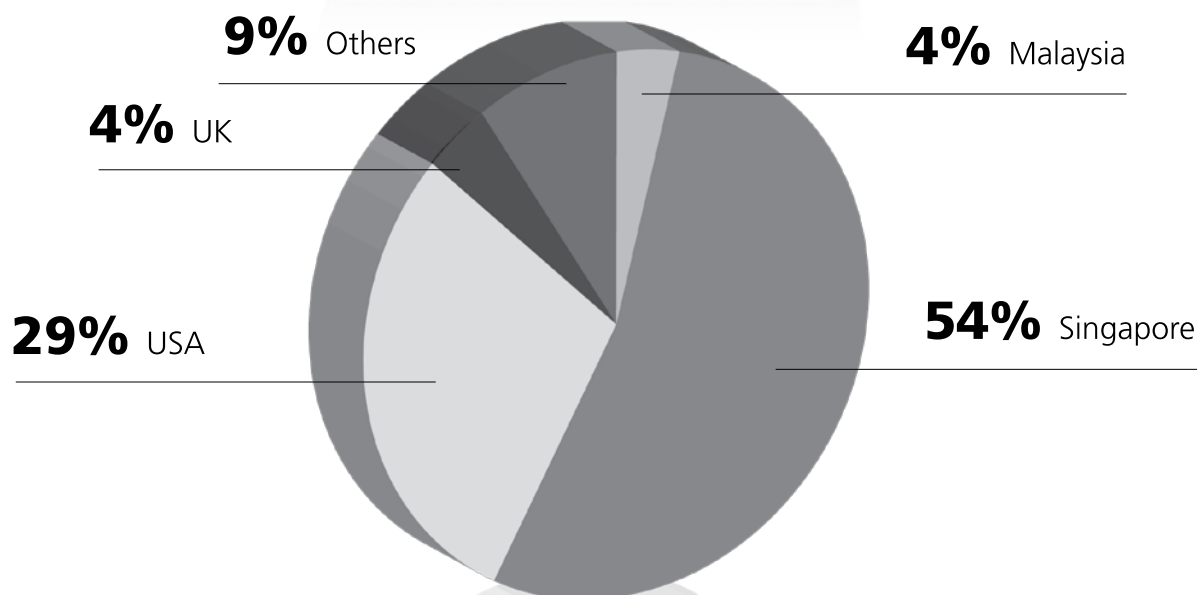
SUMMARY OF THE GROUP'S FINANCIAL POSITION

### REVENUE BY LOCATION

**2008**



**2007**

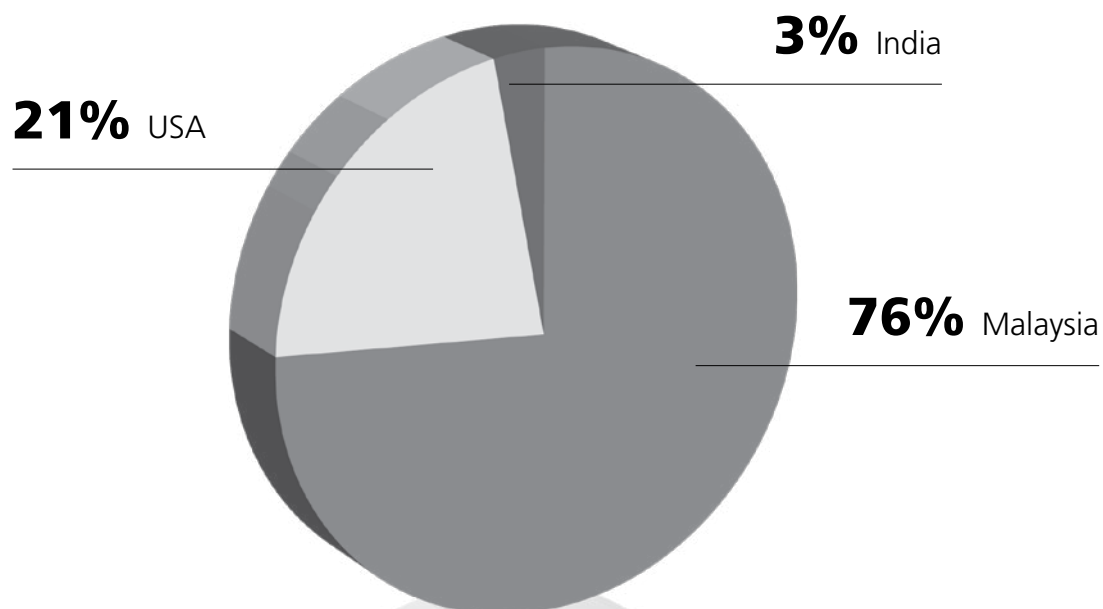


## GROUP FINANCIAL HIGHLIGHTS

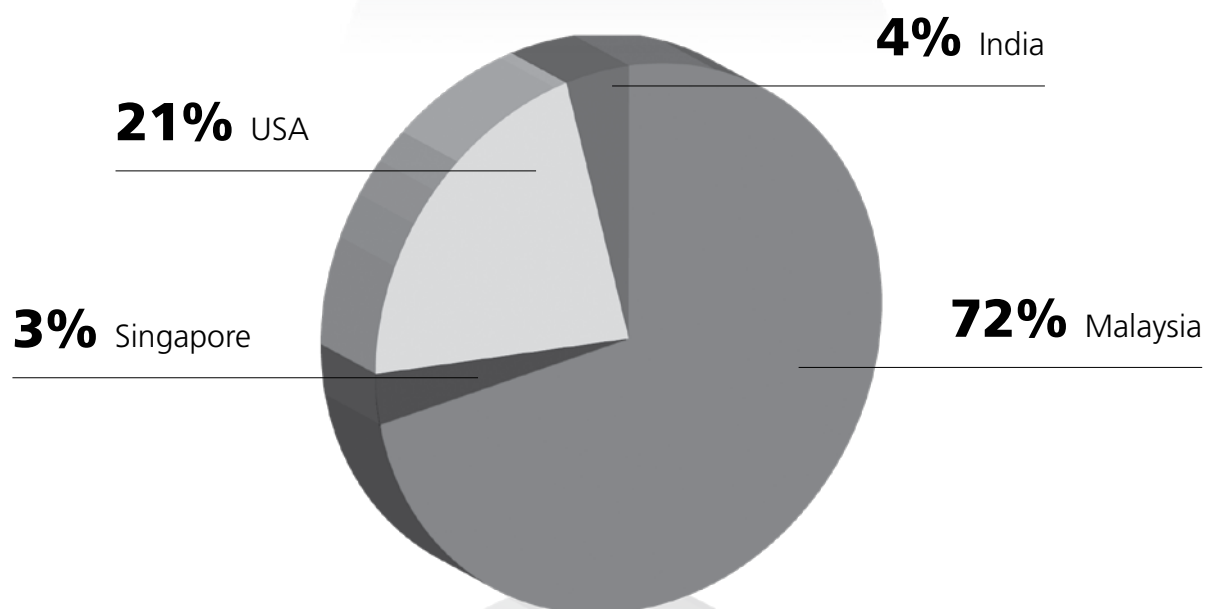
SUMMARY OF THE GROUP'S FINANCIAL POSITION

### TOTAL ASSETS BY LOCATION

2008



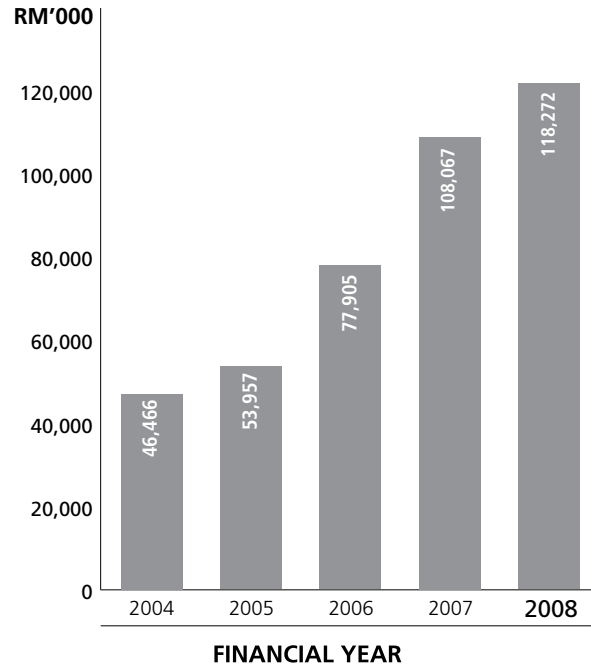
2007



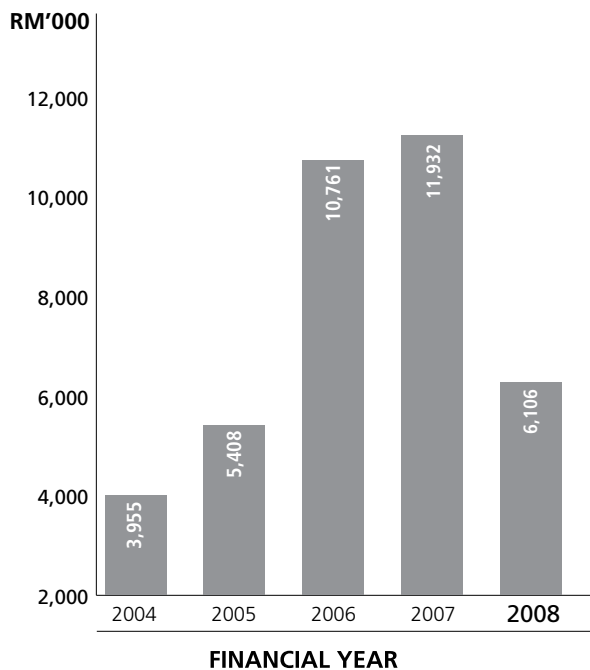
## GROUP FINANCIAL HIGHLIGHTS

SUMMARY OF THE GROUP'S FINANCIAL POSITION

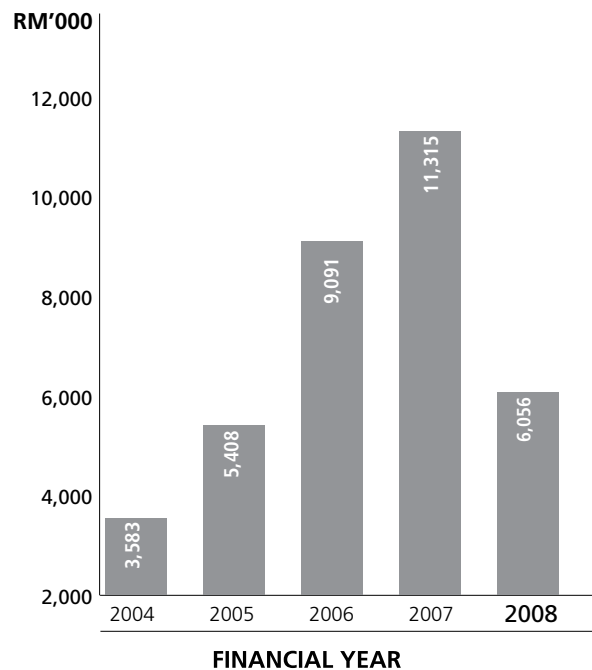
### REVENUE



### PROFIT BEFORE TAXATION



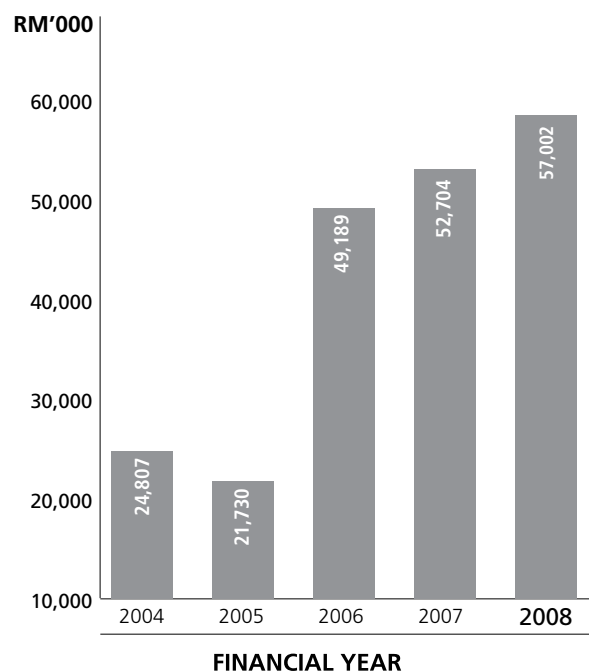
### NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



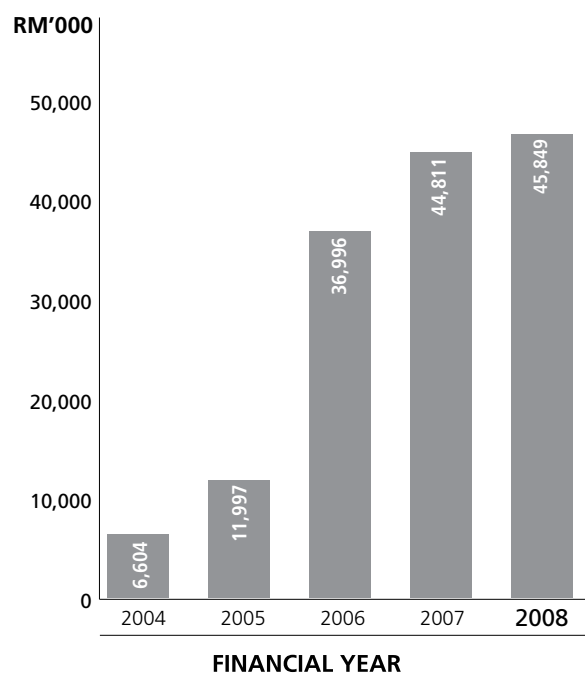
## GROUP FINANCIAL HIGHLIGHTS

SUMMARY OF THE GROUP'S FINANCIAL POSITION

### TOTAL ASSETS



### CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report of Scicom (MSC) Berhad for the financial year ended 30 June 2008. I am also pleased to report satisfactory performance during our third year of listing on the MESDAQ Market of Bursa Malaysia Securities Berhad

### Financial Performance

We are pleased to announce that Scicom has had another successful year in terms of revenue growth. The Group's revenue for current financial year grew by RM10.2 million to RM118.3 million, representing a 9.4% increase from 2007 financial year. However net profit for the 2008 financial year decreased by RM5.2 million to RM6.1 million, representing a decrease of 46.5% over the preceding financial year.

The decrease in profitability and margins for the current financial year is attributable to a reduction in operating margins by some of the Group's major clients as a result of cost cutting measures instituted by these clients; coupled by the appreciation in the Malaysian Ringgit against the United States Dollars ("USD") for the first three (3) quarters of the current financial year; and longer than anticipated sales cycles for major new business in the financial year.

Along with a concerted drive to garner new business, the Group has successfully negotiated with its current clients to implement a Ringgit Malaysia denominated costing model. This will also be applicable for new prospects and clients (outside of the United States).

We are optimistic that the Group's healthy pipeline and order book is coming to fruition and will result in the Group achieving higher revenue and profit for the next financial year.

### Utilisation of Initial Public Offering ("IPO") proceeds

As at the date of this Annual Report, the proceeds from Scicom's IPO has been fully utilised.

### Dividends

The Board is recommending a final dividend payment of 1 sen per ordinary share, tax exempt, in respect of the financial year ended 30 June 2008. This payment together with the interim dividend of 1 sen per ordinary share, tax exempt, declared and paid in March 2008, will amount to a dividend payout for the financial year of 2 sen per share, tax exempt.

### Corporate Developments

The Group disposed of its interest in Jade Apple Marketing Sdn Bhd, ("JAMSB") during the financial year, since the business activities of JAMSB were not aligned to its stated business activities nor in concert with the group's defined business strategies.

The Group has been informed by PT Telekomunikasi Indonesia that the joint venture operating entity in Indonesia continues to be a strategic initiative anticipated by both parties. PT Telekomunikasi Indonesia is currently in the process of reverting to the Group on specific internal requirements which is anticipated to be concluded by the end of the first quarter of the financial year ending 30 June 2009.

### Future Outlook

The outlook for Scicom in its eleventh year of operations is optimistic. The Global BPO Industry continues to be the fastest growing industry in the world today and is also evolving at a similar pace with challenges in the form of increased customer awareness and expectation, greater competition and the need for innovative value-added solutions.

The Group's operations in Malaysia have expanded both in terms of capability, service offerings and scalability. The Group continues to increase its client-base in line with its growth strategies. Operations in India and the United States of America ("USA") continue to provide the Group with substantial revenue streams. Our global positioning vis a vis our brand continues to be enhanced both globally and domestically.

The outsourcing company of the future must be able to demonstrate operational excellence, provide value added services and be competitive.

Accordingly the Group has evolved its service offerings to focus on key activities that differentiates it from its competition.

These activities are focused on the customer base of our multinational clients and centre around our ability to provide services that result in customer retention, acquisition and revenue generation for our multinational corporation client base.

#### **Appreciation**

I wish to thank the governments, the regulators, our shareholders and other stakeholders, our loyal clients, suppliers, and more importantly, our dedicated staff spanning the many jurisdictions which we operate in, for their support in making our Group's business a success.

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



**YBHG DATO' AHMAD KABEER  
BIN MOHAMED NAGOOR**  
*Chairman*





## CEO'S OVERVIEW

The customers of the future are rapidly evolving and as we speak are already in our midst. The services we offer therefore must be in line with their aspirations and expectations. No longer are processes just outsourced. Today's customer wants their solutions outsourced. The old adage in the industry of the advantages of cost arbitrage and better quality are no longer benchmarks of a quality outsourcing company. Today's multinational corporations want their outsourcers to be solution driven retainers, acquirers and revenue generators of their customer base.

Over the last two years, we have identified these factors as major drivers to our continued growth and sustainability and have focused on developing innovative services in line with the future needs of our existing and anticipated client base. The new integrated offering of Scicompartner, marketing, consulting, academy and education is proving itself admirably, are very well liked by our clients and prospects and clearly differentiate us from our competition. Our short and medium term plans show us achieving sustainable growth with better margins.

Our focus has always been on profitability. After more than ten years of sustained growth and profit we are poised to charter new heights for the immediate future. This is due to a sterling reputation for operational excellence, a relevant and innovative suite of products, and most importantly the trust of our clients. We are now at a size with high end services that increasingly attract our targeted multinational client base.

### Financial Performance

Consolidated revenue for the financial year ended 30 June 2008 rose by 9.4% to RM118.3 million driven by new contracts secured during the 2008 financial year.

However, the Group's profit after taxation for the year was 46.5% lower at RM6.1 million from the Group's preceding year's profit of RM11.3 million.

This was due mainly to a reduction in operating margins from a significant client. The lower profit was also due to the depreciation of the USD over the financial year.

Going forward we expect this reduction in operating margin to be substantially mitigated by an increase in business from the same client for financial year 2009 and the use of RM denominated billings for our Malaysian based operations.

The Group's total asset base has increased by 4% to RM57 million as at 30 June 2008 over the preceding year's asset base of RM52.6 million.



For the financial year ended 30 June 2008, foreign currency earnings constituted 93.5% of the Group's total revenue.

### Operational Performance

Scicom's brand is a powerful force in the Outsourcing industry in Asia today. During the financial year, Scicom was placed in the "Top Global 100 Services Providers" listing for 2008, based on the survey as conducted by "Global Services" Magazine and neolT, a distinction which we also earned in 2006 and 2007. For 2008, "Global Services" magazine listed Scicom amongst the "Top 10 Companies to Watch in Emerging Asian Markets" category. Scicom continues to be at the fore-front of the industry in Malaysia delivering world-class services to multinational clients.

Our operations are centred in Malaysia with full service offerings also available in India and the USA. Malaysia continues to be our global headquarters with 1,462 staff followed by 172 staff in India and 148 staff in the USA. Our total headcount stands at 1,782 staff as of 30 June 2008.

Our operations and service delivery are benchmarked against global standards and we are pleased to announce that all of our operating centres globally are SCP (Support Centre Practices) certified.

The Group's wholly owned subsidiary – Scicom (Academy) Sdn Bhd has increased its training and educational offerings. A new division Scicomeducation, which is affiliated with a professional body in the UK is now offering internationally recognized British Technical Educational Council ("BTEC") certificates and diplomas for both entry and management level personnel in the BPO industry.

The first batch consisting of 30 students have graduated with the BTEC diploma in February 2008 and training is ongoing for subsequent batches in line with the fulfillment of contractual obligations with clients.

This is a global first for the Industry and in line with our aspirations to move up the value chain in terms of providing a world class service offering and offering greater geographical spread. We expect these courses to be offered by our staff and facilities in overseas markets in the near future.

The Group has also entered into an agreement with the Stamford Group and have jointly set up "The Stamford School of Business Outsourcing Studies" a first in Asia Pacific, targeted at entry level aspirants as well professionals within the Industry. A fully functional teaching facility has been set up with lecture theaters, computer based labs and a contact centre for the dispensation of the courses.

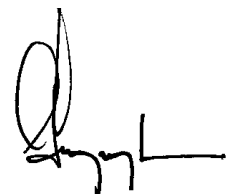
Scicom's consulting division shows promising growth potential. Fully 85% of Malaysia's potential outsourced market is still kept inhouse. We think there is tremendous opportunity to tap into these organizations and help them in all aspects of their customer contact management lifecycle. Our consultants are operational and domain experts and Scicom's clear advantage in providing robust operational services allow us to offer clearly differentiated services vis a vis our competition.

Our investment into Jade Marketing Sdn Bhd was to enhance very rapidly our CRM and marketing competence. This unfortunately did not materialize and the Group has since divested its stake to the minority shareholder of Jade Apple Marketing Sdn Bhd. The Group strategy for Scicommarketing remains focused and in step. We have hired new expertise and am pleased to announce that new business secured from existing clients have vindicated the continued focus and expansion of Scicommarketing and its associated services.

Scicom has entered into a Memorandum of Understanding ("MOU") with PT Infomedia Nusantara ("Infomedia") in order to enhance Infomedia's outsourcing business proposition to its existing clients and to provide the necessary expertise in the pursuit of further development of the business in Indonesia. The parties continue to be desirous of concluding this as soon as is practicable. The strategic intent to conclude this remains as a focus area for our two companies.

The Group expects growth to continue organically from existing projects and from new projects secured, along with our new lines of business as described above. Furthermore, negotiations are currently in place with overseas business prospects that would pave the way for expansion in terms of new business wins within the Group's BPO/SSO space. The Group is also focused in increasing revenues and contribution to bottom line earnings through potential joint-ventures, which would accelerate the growth of the Company.

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 for their support and assistance, our Board of Directors for their guidance and finally, my sincere gratitude goes to the employees of the Scicom Group for their loyalty, dedication and professionalism.



**LEO ARIYANAYAKAM**  
Chief Executive Officer

## CORPORATE SOCIAL RESPONSIBILITY

At Scicom we, believe that Corporate Social Responsibility starts with our own employees and extends to our community as a whole. It is infused into our business practices and strategies and we are committed to operating in a transparent and ethical manner contributing always to the economic development of the nation.

### ● The Community

Since incorporation, we have played a key role in providing significant employment opportunities to Malaysians, comprising both fresh graduates and experienced hires.

We have leveraged on our subsidiary - Scicom (Academy) Sdn Bhd's training capabilities, to provide technical training and relevant updates to our customer contact centre service agents. This not only enhances our employees skills and capabilities, but is also integral for their personal and professional career development. Now, with the recently launched BTEC Certification, our employees are able to attain British certifications at a subsidised cost, by virtue of Scicom's sponsorship.

### ● The Workplace

Scicom continues to provide a market driven platform to share its success with its employees and others who have contributed significantly to the Company's success.

We continually reward and recognise employees for their outstanding contribution and performance during the financial year.

Apart from training and developing our service delivery work force, we are also committed to career development of our management and support staff, by sponsoring key personnel for training and seminars. Scicom has enhanced its ability to identify the bench strengths of its employees and develop interventions that closes the gap between current and desired employee capability. Scicom's Talent Assessment, Recognition and Development ("STAR") program has been developed to:

- Assess all employee's current level of capabilities against the desired level;
- Create a list of high potential employees for career advancements;
- Develop employees for future organizational roles; and
- Create a common framework of behaviour.

In line with our current ability to provide contact centre services in multiple languages, we have , a human capital which is diverse in both race and culture, including Malaysians, Indians, Chinese, Americans, British, Singaporeans, Australians, Sri Lankans, Japanese, Korean, Vietnamese, Filipinos, Indonesians, Cambodians, Moroccans, Iranians and a host of Arab and African nationals amongst others.





## The Marketplace

Scicom has been the first BPO service provider to introduce Certification, Post-graduate Certification and Post-graduate Diploma programmes in Contact Centre Management, aimed at its own staff, school leavers or diploma holders to be aspiring BPO professionals. Today CSR is inherent in Scicom's management and leadership principles and Scicom is looking at creating long-term educational benefits for its staff, and the Company sees this as an important element in implementing its business strategies.



Scicom's objectives are on building a meaningful relationship with its various stakeholders, setting standards based on its values and maintaining quality for its service delivery and business offerings. To achieve this, Scicom is committed to staff training & development and to the retention of talent of

socially conscious individuals. Scicom's success depends on its ability to build a sustainable people centric culture. Scicom is convinced that socially responsible activities are the best possible way to ensure the long-term success of the Company.



A PEARSON COMPANY **edexcel** advancing learning, changing lives

**“My Future is Secure. My Career is Sound. I am a Certified Contact Centre Professional.”**

Ashraf Nouri, CCCP (BTEC, UK)  
Certified Contact Centre Professional  
& BTEC Graduate in Contact Centre Management

**First of its kind in the WORLD!**

**BTEC Certified Contact Centre Professionals can look forward to fulfilling careers in one of the fastest growing industries in Malaysia and the World!**

**Planned Outsourced Locations**  
Source: CalCentres.net

Country	% of centres
Malaysia	92%
Singapore	38%
China	15%
Hong Kong	15%
Australia	8%
Philippines	8%
Taiwan	8%
USA	8%

Of those global contact centres planning to outsource some contact centre functionality in the next 12 months, 92% plan to outsource to Malaysia.

By 2012, Malaysia would require close to 50,000 Contact Centre Professionals to fuel the growth of the domestic BPO industry. Amongst the largest global outsourcing interviewers over the past 6 months, 92% have indicated that they are seriously looking to outsource their business in Malaysia.

**BTEC Formal Contact Centre Educational Programmes**  
QUALITY BRITISH EDUCATION SINCE 1870

Global Delivery Partner: **scicomacademy**  
23th Floor, Menara TA One (Johor) Box 2280, 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel: +63 2142 1086 Fax: +63 2144 9520  
Email: info@scicomacademy.com Website: www.scicomacademy.com

A PEARSON COMPANY **edexcel** advancing learning, changing lives

**The Professional Career Path We Chose is Filled with Rewards**

Frank Karamanidis, CCCP (BTEC, UK)  
Certified Contact Centre Professional  
& BTEC Graduate in Contact Centre Management

**First of its kind in the WORLD!**

**BTEC Level 5 - Professional Diploma in International Contact Centre Management**

The BTEC Level 5 Professional Diploma in International Contact Centre Management is an internationally recognised qualification that provides a comprehensive understanding of the Contact Centre and Business Process Outsourcing industry. It is designed to equip graduates with the knowledge, skills and attitudes required to succeed in the industry.

**BTEC Formal Contact Centre Educational Programmes**  
QUALITY BRITISH EDUCATION SINCE 1870

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**I've set my sights on scaling the CORPORATE LADDER. I'm a Certified Contact Centre Professional**

Arin Anthony Chirila, CCCP (BTEC, UK)  
Certified Contact Centre Professional  
& BTEC Graduate in Contact Centre Management

**First of its kind in the WORLD!**

**BTEC Level 5 - HND (Foundation Degree) in International Contact Centre Management**

The BTEC Level 5 Higher National Diploma (HND) in International Contact Centre Management is an internationally recognised qualification that provides a comprehensive understanding of the Contact Centre and Business Process Outsourcing industry. It is designed to equip graduates with the knowledge, skills and attitudes required to succeed in the industry.

**BTEC Formal Contact Centre Educational Programmes**  
QUALITY BRITISH EDUCATION SINCE 1870

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**I chose to SUCCEED. I chose to be in the fastest growing industry in the World!**

Alexa Roshan Bhat, CCCP (BTEC, UK)  
Certified Contact Centre Professional  
& BTEC Graduate in Contact Centre Management

**First of its kind in the WORLD!**

**BTEC Formal Contact Centre Educational Programmes**

The BTEC Formal Contact Centre Educational Programmes are designed to equip graduates with the knowledge, skills and attitudes required to succeed in the industry. They are internationally recognised qualifications that provide a comprehensive understanding of the Contact Centre and Business Process Outsourcing industry.

**BTEC Formal Contact Centre Educational Programmes**  
QUALITY BRITISH EDUCATION SINCE 1870

A PEARSON COMPANY **edexcel** advancing learning, changing lives

**At last, a structured programme in MANAGEMENT & OPERATIONS for Contact Centre Professionals**

Arin Anthony Chirila, CCCP (BTEC, UK)  
Certified Contact Centre Professional  
& BTEC Graduate in Contact Centre Management

**First of its kind in the WORLD!**

**BTEC Level 4 - Professional Certificate in International Contact Centre Management**

The BTEC Level 4 Professional Certificate in International Contact Centre Management is an internationally recognised qualification that provides a comprehensive understanding of the Contact Centre and Business Process Outsourcing industry. It is designed to equip graduates with the knowledge, skills and attitudes required to succeed in the industry.

**BTEC Formal Contact Centre Educational Programmes**  
QUALITY BRITISH EDUCATION SINCE 1870

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Scicom recognises that corporate governance is about commitment to values, ethical conduct and managing stake holder’s expectations. The Board subscribes to the Principles and Best Practices as set out in the Malaysian Code of Corporate Governance as a key factor towards achieving an optimal governance framework and process in managing The Group’s business and operational activities. Good corporate governance is a fundamental part of the Group’s responsibility to protect and enhance long term shareholder value and the financial performance of the Group.

The Board is pleased to set below the Statement on how the Group has applied the Principles of the Malaysian Code of Corporate Governance, and the extent of compliance with the Principles and Best Practices advocated there-in.

### ● A - THE BOARD

#### 1. Responsibilities of the Board

The Group’s Board comprising competent individuals with specialised skills and knowledge provide clear and effective leadership to the Group. The Board is responsible for charting the strategic direction of the Group as well as over-seeing the conduct, performance and internal controls of the Group’s business activities. In order to ensure a constantly well-balanced Board, careful consideration is given when selecting and balancing between the composition of Independent and Non-Independent Directors.

The Board has a formal schedule of matters requiring its decision, as detailed below:

- Reviewing and adopting the Group’s strategic direction, as proposed by the CEO. All approved strategies will then be communicated down to respective Heads of Departments for implementation;
- Assessing and evaluating the Group’s business and operational performance, to ensure that Scicom is on track with the strategic direction as set-out by the Board;
- Approving significant policies that may have a material impact on the Group’s business activities;
- Reviewing and approving the Group’s business plans.
- Approving the Group’s annual budget, which includes all major capital expenditure;
- Reviewing the Group’s financial performance and position on a quarterly basis; and
- Reviewing other significant matters that may have a material impact on the Group.

#### 2. Board composition and balance

The Board currently has six members, comprising two Non-Independent Non-Executive Directors, one Non-Independent Executive Director, and three Independent Non-Executive Directors. As such, the current Board composition satisfactorily fulfills the prescribed requirements for one-third of the Board membership to consist of Independent Board members.

A brief profile of the Directors is included in the Board of Directors – Profiles as set out on page 12-13. The Board is well-balanced and comprises highly 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 which is vital for The Group’s success. None of the Non-Executive Directors participate in the Group’s day-to-day management activities. The Independent Non-Executive Directors play a pivotal role in ensuring corporate accountability, but rather provide an essential source of impartial and professional advice, and judgment, in order to safeguard the interests of the Group and its stakeholders.

In order to balance of power and authority, there is a clear division of responsibility between the Chairman of the Board and Chief Executive Officer ("CEO"), via the appointment of separate Board members to hold these respective positions.

The Chairman is primarily responsible for ensuring the Board's effectiveness, along with other areas as detailed below:

- Ensuring proper balance in the Board's membership, subject to the approval of the shareholders and other members of the Board;
- Ensuring that all relevant issues are included in the Board meeting agendas;
- Ensuring that all Directors, both Executive and Non-Executive, are enabled and constantly motivated to play their role to the fullest of their abilities. This includes ensuring that the Board members, particularly the Non-Executive Directors, continuously receive timely and relevant information tailored to their needs, and are properly briefed on issue arising, if any, during the Board meetings; and
- Ensuring that the Executive Director constantly looks above and beyond his management function, and fully accepts his responsibilities in the area of corporate governance.

The CEO is responsible for the day-to-day running of the Group's business, and ensuring that The Group's policies and strategies as approved and adopted by the Board are implemented with the assistance of the SMT.



## CORPORATE GOVERNANCE STATEMENT

### 3. Board meetings

The Board meets at least four times a year on a quarter basis, with additional meetings being convened as and when necessary for urgent and important matters, such as to approve the quarterly announcements to Bursa Securities, statutory financial statements, the Group's business plans, and also to review the Group's financial performance and standing.

During the current financial year, 5 Board meetings were held of which the details of each Director's attendance are shown below:

Director	Designation	Number of meetings attended during the financial year	Percentage
Dato' Ahmad Kabeer bin Mohamed Nagoor	Chairman/Non-Independent Non-Executive Director	5 of 5 meetings	100%
Leo Ariyanayakam	Chief Executive Officer/Group Executive Director/Non-Independent Executive Director	5 of 5 meetings	100%
YBhg Dato' Mohd Salleh bin Hj Harun	Independent Non-Executive Director	5 of 5 meetings	100%
Krishnan Menon	Non-Independent Non-Executive Director	5 of 5 meetings	100%
Dr. Nikolai Dobberstein	Independent Non-Executive Director	4 of 5 meetings	80%
Loh Lee Soon	Independent Non-Executive Director	5 of 5 meetings	100%

### 4. Appointments to the Board

Due to the relatively small size of the Board, there is no Nomination Committee being set-up, but the rather, the nomination process for potential new Director appointments, has been entrusted to the full Board.

### 5. Retirement and Re-election of Directors

The Company's Articles of Associations require at least one-third of the Board members to retire by rotation at the Annual General Meeting ("AGM"), and also for all the Directors to retire once every three years, of which the Directors will then be eligible to offer themselves for re-election.

## 6. Directors' Trainings

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Directors are also encouraged to, and have attended various conferences and seminars which are conducted both in-house and by external parties, in order to enable them to effectively discharge their duties, as well as keep abreast of the industry, regulatory and other related developments.

## 7. 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 Board papers, which enable the Directors to consider any matters arising and facilitate their decision-making process. The Board papers include, among others, the following documents and/or information:

- The Group's operational performance for the quarter and year-to-date, as compared to the pre-set budget and operational targets, including a detailed explanation of material variances between the actual and budgeted results. Performances are analysed at project and individual company-levels;
- 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 financial period;
- The listing of significant planned capital expenditure and their appropriate justifications, to be tabled for approval by the Board;
- The annual business plan and strategic initiatives are tabled for approval by the Board; and
- The Directors are regularly updated by the Company Secretaries on new statutory as well as regulatory requirements relating to Director's duties and responsibilities on the discharge of their duties as Directors of the Company. The Directors have unrestricted access to the advice and services of the Company Secretaries and SMT of the Group.

All the Directors, whether collectively as a Board or in their individual capacity, have access to advice and services of the Group's company secretaries. The Group-practice also permits an individual Director or the Board as a whole, whom wishes to seek independent professional advice in carrying out his or their duties respectively, may do so at the Group's expense.

## 8. Committees

In order to enhance the Board's effectiveness as well as to comply with certain fiduciary duties, the Board has delegated the following responsibilities to standing committees, which operate within clearly defined terms of reference. The respective committees are detailed below:

### • Audit Committee

The Audit Committee's composition, terms of reference and summary of activities is included in the Audit Committee Report as set out on page 42-46.

### • Option Committee

The Option Committee was set-up to administer the implementation of the Scicom Employees' Share Option Scheme ("ESOS") was administered fairly in accordance with the Company's Bye-Laws thereof as approved by the shareholders. The Option Committee comprises 6 members, and had met 4 times during the financial year, with the meetings being attended by all of the Committee members.

## CORPORATE GOVERNANCE STATEMENT

### ● B. DIRECTORS' REMUNERATION

The full Board is responsible for determining the remuneration scheme for its individual members. The annual fees payable to Non-Executive Directors are presented to the shareholders at the AGM for their approval. The Executive Director however, does not participate in any way when determining his remuneration package.

A summary of the Directors' remuneration for the financial year ended 30 June 2008, distinguishing between the Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falling into each successive band of RM50,000, is as shown below:

	<b>Executive RM</b>	<b>Non-Executive RM</b>	<b>Total RM</b>
Salary	607,992	0	607,992
Benefits-in-kind	16,820	0	16,820
	624,812	0	624,812
Fees	0	136,000	136,000
Total	624,812	136,000	760,812

	<b>Executive RM</b>	<b>Non-Executive RM</b>	<b>Total RM</b>
Below RM50,000	0	5	5
RM600,001 – RM650,000	1	0	1
Total	1	5	6

### ● C. SHAREHOLDERS AND OTHER STAKEHOLDERS

#### 1. Communication between the Company and its Investors and Other Stakeholders

The Board recognises the need to communicate effectively with its shareholders and other stakeholders in relation to the Group's business activities and performance. These information are related through press releases, press conferences, announcements made via Bursa Securities' website, including the quarterly announcements and annual reports. Scicom also maintains a website at [www.scicom-intl.com](http://www.scicom-intl.com), as accessible by all its stakeholders and the general public, which provides pertinent and updated information on the corporate and business aspects of the Group.

Any queries or concerns regarding the Group may be conveyed to Loh Lee Soon, the Non Executive Director via e-mail at [corpinfo@scicom.com.my](mailto:corpinfo@scicom.com.my).

## 2. AGM

The AGM is the principal forum for dialogue and communications, and also offers an opportunity for the Board and the SMT to interact with the shareholders. The CEO will conduct a brief presentation on the Group's performance during the financial year, as well as its future outlook and business plans. During the AGM, the Chairman, other Board members, SMT and Group's external auditors are available to respond to the any questions and queries as raised by the shareholders. Where appropriate, the Chairman will endeavour to provide the shareholders with written answers to any significant questions which cannot be readily answered during the AGM.

Shareholders are encouraged to participate in the proceedings and pose questions about the resolutions proposed and the Group's business operations.

## D. ACCOUNTIBILITY 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 Board retains the responsibility for the preparation of the Group's and Company's financial statements. The Directors are required by the Companies Act, 1965 to prepare the Group and the Company's statutory financial statements with all material disclosures, to ensure the accuracy and completeness, in compliance with MASB approved accounting standards in Malaysia for Entities Other Than Private Entities, as well as the

rules and regulations under the said Act. In order to properly achieve this, the Audit Committee assists the Board in over-seeing the Group's financial reporting process.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965, in relation to the preparation of the financial statements is set out on page 102.

### 2. Internal Controls

In discharging its duties in ensuring the effectiveness of the Group's internal control systems, the Board has entrusted this responsibility to the Audit Committee. The scope and results of the Audit Committee's review are detailed in the Internal Control Statement as set out on page 38-41.

### 3. Relationship with auditors

The Group, through the Audit Committee, has a professional and transparent relationship with both the Group's internal and external auditors. The internal auditors attend all Audit Committee meetings held on a quarterly basis and the external auditors attend the Audit Committee meeting twice in the year. Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 104. Other facets of the relationship between the Audit Committee and both the internal and external auditors are elaborated in the Audit Committee Report as set out on page 42-46.

## INTERNAL CONTROL STATEMENT

### Introduction

The Board of Scicom is pleased to provide the following internal control statement which has been prepared in compliance and in accordance with the guidelines for Directors – Statement on Internal Control: Guidance for Directors of Public Listed Companies, as issued by Bursa Securities. The internal control statement outlines the nature and features of internal controls within the Group to safeguard the Group's shareholder investment and assets for the financial year ended 30 June 2008.

The external auditors have reviewed this Statement as required under Paragraph 15.24 of Bursa Securities' Listing Requirements, and in accordance with the Recommended Practice Guide 5 – Guidance for Auditors on the Review of Directors' Statement on Internal Control ("RPG 5"), as issued by the Malaysian Institute of Accountants. The external auditors have reported to the Board that based on their review, nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process which the Board has adopted in the review of the adequacy and integrity of the Group's internal controls. RPG 5 however, does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

### Board Responsibility

The Board is ultimately responsible for the Group's system of internal controls, and for reviewing its effectiveness in providing its shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. The Board recognises the importance of maintaining a sound and effective system of internal controls, which includes the establishment of an appropriate control environment and framework, covering risk management, and financial, organisational, operational and compliance controls.

The Board acknowledges its responsibility with regards to the following:

- Identification of principal risks and over-sight over the implementation of appropriate control measures in order to manage risks; and
- Review of the adequacy and integrity of the internal control system and management information systems, as well as systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The SMT is responsible for implementing the Board's policies on risks and controls, whereas the remaining human capital has the responsibility over internal controls as part of its accountability in achieving the Group's overall objectives.

Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, risks that may impede the achievement of the Group's business objectives. Accordingly, the internal control systems in place can only provide reasonable, but not absolute assurance against material misstatement or losses.

The Board recognises that the Group is growing, and thus the system of internal control will continue to be enhanced to suit the needs and requirements of the expanding Group.

### Risk Management Framework

The Board recognises the importance of establishing a structured risk management framework to sustain and enhance good corporate governance practices. The Board has established ongoing processes for identifying, evaluating and managing the significant risks faced, or potentially exposed to by the Group in pursuing its business objectives. These processes have been in place throughout the financial year. The adequacy and effectiveness of these processes are continually reviewed by the Board and is in accordance with the Group's Internal Control Policies. The SMT has established an ongoing process for identifying, analysing, measuring, monitoring and reporting of significant risks that may impact the achievement of the Group's business operations, and evaluating the adequacy and effectiveness of controls in place to mitigate these risks.

The SMT is responsible for creating a risk awareness culture amongst the Group's human capital, via a readily-accessible knowledge framework for risk management. The SMT, in conjunction with the respective Heads of Departments within the Group, conduct periodic reviews of existing significant risks and also identify new risks, if any, and their impact on the Group's business operations.

Risk management awareness sessions are also conducted at the operational level in order to help sustain a risk awareness culture and understanding on the importance of risk management across the Group.

## Control Environment and Structure

The Board and SMT have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These processes include constantly updating the system of internal controls when there are changes to the business environment or regulatory guidelines. The key elements of the Group's control environment include the following:

- **Organisational structure**

The Board is adequately supported by established Committees in the execution of some of the Group's fiduciary responsibilities, such as the Audit and Options Committees respectively, of which their clearly defined terms of reference are set out in Statement of Corporate Governance and Audit Committee Report on pages 32-37 and 42-46 respectively.

The Group has in place an organization structure with well defined scope of responsibility and clear lines of accountability. A process of hierarchical reporting is in place which provides for a well documented and auditable trail of accountability. The daily implementation of the Group's strategies is delegated to the SMT, which has established well-structured management reporting procedures for effective supervision of the Group's operations by the Board. The respective Heads of Departments, for both operations and shared services, report on any deviations in corporate strategy and monitor the Group's progress towards the attainment of its business objectives.

- **Audit Committee**

The Audit Committee members comprise Non-Executive Directors, of which three of the four members are Independent Directors. The Board has empowered the Audit Committee, which meets at least on four occasions each year, to review the adequacy and integrity of the Group's internal control systems. The Audit Committee assumes the overall duties of reviewing external auditors the annual audit plan, audit report, as well as findings and recommendations on internal controls, governance and efficiency matters, if any, as highlighted annually in their internal control memorandum ("ICM"). In addition, the Audit Committee also reviews and approves the adequacy of the scope as per the internal auditors' audit plan for the financial year. Also as part of its terms of reference, the Audit Committee obtains assurance on the Group's system of internal controls via quarterly updates from the CEO, Finance Department, and internal and external auditors respectively.

The details of activities carried out by the Audit Committee are set out in the Audit Committee Report on page 42-46.

- **Internal Audit Function**

The Board has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

The internal audit function adopts a risk-based approach in developing its annual audit plan which focuses on the core auditable areas of the Group's business units based on the risk profile. Scheduled quarterly internal audits are carried by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit area focuses on areas with high risk to ensure that adequate action plan is in place to mitigate the risk. On a quarterly basis or earlier as required, the internal auditors report to the Audit Committee and will subsequently follow up to determine the extent of their recommendations that have been implemented.

## INTERNAL CONTROL STATEMENT

- **Policies and procedures and Total Quality Management (“TQM”)**

The Group’s policies, processes and procedures are continuously reviewed and further enhanced, where possible, on a periodical basis in order to raise the standards of the Group’s current system of internal controls. The Board has in place extensive and properly documented policies, procedures, guidelines and departmental service-level agreements, which are made readily available to the Group’s human capital via written manuals and also via The Group’s intranet website. The TQM Department has been given the task of reviewing and ensuring that the Group’s policies and procedures are constantly kept up-to-date and remain relevant to the business operations and the Group’s human capital at all times.

- **Code of Business Conduct and fraud management**

The Board has in place a written Code of Business Conduct (“the Code”) as available on The Group’s intranet website (as accessible by all the Group’s human capital), which summarises many of the laws that Scicom and all its employees are required to live by. All of The Group’s respective Managers are required to be diligent in looking for indications of unethical or illegal conduct (including fraudulent activities), and in the event of such occurrences being noted, to inform either their Line Managers or the Human Resource Department.

Included in the Code is a section relating to the “accuracy of company records”, which emphasizes the need for honest and accurate recording and reporting of information, all business records and communications to be clear, truthful and accurate, and prohibition of false entries being made in The Group’s general ledger.

All incidences of violations of the Code are immediately brought to the attention of the CEO by the Human Resource Department, whom will then alert and bring to the attention of the SMT during their SMT meetings, for their caution. Disciplinary actions for any violation of the Code include staff dismissal.

The Boards of Directors and Audit Committee respectively, communicate their views on controls procedures to the SMT in the following manner:

- a) on an ad-hoc basis during the Board of Directors and Audit Committee meetings respectively; and/or
- b) as when updates to both the Code or current internal control policies and procedures are tabled to both the Board of Directors and the Audit Committee, for their approval.

- **Authorisation and approval**

All requisitions require compulsory authorisation and approvals in the following order – firstly by the respective Heads of Department, then the Chief Financial Officer (“CFO”) and finally, the CEO. This process helps to ensure that both the Finance Department and the CEO are constantly kept abreast of the Group’s entire capital expenditure and other purchase requisitions, as well as to ensure that all expenditure are well within the approved budgets for the respective Departments and projects for the current financial year.

- **Financial and operational information**

The SMT currently has in place a comprehensive business plan and detailed budgeting process where all business units and shared services prepare budgets for the year which are approved both at operating unit level and by the CFO and CEO. . The preparation of the annual budget is driven by the Finance Department via inputs from the respective Heads of operations and other shared services. The Group’s performance is tracked and measured against the approved budget on a monthly basis, with explanations of significant variances being highlighted to the attention of the CEO by the Finance Department. The Board reviews the Group’s quarterly results, as announced to Bursa Securities, to enable them to gauge The Group’s financial performance and position, in comparison with the preceding quarters as well as the approved annual budget.



- **Business continuity planning (“BCP”)**

The Group’s BCP function is headed by the SMT, which is responsible for identifying activities and operations which are critical to the sustenance and continuity of business operations in the event of a disaster or other adverse circumstances. The SMT’s BCP-related 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. The SMT has employed a risk-based approach in identifying the key initiatives and their respective levels of importance, via the review of the Group’s critical systems, single point failures and their impact on the Group’s overall business. This is an on-going project which will require continuous updating and testing.

## Monitoring and Review

- **TQM**

The Group’s operations are periodically monitored, reviewed and evaluated by the TQM Department, which reports directly to the Chief Operating Officer (“COO”). The TQM Department is also responsible for measuring compliance and adherence to the Group’s policies and standard operating procedures. The TQM Department, together with the help of an out-sourced professional company - Moody International Certification (Malaysia) Sdn Bhd, audits the Group’s processes on an annual basis, in order to maintain both its ISO 9001 and SCP accreditation status.

- **Statutory audit**

As part of the annual statutory audit of the Group, the external auditors are required under International Standards on Auditing, to obtain an understanding of the accounting and internal control systems sufficient to plan their audit and develop an effective audit approach. In doing so, the external auditors will carry-out a review of certain internal control systems as significant to the Group, and all issues and internal control deficiencies, together with their respective recommendations for improvement, if any, will be highlighted to the Audit Committee during the quarterly meetings, in the form of an Internal Control Memorandum (“ICM”).

## Conclusion

The Board is satisfied that the Group’s systems of internal controls are adequate and effective. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure in the Group’s system of internal control, which would require separate disclosure in the Annual Report. Notwithstanding this, the Board believes that the development of the system of internal controls is an on-going process, and has taken steps throughout the financial year to improve on the existing internal control processes and procedures, and will continue to do so on an on-going basis. This highlights the Board’s commitment in ensuring the adequacy and effectiveness of the system in protecting the shareholders’ investment and the Group’s assets.

This Statement is made in accordance with a resolution adopted by the Board at its meeting held on 25 August 2008.

## AUDIT COMMITTEE REPORT

The Audit Committee was established on 30 August 2005 in compliance with the Listing Requirements of Bursa Securities. Since the previous financial year, the Audit Committee had worked with management to establish an internal audit function for the Group, which has been outsourced to an external professional firm which reports directly to the Audit Committee. The Audit Committee's review of the Group's internal controls and risk management systems is an on-going process.

### A AUDIT COMMITTEE COMPOSITION AND MEETINGS

During the financial year ended 30 June 2008, the Audit Committee met five times, and the details of the Audit Committee members' attendances are set out below:

Director	Designation	Number of meetings attended during the financial year
YBhg Dato' Mohd Salleh bin Hj Harun	Audit Committee Chairman Independent Non-Executive Director	5 of 5 meetings
Krishnan Menon	Non-Independent Non-Executive Director	5 of 5 meetings
Dr. Nikolai Dobberstein	Independent Non-Executive Director	4 of 5 meetings
Loh Lee Soon	Independent Non-Executive Director	5 of 5 meetings

A brief profile of the individual members comprising the Audit Committee is included in the Board of Directors – Profiles as set out on page 12-13.

### B TERMS OF REFERENCE

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

#### 1. Composition

The Audit Committee shall be appointed by the Board from amongst their members and shall consist of at least three members, the majority of who 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 years' working experience and has passed the examinations 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 CEO shall not be a member of the Audit Committee.

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

## **2. Meetings**

### **a) Frequency**

The Audit Committee shall meet no less than four times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed.

### **b) Proceedings**

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

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

The agenda of the Audit Committee meetings shall be circulated to the members of the Audit Committee before each meeting. 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 15 minutes of the time appointed for holding the same, the members of the Audit Committee shall choose another member, who shall be an Independent Non-Executive Director, to be the 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**

The presence of the external and internal auditors (if any) respectively at any Audit Committee meeting, 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 the minutes of all proceedings of the Audit Committee meetings to be entered in books kept for that purposes 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 held, 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 or Audit Committee respectively, without any charge.

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

## AUDIT COMMITTEE REPORT

### 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 CEO 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 others 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 the external audit plan/arrangements;
- To review the quarterly and annual audited financial statements of the Company before submission to the Board, focusing 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;
- To review external auditors' audit report on the financial statements;
- To review any management letter sent by the external auditors to the Company and 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 the internal audit function (if any):**

- 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; and
- 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 the business and any related party transactions that may arise within the Company and the Group;
- To report to Bursa Securities 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 Audit Committee Member:**

- 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 months, but in any case, not later than three months.

**C SUMMARY OF ACTIVITIES**

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

- Reviewing and approving the internal audit plan for the Group;
- Reviewing the internal audit reports for the Group, and their quarterly updates;
- Reviewing the external auditors' audit planning memorandum of the Group, for the financial year ended 30 June 2008;

- d) Reviewing the audit report from the external auditors of the Group, with regards to the audited financial statements of the Group and the Company; and
- e) Reviewing and discussing the quarterly announcement of the Group, and subsequently recommending to the Board to approve and release it to Bursa Securities, for announcement purposes.

#### ● D INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by a third party professional company, which is independent of the activities and operations of the Group. The internal auditors are empowered by the Audit Committee to audit the Group's 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.

The amount of cost incurred for the internal audit function for the financial year ended 30 June 2008 were RM72,000.

#### ● E REVIEW OF THE SHARE OPTION SCHEME

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

## RESPONSIBILITY STATEMENT BY THE 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 MASB approved accounting standards in Malaysia for Entities Other than Private Entities, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities, so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2008.

In preparing the financial statements for the financial year ended 30 June 2008, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgment, estimates and assumptions based on their best knowledge of current events and actions;
- Ensured adoption of MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965; 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 to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for safeguarding the assets of the Group and for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

A Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 102 of the Audited Statutory Financial Statements.







# 2008 Financial Statements

**SCICOM (MSC) BERHAD**  
(Incorporated in Malaysia)

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## DIRECTORS' REPORT

The Directors are pleased to 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 2008.

### 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 16 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 disposal of the subsidiaries, Jade Apple Marketing Pte Ltd and Jade Apple Marketing Sdn Bhd, respectively as disclosed in Note 16 to the financial statements.

### FINANCIAL RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Net profit for the financial year	6,055,856	5,583,001

### DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2008 were as follows:

	<b>RM</b>
In respect of the financial year ended 30 June 2007, a final gross dividend of 1 sen, tax exempt, per ordinary share, paid on 26/10/07	2,650,460
In respect of the financial year ended 30 June 2008, an interim gross dividend of 1 sen, tax exempt, per ordinary share, paid on 7/3/08	2,652,580
	<u>5,303,040</u>

The Directors now recommend the payment of a final gross dividend of 1 sen per ordinary share, tax exempt, in respect of the financial year ended 30 June 2008 amounting to RM2,652,580. The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

## DIRECTORS' REPORT

### RESERVES AND PROVISIONS

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

### SHARE CAPITAL

During the financial year, 1,655,000 new ordinary shares of RM0.10 each were issued by the Company for cash by virtue of the exercise of options to the Company's Employee Share Option Scheme ("ESOS") at an exercise price of RM0.30 per share.

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

### EMPLOYEE SHARE OPTION SCHEME

The 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 five 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, 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 By-Laws are set out in Note 25(b) to the financial statements.

In the previous financial year, the Company made an adjustment to the number and subscription price of the existing share options in accordance with the requirements of Articles 15.1 and 15.3 respectively of the ESOS By-Laws, which requires the share options to be adjusted if the Company alters its capital structure by way of bonus issue. The adjustment resulted in the subscription price for the options being revised to RM0.30 per ordinary share, and the total number of share options was adjusted based on any unexercised options as at the date of the bonus shares issued.

There were no share options granted during the financial year.

The Company has been exempted by the Companies Commission of Malaysia from having to disclose in this Report the names of employees who have options in aggregate of less than 550,000. The name of the employee who has options in aggregate of 550,000 options or more is as follows:

<u>Name of employee</u>	<u>Number of options</u>
	'000
Benny Phillip	700

## DIRECTORS' REPORT

### DIRECTORS

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

YBhg Dato' Ahmad Kabeer bin Mohamed Nagoor  
YBhg Dato' Mohd Salleh bin Hj. Harun  
Krishnan Menon  
Nikolai Dobberstein  
Leo Suresh Ariyanayakam  
Loh Lee Soon

In accordance with Article 84 of the Company's Articles of Association, Krishnan Menon and Nikolai Dobberstein are required to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than as disclosed in Notes 7 and 8 to the financial statements respectively) 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' REPORT

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	<b>At 1 July 2007 '000</b>	<b>Bought '000</b>	<b>Disposed '000</b>	<b>At 30 June 2008 '000</b>
<b><u>Direct interest in shareholdings</u></b>				
YBhg Dato' Mohd Salleh bin Hj. Harun	440	0	0	440
Krishnan Menon	14,048	100	0	14,148
Leo Suresh Ariyanayakam	37,360	0	0	37,360
Nikolai Dobberstein	1,000	0	0	1,000
Loh Lee Soon	317	0	0	317
	<u>53,165</u>	<u>100</u>	<u>0</u>	<u>53,265</u>
<b><u>Deemed interest in shareholdings</u></b>				
Krishnan Menon <sup>1</sup>	42,818	0	0	42,818
YBhg Dato' Ahmad Kabeer bin Mohamed Nagoor <sup>2</sup>	12,667	0	(3,210)	9,457
	<u>55,485</u>	<u>0</u>	<u>(3,210)</u>	<u>52,275</u>

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

<sup>2</sup> 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

	<b>At 1 July 2007 '000</b>	<b>Adjusted '000</b>	<b>Exercised '000</b>	<b>At 30 June 2008 '000</b>
Leo Suresh Ariyanayakam	2,000	0	0	2,000

Other than as disclosed above, according to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year held any interest in shares of the Company, options over shares and debentures of the Company and shares of its related corporations during the financial year.

## DIRECTORS' REPORT

### 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 there were no known bad debts and that no allowance for doubtful debts was necessary; 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 so to realise.

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

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and the Company; 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 12 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.

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.



## DIRECTORS' REPORT

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 the related Notes to the financial 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 August 2008.

LEO SURESH ARIYANAYAKAM  
DIRECTOR

KRISHNAN MENON  
DIRECTOR

Kuala Lumpur

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
<b>Continuing operations</b>					
REVENUE	6	<b>118,271,623</b>	108,066,840	<b>89,746,807</b>	77,957,839
OTHER OPERATING INCOME		<b>0</b>	45,111	<b>0</b>	44,961
		<b>118,271,623</b>	108,111,951	<b>89,746,807</b>	78,002,800
OPERATING EXPENSES					
- Depreciation of plant and equipment	15	<b>6,881,538</b>	6,820,117	<b>4,300,086</b>	4,165,882
- Employee benefits costs	7	<b>84,764,342</b>	73,191,674	<b>58,897,662</b>	45,131,666
- Maintenance expenses		<b>1,065,557</b>	1,159,807	<b>722,875</b>	821,452
- Management fees		<b>1,927,781</b>	574,455	<b>8,617,268</b>	8,323,487
- Other operating expenses	8	<b>6,155,833</b>	3,851,942	<b>2,973,368</b>	2,106,601
- Rental expenses	9	<b>5,672,586</b>	4,831,897	<b>4,632,889</b>	3,576,509
- Staff welfare expenses		<b>829,930</b>	888,364	<b>687,572</b>	317,466
- Travelling expenses		<b>2,296,506</b>	2,244,807	<b>1,445,983</b>	1,294,866
- Telecommunication and utilities expenses		<b>2,684,834</b>	2,982,821	<b>2,003,634</b>	1,883,867
		<b>(112,278,907)</b>	(96,545,884)	<b>(84,281,337)</b>	(67,621,796)
NET FINANCE INCOME	10	<b>112,932</b>	366,032	<b>119,659</b>	269,335
PROFIT BEFORE TAXATION	8	<b>6,105,648</b>	11,932,099	<b>5,585,129</b>	10,650,339
TAXATION	11	<b>(443,530)</b>	(285,534)	<b>(2,128)</b>	(17,289)
NET PROFIT FROM CONTINUING OPERATIONS		<b>5,662,118</b>	11,646,565	<b>5,583,001</b>	10,633,050
<b>Discontinued operations</b>					
PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS	12	<b>393,738</b>	(335,941)	<b>0</b>	0
NET PROFIT FOR THE FINANCIAL YEAR		<b>6,055,856</b>	11,310,624	<b>5,583,001</b>	10,633,050
ATTRIBUTABLE TO:					
- Equity holders of the Company		<b>6,055,856</b>	11,315,112	<b>5,583,001</b>	10,633,050
- Minority interest		<b>0</b>	(4,488)	<b>0</b>	0
NET PROFIT FOR THE FINANCIAL YEAR		<b>6,055,856</b>	11,310,624	<b>5,583,001</b>	10,633,050

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Earnings per share:					
- Basic (sen)	13	<b>2.28</b>	4.33	<b>N/A</b>	N/A
- Diluted (sen)	13	<b>2.27</b>	4.25	<b>N/A</b>	N/A
Gross dividend per share (sen)	14	<b>1.0</b>	2.0	<b>1.0</b>	2.0

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# BALANCE SHEETS

AS AT 30 JUNE 2008

			Group		Company
	Note	2008	2007	2008	2007
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Plant and equipment	15	15,460,198	18,339,718	9,080,430	10,187,278
Investment in subsidiaries	16	0	0	575,986	645,986
Non-current receivable		2,052,504	0	2,052,504	0
Deferred tax assets	24	0	197,027	0	0
		17,512,702	18,536,745	11,708,920	10,833,264
CURRENT ASSETS					
Trade receivables	17	21,223,775	19,861,033	16,930,570	16,050,503
Deposits, prepayments and other receivables	18	7,767,694	6,397,056	5,057,226	2,684,688
Amounts due from subsidiaries	19	0	0	9,574,410	12,138,195
Deposits with a licensed bank	20	4,565,938	7,632,194	4,404,454	7,466,153
Cash and bank balances	21	5,931,681	277,006	3,059,739	47,560
		39,489,088	34,167,289	39,026,399	38,387,099
LESS: CURRENT LIABILITIES					
Payables and accruals	22	9,804,634	5,551,248	6,088,904	3,737,811
Current tax liabilities		712,479	417,983	0	0
Amount due to a subsidiary	19	0	0	0	4,052
Borrowings (secured and interest-bearing)	23	201,323	1,678,279	201,323	1,678,279
		10,718,436	7,647,510	6,290,227	5,420,142
NET CURRENT ASSETS		28,770,652	26,519,779	32,736,172	32,966,957
NON-CURRENT LIABILITIES					
Payables and accruals	22	0	4,774	0	0
Borrowings (secured and interest-bearing)	23	83,236	214,826	83,236	214,826
Deferred tax liabilities	24	351,389	0	0	0
		434,625	219,600	83,236	214,826
NET ASSETS		45,848,729	44,836,924	44,361,856	43,585,395

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# BALANCE SHEETS

AS AT 30 JUNE 2008

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM	RM	RM	RM
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	25	<b>26,525,800</b>	26,360,300	<b>26,525,800</b>	26,360,300
Share premium reserve		<b>3,925,214</b>	3,594,214	<b>3,925,214</b>	3,594,214
Currency translation reserve		<b>(451,628)</b>	(239,629)	<b>0</b>	0
Retained earnings	26	<b>15,849,343</b>	15,096,527	<b>13,910,842</b>	13,630,881
Total shareholders' equity		<b>45,848,729</b>	44,811,412	<b>44,361,856</b>	43,585,395
Minority interest's equity		<b>0</b>	25,512	<b>0</b>	0
TOTAL EQUITY		<b>45,848,729</b>	44,836,924	<b>44,361,856</b>	43,585,395

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Group	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Attributable to equity holders of the company	Minority interest	Total equity
		Number of shares unit	Nominal value RM	Share premium reserve RM	Currency translation reserve RM	Retained earnings RM				
At 1 July 2006		128,481,000	12,848,100	15,177,000	(29,141)	9,000,295		36,996,254	0	36,996,254
Currency translation differences, representing total income and expense recognised directly in equity		0	0	0	(210,488)	0		(210,488)	0	(210,488)
Net profit for the financial year		0	0	0	0	11,315,112		11,315,112	(4,488)	11,310,624
Total recognised income and expense for the year		0	0	0	(210,488)	11,315,112		11,104,624	(4,488)	11,100,136
Dividend for financial year ended:										
- 30 June 2006		0	0	0	0	(2,588,660)		(2,588,660)	0	(2,588,660)
- 30 June 2007	14	0	0	0	0	(2,630,220)		(2,630,220)	0	(2,630,220)
Bonus issue	25	129,433,000	12,943,300	(12,943,300)	0	0		0	0	0
Issue of ordinary shares:										
- 952,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.60 per ordinary share	25	952,000	95,200	476,000	0	0		571,200	0	571,200
- 4,737,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.30 per ordinary share	25	4,737,000	473,700	947,400	0	0		1,421,100	0	1,421,100
Share issue expenses in relation to the bonus issue		0	0	(62,886)	0	0		(62,886)	0	(62,886)
Incorporation of a new subsidiary		0	0	0	0	0		0	30,000	30,000
At 30 June 2007		263,603,000	26,360,300	3,594,214	(239,629)	15,096,527		44,811,412	25,512	44,836,924

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Group	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Attributable to equity holders of the Company	Minority interest	Total equity
		Number of shares unit	Nominal value RM	Share premium reserve RM	Currency translation reserve RM	Retained earnings RM				
At 1 July 2007		263,603,000	26,360,300	3,594,214	(239,629)	15,096,527		44,811,412	25,512	44,836,924
Currency translation differences, representing total income and expense recognised directly in equity		0	0	0	(211,999)	0		(211,999)	0	(211,999)
Net profit for the financial year		0	0	0	0	6,055,856		6,055,856	0	6,055,856
Disposal of subsidiary		0	0	0	0	0		0	(25,512)	(25,512)
Total recognised income and expense for the year		0	0	0	(211,999)	6,055,856		5,843,857	(25,512)	5,818,345
Dividend for financial year ended:										
- 30 June 2007	14	0	0	0	0	(2,650,460)		(2,650,460)	0	(2,650,460)
- 30 June 2008	14	0	0	0	0	(2,652,580)		(2,652,580)	0	(2,652,580)
Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share	25	1,655,000	165,500	331,000	0	0		496,500	0	496,500
At 30 June 2008		265,258,000	26,525,800	3,925,214	(451,628)	15,849,343		45,848,729	0	45,848,729

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Issued and fully paid ordinary shares of RM0.10 each		Non- distributable	Distributable	Attributable to equity holders of the Company
	Note	Number of shares unit	Nominal value RM	Share premium reserve RM	Retained earnings RM	RM
<u>Company</u>						
At 1 July 2006		128,481,000	12,848,100	15,177,000	8,216,711	36,241,811
Net profit for the financial year		0	0	0	10,633,050	10,633,050
Dividend for financial year ended:						
- 30 June 2006		0	0	0	(2,588,660)	(2,588,660)
- 30 June 2007	14	0	0	0	(2,630,220)	(2,630,220)
Bonus issue	25	129,433,000	12,943,300	(12,943,300)	0	0
Issue of ordinary shares:						
- 952,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.60 per ordinary share	25	952,000	95,200	476,000	0	571,200
- 4,737,000 ordinary shares of RM0.10 each issued pursuant to the ESOS at an issue price of RM0.30 per ordinary share	25	4,737,000	473,700	947,400	0	1,421,100
Share issue expenses in relation to the bonus issue		0	0	(62,886)	0	(62,886)
At 30 June 2007		263,603,000	26,360,300	3,594,214	13,630,881	43,585,395

		Issued and fully paid ordinary shares of RM0.10 each		Non- distributable	Distributable	Attributable to equity holders of the Company
	Note	Number of shares unit	Nominal value RM	Share premium reserve RM	Retained earnings RM	RM
<u>Company</u>						
At 1 July 2007		263,603,000	26,360,300	3,594,214	13,630,881	43,585,395
Net profit for the financial year		0	0	0	5,583,001	5,583,001
Dividend for financial year ended:						
- 30 June 2007	14	0	0	0	(2,650,460)	(2,650,460)
- 30 June 2008	14	0	0	0	(2,652,580)	(2,652,580)
Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share	25	1,655,000	165,500	331,000	0	496,500
At 30 June 2008		265,258,000	26,525,800	3,925,214	13,910,842	44,361,856

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

## CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM	RM	RM	RM
OPERATING ACTIVITIES					
Net profit attributable to equity holders of the Company		<b>6,055,856</b>	11,315,112	<b>5,583,001</b>	10,633,050
Adjustments for:					
Bad debts written off		<b>0</b>	0	<b>0</b>	9,475
Depreciation of plant and equipment		<b>6,881,538</b>	6,820,117	<b>4,300,086</b>	4,165,882
(Profit)/ loss from discontinued operations	12	<b>(393,738)</b>	335,941	<b>0</b>	0
Gain on disposal of plant and equipment (net)		<b>(8,745)</b>	(235,772)	<b>0</b>	(238,755)
Interest expense		<b>163,007</b>	168,544	<b>107,999</b>	157,947
Interest income		<b>(275,939)</b>	(534,576)	<b>(227,658)</b>	(427,282)
Net loss attributable to minority interest		<b>0</b>	(4,488)	<b>0</b>	0
Unrealised exchange (gain)/loss		<b>(277,753)</b>	211,210	<b>(372,399)</b>	0
Taxation		<b>443,530</b>	285,534	<b>2,128</b>	17,289
Operating profit before changes in working capital		<b>12,587,756</b>	18,361,622	<b>9,393,157</b>	14,317,606
Changes in working capital:					
Receivables		<b>(5,557,908)</b>	(12,648,665)	<b>(4,905,236)</b>	(12,278,584)
Payables		<b>4,248,612</b>	(2,624,335)	<b>2,351,093</b>	(823,616)
Intercompany balances		<b>0</b>	0	<b>2,559,733</b>	(2,661,370)
Net cash generated from/(used in) operations		<b>11,278,460</b>	3,088,622	<b>9,398,747</b>	(1,445,964)
Interest received		<b>275,939</b>	534,576	<b>227,658</b>	427,282
Taxation refund/(paid)		<b>1,559,603</b>	(3,981,990)	<b>(29,602)</b>	(54,264)
Net cash flow received from/(used in) operating activities		<b>13,114,002</b>	(358,792)	<b>9,596,803</b>	(1,072,946)

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
INVESTING ACTIVITIES					
Incorporation of a new subsidiary		0	0	0	(70,000)
Net cash inflow from disposal of discontinued operations		283,294	0	70,000	0
Proceeds from disposal of interest in a subsidiary		0	30,000	0	4
Proceeds from disposal of plant and equipment		51,381	235,772	14,288	238,755
Purchase of plant and equipment		(4,548,106)	(9,684,363)	(3,207,526)	(4,861,815)
Net cash flow used in investing activities		(4,213,431)	(9,418,591)	(3,123,238)	(4,693,056)
FINANCING ACTIVITIES					
Repayment of finance lease principal		(915,168)	(1,336,076)	(915,168)	(1,083,055)
Interest paid		(163,007)	(168,544)	(107,999)	(157,947)
Deposits with a licensed bank		0	148,786	0	0
Proceeds from issuance of shares		496,500	1,992,300	496,500	1,992,300
Payment of dividends		(5,303,040)	(5,218,880)	(5,303,040)	(5,218,880)
Payment of share issue expenses		0	(62,886)	0	(62,886)
Net cash flow used in financing activities		(5,884,715)	(4,645,300)	(5,829,707)	(4,530,468)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,015,856	(14,422,683)	643,858	(10,296,470)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		265,941	(372,183)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		7,176,808	21,971,674	6,781,321	17,077,791
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	21	10,458,605	7,176,808	7,425,179	6,781,321

The summary of significant accounting policies and notes on pages 65 to 101 form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

## 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 16 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 disposal of the subsidiaries, Jade Apple Marketing Pte Ltd and Jade Apple Marketing Sdn Bhd, respectively as disclosed in Note 16.

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 ("Bursa Securities").

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 Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965.

The preparation of financial statements in conformity with Financial Reporting Standards ("FRS") 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. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### (a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards and amendments to published standards effective for the Group's financial period beginning on or after 1 July 2007 are as follows:

- FRS 117 Leases
- FRS 124 Related Party Disclosures
- Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates - *Net Investment in a Foreign Operations*.
- FRS 112 Income Taxes

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards and amendments to published standards. All standards and amendments adopted by the Group require prospective application.

The adoption of the above standards and interpretations has no significant impact on the accounting policies and the financial statements of the Group and the Company.

### (b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standard that is applicable to the Group, but which the Group has not early adopted, is as follows:

- FRS 139 Financial Instruments: Recognition and Measurement (effective for accounting period beginning on or after 1 January 2010). The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial of this statements of the Group and the Company.

In addition, the MASB has issued a number of standards and interpretations that are not applicable to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Investments in subsidiaries

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(d) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

#### (b) Subsidiaries

Subsidiaries are those corporations 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 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 the 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Plant and equipment

Plant and equipment are initially stated at cost, and subsequently at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

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

Computer software and development costs with economic benefits 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.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(d) on impairment of assets.

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Impairment of assets

Plant and equipment and other assets with finite lives (excluding deferred tax assets and prepayments) are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets with indefinite useful lives (such as goodwill) are not subject to amortisation, and are tested annually for impairment. 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 (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

#### (e) Operating leases

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 (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the lease period.

#### (f) Finance leases

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 so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### (g) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts. The allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) 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 with original maturities of three months or less 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.

### (i) Share capital

#### (i) Classification

Ordinary shares with discretionary dividends are classified as equity.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to 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 equity holders of the Company

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

### (j) 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) 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 (for countries other than Malaysia).

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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

#### (l) 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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan for the employees of the Group, whereby employee services received are exchanged for the grant of share options on the Company's ordinary shares. However, the fair value of the Group's share-based compensation is not recognised as expense in the income statement, as the respective share option grants had already vested prior to the effective date of FRS 2, thus rendering the standard not applicable to the Group.

### (m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Sales of services

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.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

#### (ii) Other operating income

Other operating income comprises revenue earned on other services.

#### (iii) Finance income

Interest income is recognised on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Foreign currencies

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

##### (iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

##### (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

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.

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.

#### (p) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide 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 enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other parties.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### (i) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

##### (ii) Depreciation of plant and equipment

Depreciation is based on the Directors' estimates of the future average useful lives and residual values of the Group's plant and equipment. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors, and could impact the estimated average useful lives and the residual values of these non-current assets, therefore resulting in future revisions in depreciation charges.

#### (b) Critical judgement in applying the entity's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. Certain accounting policies as disclosed under Note 3 require subjective judgement, often as a result of the need to make estimates (as highlighted above under Note 4 (a)) about the effect of the matters that are inherently uncertain.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 5 SEGMENT 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 ("BPO") space, and as such the segment disclosure on business segment 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 provides services to clients based in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia *	8,829,484	4,254,784	43,752,248	37,806,611	4,376,959	4,925,682
Singapore	61,573,372	58,352,473	0	1,436,382	0	128,256
United Kingdom	4,829,333	3,945,634	17,394	19,085	0	0
United States						
of America	32,738,115	32,112,897	11,719,232	11,203,371	163,653	4,466,923
Others	10,301,319	9,401,052	1,512,916	2,238,585	7,494	163,502
	118,271,623	108,066,840	57,001,790	52,704,034	4,548,106	9,684,363

\* Group's home country

## 6 REVENUE

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Customer services	115,674,402	106,470,736	89,746,807	77,957,839
Training and consultancy	2,597,221	1,596,104	0	0
	118,271,623	108,066,840	89,746,807	77,957,839

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 7 EMPLOYEE BENEFITS COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries and bonuses	75,372,802	64,692,007	52,522,949	40,014,026
Defined contribution plans	5,961,348	5,077,623	4,296,787	3,378,760
Other employee benefits	2,822,200	2,814,052	1,469,934	1,130,888
	<b>84,156,350</b>	72,583,682	<b>58,289,670</b>	44,523,674
Directors' remuneration:				
- Salaries	607,992	607,992	607,992	607,992
	<b>84,764,342</b>	73,191,674	<b>58,897,662</b>	45,131,666

The estimated monetary value of benefits-in-kind receivable by a Director of the Group during the financial year amounted to RM16,820 (2007: RM17,700).

### 8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration:				
- PricewaterhouseCoopers, Malaysia	146,000	151,250	88,000	88,000
- Other auditors	24,066	24,078	0	0
Bad debts written off	0	0	0	9,475
Directors' fees	136,000	107,744	136,000	106,000
Gain on disposal of plant and equipment (net)	(8,745)	(235,772)	0	(238,755)
Marketing expenses	400,697	355,809	248,971	288,542
Office supplies expenses	1,044,093	818,109	499,266	434,201
Other professional fees	779,561	569,015	229,047	322,090
Recruitment expenses	399,125	315,557	215,432	115,881
Realised exchange loss/(gain)	564,812	(103,912)	111,793	(168,190)
Security service	421,984	89,462	137,258	68,515
Software support	586,686	287,076	0	0
Unrealised exchange (gain)/loss	(277,753)	211,210	(372,399)	0

The above charges/(credits) are included under other operating expenses in the income statement.

The key management personnel during the year is the Chief Executive Officer, Leo Suresh Ariyanayakam, whose remuneration has been disclosed under Directors remuneration in Note 7 as he is also a Director of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 9 RENTAL EXPENSES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Rental:				
- Apartments	1,030,757	863,357	964,550	828,465
- Offices	4,379,479	3,357,344	3,654,689	2,733,844
- Office equipment	261,675	600,885	13,025	12,700
- Others	675	10,311	625	1,500
	<b>5,672,586</b>	<b>4,831,897</b>	<b>4,632,889</b>	<b>3,576,509</b>

## 10 FINANCE INCOME (NET)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Finance income:				
Fixed deposit	275,939	534,576	227,658	427,282
Finance costs:				
- finance lease	(54,484)	(146,464)	(54,484)	(135,867)
- bank overdraft	(48,247)	(5,546)	(48,247)	(5,546)
- others	(60,276)	(16,534)	(5,268)	(16,534)
	<b>112,932</b>	<b>366,032</b>	<b>119,659</b>	<b>269,335</b>

## 11 TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current taxation:				
- Malaysian tax	2,128	18,073	2,128	17,289
- foreign tax	258,565	194,677	0	0
Overaccrual in prior year	0	(68,484)	0	0
Deferred tax (Note 24)	182,837	141,268	0	0
	<b>443,530</b>	<b>285,534</b>	<b>2,128</b>	<b>17,289</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007 (CONTINUED)

The taxation charge 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 has been renewed for a second five-year terms on 28 January 2008 and will expire on 6 November 2012.

The Malaysian current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate:				
Malaysian tax rate	26	27	26	27
Tax effects of:				
- Expenses not deductible for tax purposes	4	3	4	2
- Effect of different tax rate from foreign subsidiaries	3	1	0	0
- Income not subject to tax	(26)	(28)	(30)	(28)
- Overaccrual in prior year	0	(1)	0	0
Average effective tax rate	7	2	0	1

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 12 DISCONTINUED OPERATIONS

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Operating cash flows	(100,490)	109,283
Investing cash flows	(82,069)	(164,983)
	<b>(182,559)</b>	<b>(55,700)</b>
Revenue	<b>2,792,161</b>	935,896
Expenses	<b>(6,380,818)</b>	(1,588,370)
Loss from discontinued operations before tax	<b>(3,588,657)</b>	(652,474)
Taxation	<b>(316,989)</b>	316,533
Loss from discontinued operations after tax	<b>(3,905,646)</b>	(335,941)
Gain on recognised on the remeasurement of assets of disposal group after tax	<b>4,299,384</b>	0
Profit/(loss) for the year from discontinued operations	<b>393,738</b>	(335,941)

## 13 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.

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Net profit for the financial year attributable to equity holders of the Company (RM'000)	<b>6,056</b>	11,315
Weighted average number of issued ordinary shares ('000)	<b>265,041</b>	261,054
Basic earnings per share (sen)	<b>2.28</b>	4.33

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 13 EARNINGS PER SHARE

#### (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 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.

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Net profit for the financial year attributable to equity holders of the Company (RM'000)	<b>6,056</b>	11,315
Weighted average number of issued ordinary shares ('000)	<b>265,041</b>	261,054
Adjustment for share options granted ('000)	<b>2,078</b>	4,926
Adjusted weighted average number of issued ordinary shares for diluted earnings per share ('000)	<b>267,119</b>	265,980
Diluted earnings per share (sen)	<b>2.27</b>	4.25

### 14 DIVIDENDS

	<b>Group and Company</b>			
	<b>Gross dividend per share sen</b>	<b>2008 Amount of dividend RM</b>	<b>Gross dividend per share sen</b>	<b>2007 Amount of dividend RM</b>
Interim dividend	<b>1.0</b>	<b>2,652,580</b>	1.0	2,630,220
Final dividend	<b>0.0</b>	<b>0</b>	1.0	2,650,460
Dividend in respect of the financial year	<b>1.0</b>	<b>2,652,580</b>	2.0	5,280,680

In addition, the Directors have also proposed a final dividend of 1 sen per ordinary share, tax exempt in respect of the financial year ended 30 June 2008 amounting to RM2,652,580 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 earnings in the financial year ending 30 June 2009.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT

	As at 1.7.2007 RM	Additions RM	Reclassi- fications RM	Disposal of subsidiaries RM	Disposals RM	Currency translation differences RM	As at 30.6.2008 RM
<u>2008</u>							
<u>Group</u>							
<u>At cost</u>							
Furniture and fittings	2,444,333	97,913	0	(16,500)	0	(53,570)	<b>2,472,176</b>
Office equipment and computers	14,456,329	974,452	57,730	(58,976)	(33,159)	(282,247)	<b>15,114,129</b>
Telecommunications equipment	8,941,209	833,302	0	0	0	(252,067)	<b>9,522,444</b>
Software	6,448,394	743,508	128,277	(60,364)	0	(381,660)	<b>6,878,155</b>
Office renovations	4,346,573	607,565	0	(33,826)	0	(85,568)	<b>4,834,744</b>
Motor vehicles	1,144,089	0	0	0	(98,702)	0	<b>1,045,387</b>
Capital work-in-progress	2,905	1,291,366	(186,007)	0	0	(47,744)	<b>1,060,520</b>
	<u>37,783,832</u>	<u>4,548,106</u>	<u>0</u>	<u>(169,666)</u>	<u>(131,861)</u>	<u>(1,102,856)</u>	<u><b>40,927,555</b></u>

	As at 1.7.2007 RM	Charges for the financial Additions RM	Reclassi- fications RM	Disposal of subsidiaries RM	Disposals RM	Currency translation differences RM	As at 30.6.2008 RM
<u>Accumulated depreciation</u>							
Furniture and fittings	1,636,485	353,878	0	(2,457)	0	(40,891)	<b>1,947,015</b>
Office equipment and computers	7,127,646	2,429,521	0	(7,177)	(18,489)	(199,929)	<b>9,331,572</b>
Telecommunications equipment	2,727,549	1,852,149	0	0	0	(123,272)	<b>4,456,426</b>
Software	4,026,567	1,168,761	0	(3,077)	0	(331,344)	<b>4,860,907</b>
Office renovations	3,087,422	959,966	0	(11,275)	0	(49,648)	<b>3,986,465</b>
Motor vehicles	838,445	117,263	0	0	(70,736)	0	<b>884,972</b>
	<u>19,444,114</u>	<u>6,881,538</u>	<u>0</u>	<u>(23,986)</u>	<u>(89,225)</u>	<u>(745,084)</u>	<u><b>25,467,357</b></u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT (CONTINUED)

	As at 1.7.2006	Additions	Reclassi- fications	Write-offs	Disposals	Currency translation differences	As at 30.6.2007
	RM	RM	RM	RM	RM	RM	RM
<u>2007</u>							
<u>Group</u>							
<u>At cost</u>							
Furniture and fittings	2,061,919	413,012	(30,590)	0	0	(8)	2,444,333
Office equipment and computers	11,008,083	1,461,082	2,178,820	(58,594)	(106,793)	(26,269)	14,456,329
Telecommunications equipment	3,736,589	1,669,704	3,728,237	0	0	(193,321)	8,941,209
Software	4,488,151	1,078,903	902,751	0	(5,036)	(16,375)	6,448,394
Office renovations	2,590,812	559,496	1,238,989	0	0	(42,724)	4,346,573
Motor vehicles	1,144,089	0	0	0	0	0	1,144,089
Capital work-in-progress	3,654,493	4,502,166	(8,018,207)	0	0	(135,547)	2,905
	<u>28,684,136</u>	<u>9,684,363</u>	<u>0</u>	<u>(58,594)</u>	<u>(111,829)</u>	<u>(414,244)</u>	<u>37,783,832</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT (CONTINUED)

	As at 1.7.2006 RM	Charge for the financial year RM	Reclassi- fications RM	Write-offs RM	Disposals RM	Currency translation differences RM	As at 30.6.2007 RM
<u>Accumulated depreciation</u>							
Furniture and fittings	1,251,774	403,456	(18,737)	0	0	(8)	1,636,485
Office equipment and computers	4,872,980	3,291,760	(842,687)	(58,594)	(106,039)	(29,774)	7,127,646
Telecommunications equipment	1,926,650	862,692	0	0	0	(61,793)	2,727,549
Software	2,033,964	1,135,442	861,424	0	(2,754)	(1,509)	4,026,567
Office renovations	2,113,318	987,550	0	0	0	(13,446)	3,087,422
Motor vehicles	679,925	158,520	0	0	0	0	838,445
	<u>12,878,611</u>	<u>6,839,420</u>	<u>0</u>	<u>(58,594)</u>	<u>(108,793)</u>	<u>(106,530)</u>	<u>19,444,114</u>
						<b>2008 RM</b>	<b>2007 RM</b>
<u>Net book value</u>							
Furniture and fittings						<b>525,161</b>	807,848
Office equipment and computers						<b>5,782,557</b>	7,328,683
Telecommunications equipment						<b>5,066,018</b>	6,213,660
Software						<b>2,017,248</b>	2,421,827
Office renovations						<b>848,279</b>	1,259,151
Motor vehicles						<b>160,415</b>	305,644
Capital work-in-progress						<b>1,060,520</b>	2,905
						<u><b>15,460,198</b></u>	<u>18,339,718</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT (CONTINUED)

	As at 1.7.2007 RM	Additions RM	Disposals RM	As at 30.6.2008 RM
<u>2008</u>				
<u>Company</u>				
<u>At cost</u>				
Furniture and fittings	1,299,053	94,930	0	<b>1,393,983</b>
Office equipment and computers	7,172,282	928,221	(32,730)	<b>8,067,773</b>
Telecommunications equipment	4,403,876	833,302	0	<b>5,237,178</b>
Software	5,022,659	743,508	0	<b>5,766,167</b>
Office renovations	2,083,557	607,565	0	<b>2,691,122</b>
Motor vehicles	387,174	0	0	<b>387,174</b>
	<u>20,368,601</u>	<u>3,207,526</u>	<u>(32,730)</u>	<u><b>23,543,397</b></u>
	As at 1.7.2007 RM	Charge for the financial year RM	Disposals RM	As at 30.6.2008 RM
<u>Accumulated depreciation</u>				
Furniture and fittings	675,587	251,316	0	<b>926,903</b>
Office equipment and computers	2,688,747	1,613,716	(18,442)	<b>4,284,021</b>
Telecommunications equipment	2,018,653	958,681	0	<b>2,977,334</b>
Software	2,981,941	1,016,157	0	<b>3,998,098</b>
Office renovations	1,666,717	383,135	0	<b>2,049,852</b>
Motor vehicles	149,678	77,081	0	<b>226,759</b>
	<u>10,181,323</u>	<u>4,300,086</u>	<u>(18,442)</u>	<u><b>14,462,967</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT (CONTINUED)

	As at 1.7.2006 RM	Additions RM	Disposals/ Write-offs RM	Reclassi- fications RM	As at 30.6.2007 RM
<u>2007</u>					
<u>Company</u>					
<u>At cost</u>					
Furniture and fittings	935,847	393,796	0	(30,590)	1,299,053
Office equipment and computers	6,398,349	1,302,619	(58,594)	(470,092)	7,172,282
Telecommunications equipment	2,732,200	1,671,676	0	0	4,403,876
Software	3,553,923	968,054	0	500,682	5,022,659
Office renovations	1,557,887	525,670	0	0	2,083,557
Motor vehicles	387,174	0	0	0	387,174
	<u>15,565,380</u>	<u>4,861,815</u>	<u>(58,594)</u>	<u>0</u>	<u>20,368,601</u>

	As at 1.7.2006 RM	Charge for the financial year RM	Disposals/ Write-offs RM	Reclassi- fications RM	As at 30.6.2007 RM
<u>Accumulated depreciation</u>					
Furniture and fittings	392,697	301,627	0	(18,737)	675,587
Office equipment and computers	1,567,769	2,018,679	(58,594)	(839,107)	2,688,747
Telecommunications equipment	1,784,614	234,039	0	0	2,018,653
Software	1,177,391	946,706	0	857,844	2,981,941
Office renovations	1,080,392	586,325	0	0	1,666,717
Motor vehicles	71,172	78,506	0	0	149,678
	<u>6,074,035</u>	<u>4,165,882</u>	<u>(58,594)</u>	<u>0</u>	<u>10,181,323</u>

	<u>2008</u> RM	<u>2007</u> RM
<u>Net book value</u>		
Furniture and fittings	<b>467,080</b>	623,466
Office equipment and computers	<b>3,783,752</b>	4,483,535
Telecommunications equipment	<b>2,259,844</b>	2,385,223
Software	<b>1,768,069</b>	2,040,718
Office renovations	<b>641,270</b>	416,840
Motor vehicles	<b>160,415</b>	237,496
	<u><b>9,080,430</b></u>	<u>10,187,278</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 15 PLANT AND EQUIPMENT (CONTINUED)

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

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Office equipment and computers	<b>223,786</b>	711,484	<b>223,786</b>	711,484
Telecommunications equipment	<b>69,431</b>	699,822	<b>69,431</b>	699,822
Software	<b>0</b>	580,907	<b>0</b>	580,907
Motor vehicles	<b>160,417</b>	237,417	<b>160,417</b>	237,417
	<b>453,634</b>	2,229,630	<b>453,634</b>	2,229,630

## 16 INVESTMENT IN SUBSIDIARIES

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

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares at cost	<b>575,986</b>	645,986

Details of the subsidiaries are as follows:

<b>Name</b>	<b>Group's effective interest</b>		<b>Principal activities</b>
	<b>2008</b>	<b>2007</b>	
	<b>%</b>	<b>%</b>	
<b>Incorporated in Malaysia</b>			
Scicom (Academy) Sdn Bhd *	<b>100</b>	100	Provides customer service training products as well as contact centre consulting and marketing services.
Jade Apple Marketing Sdn Bhd #	<b>0</b>	70	Investment holding.
<b>Incorporated in India</b>			
Scicom Contact Centre Services Private Limited **	<b>100</b>	100	Provides customer contact centre outsourcing services.
<b>Incorporated in United Kingdom</b>			
Scicom International (UK) Ltd *^	<b>100</b>	100	Investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

<u>Name</u>	<u>Group's effective interest</u>		<u>Principal activities</u>
	<u>2008</u>	<u>2007</u>	
	<u>%</u>	<u>%</u>	
<b>Incorporated in Singapore</b>			
Subsidiary of Jade Apple Marketing Sdn Bhd			
Jade Apple Marketing Pte Ltd #	0	70	Provides consultancy and training services as well as manage loyalty programmes.
<b>Incorporated in United States of America</b>			
Subsidiary of Scicom International (UK) Ltd			
Scicom Inc *^	100	100	Provides customer contact centre outsourcing services

\* Audited by PricewaterhouseCoopers, Malaysia.

\*\* Audited by a firm other than PricewaterhouseCoopers, Malaysia and its affiliates.

^ The subsidiary is not required to submit a statutory financial statement.

# On 31 March 2008, the Company disposed off its shareholding in Jade Apple Marketing Sdn Bhd together with its subsidiary Jade Apple Marketing Pte Ltd for a cash consideration of RM70,000. As a result of this disposal, the Jade Apple Marketing Sdn Bhd business has been classified as a discontinued operations in the Group's financial statement in 2008. The financial details of the discontinued operations are disclosed in Note 12.

The disposal of the subsidiaries is due to the change in the subsidiaries' principal activities to event management from its original principal activities as stated above. The new principal activities are not in line with the Group's strategic direction.

## 17 TRADE RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Trade receivables	21,223,775	19,861,033	16,930,570	16,050,503
The currency exposure profile of trade receivables is as follows:				
- RM	3,694,183	1,752,930	3,067,987	1,192,849
- United States Dollar ("USD")	10,573,132	11,733,931	6,906,123	9,439,280
- Singapore Dollar ("SGD")	2,820,554	3,667,298	2,820,554	2,711,500
- Euro	1,431,965	1,960,051	1,431,965	1,960,051
- British Pound Sterling ("GBP")	1,529,614	384,419	1,529,614	384,419
- Australian Dollar ("AUD")	1,174,327	362,404	1,174,327	362,404
	21,223,775	19,861,033	16,930,570	16,050,503

Credit terms of trade receivables range from 60 to 90 days (2007: 60 to 90 days).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits	2,583,957	2,026,249	1,713,179	1,445,538
Other receivables	2,544,837	724,389	2,437,014	672,002
Income tax recoverable	943,416	2,469,216	50,199	22,725
	6,072,210	5,219,854	4,200,392	2,140,265
Prepayments	1,695,484	1,177,202	856,834	544,423
	7,767,694	6,397,056	5,057,226	2,684,688
The currency exposure profile of deposits and other receivables is as follows:				
- RM	4,334,467	2,277,948	4,144,583	2,125,346
- USD	1,209,774	2,354,455	55,809	13,688
- SGD	0	27,874	0	1,231
- Indian Rupee ("INR")	510,668	540,594	0	0
- GBP	17,301	18,983	0	0
	6,072,210	5,219,854	4,200,392	2,140,265

## 19 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Amounts due from subsidiaries	10,090,952	12,654,737
Less: Allowance for doubtful debts	(516,542)	(516,542)
	9,574,410	12,138,195
Amount due to a subsidiary	0	(4,052)
The currency exposure profile of intercompany balances is as follows:		
- RM	4,158,579	11,679,227
- USD	5,138,663	454,916
- Indian Rupee	262,520	0
- British Pound	14,648	0
	9,574,410	12,134,143

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 20 DEPOSITS WITH A LICENCED BANK

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits with a licensed bank	<b>4,565,938</b>	7,632,194	<b>4,404,454</b>	7,466,153

The weighted average maturity days of placement of funds with a licensed bank are as follows:

	Group	
	2008 Days	2007 Days
Deposits with a licensed bank	<b>30</b>	446

## 21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	<b>5,931,681</b>	277,006	<b>3,059,739</b>	47,560
Deposits with a licensed bank	<b>4,565,938</b>	7,632,194	<b>4,404,454</b>	7,466,153
Bank overdraft (Note 23)	<b>(39,014)</b>	(732,392)	<b>(39,014)</b>	(732,392)
	<b>10,458,605</b>	7,176,808	<b>7,425,179</b>	6,781,321

The currency exposure profile of cash and cash equivalents is as follows:

- RM	<b>4,456,761</b>	6,846,806	<b>4,377,468</b>	6,753,484
- USD	<b>5,733,726</b>	72,917	<b>3,047,711</b>	27,837
- INR	<b>0</b>	233,683	<b>0</b>	0
- SGD	<b>268,025</b>	23,300	<b>0</b>	0
- GBP	<b>93</b>	102	<b>0</b>	0
	<b>10,458,605</b>	7,176,808	<b>7,425,179</b>	6,781,321

The weighted average interest rate of bank balances that was effective at the financial year end is as follows:

	Group	
	2008 %	2007 %
Bank balances	<b>3.10</b>	4.46



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 22 PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<u>Current</u>				
Trade payables	587,623	1,776,615	577,985	1,754,112
Accruals	4,396,099	890,500	1,295,177	369,115
Performance-related bonus	1,380,413	1,294,530	1,230,070	783,397
Other payroll-related liabilities	1,234,986	1,346,569	1,100,133	765,109
Other payables	2,205,513	243,034	1,885,539	66,078
	<b>9,804,634</b>	5,551,248	<b>6,088,904</b>	3,737,811
<u>Non-current</u>				
Accruals	0	4,774	0	0
	<b>9,804,634</b>	5,556,022	<b>6,088,904</b>	3,737,811
The currency exposure profile of payables and accruals is as follows:				
- RM	6,045,369	3,361,356	5,778,002	3,136,081
- USD	3,160,605	1,446,560	240,707	568,466
- INR	490,102	606,842	0	0
- SGD	0	93,018	0	25,000
- GBP	108,558	48,246	70,195	8,264
	<b>9,804,634</b>	5,556,022	<b>6,088,904</b>	3,737,811

Credit terms of trade payables range from cash basis to 120 days (2007: cash-basis to 120 days).

## 23 BORROWINGS (SECURED AND INTEREST-BEARING)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<u>Current</u>				
Finance lease liabilities	162,309	945,887	162,309	945,887
Bank overdraft (Note 21)	39,014	732,392	39,014	732,392
	<b>201,323</b>	1,678,279	<b>201,323</b>	1,678,279
<u>Non-current</u>				
Finance lease liabilities	83,236	214,826	83,236	214,826
	<b>284,559</b>	1,893,105	<b>284,559</b>	1,893,105

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 23 BORROWINGS (SECURED AND INTEREST-BEARING) (CONTINUED)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Maturity profile of borrowings:				
- not later than one year	201,323	1,678,279	201,323	1,678,279
- later than one year and not later than five years	83,236	214,826	83,236	214,826
	<b>284,559</b>	<b>1,893,105</b>	<b>284,559</b>	<b>1,893,105</b>

All borrowings are denominated in RM, which also represents the Company's functional currency.

#### Bank overdraft

The Company was granted a bank overdraft facility amounting to RM4.1million on 31 March 2008. 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 RM4,100,000.

(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 times.

The effective interest rate of the bank overdraft as at the balance sheet date is 8.75% (2007: 8.75%) per annum.

#### 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 effective interest rates of the finance lease liabilities as at the balance sheet date ranged from 4.37% to 9% (2007: 4.37% to 14.96%).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 23 BORROWINGS (SECURED AND INTEREST-BEARING) (CONTINUED)

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

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Minimum lease payments:				
- not later than one year	<b>172,896</b>	1,043,724	<b>172,896</b>	1,043,724
- later than one year and not later than five years	<b>83,236</b>	225,413	<b>83,236</b>	225,413
	<b>256,132</b>	1,269,137	<b>256,132</b>	1,269,137
Future finance charges on finance leases	<b>(10,587)</b>	(63,283)	<b>(10,587)</b>	(63,283)
Future maintenance charges on finance leases	<b>0</b>	(45,141)	<b>0</b>	(45,141)
Present value of finance lease liabilities	<b>245,545</b>	1,160,713	<b>245,545</b>	1,160,713

### 24 DEFERRED TAXATION

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Deferred tax (liabilities)/assets	<b>(351,389)</b>	197,027
At beginning of financial year	<b>197,027</b>	21,306
Credited/(charged) to income statement (Note 11):		
- plant and equipment and intangible assets	<b>(144,890)</b>	(322,222)
- tax losses	<b>(28,725)</b>	179,769
- provisions	<b>(9,222)</b>	1,185
	<b>(182,837)</b>	(141,268)
Disposal of discontinued operations	<b>(317,591)</b>	316,989
Currency translation	<b>(47,988)</b>	0
At end of financial year	<b>(351,389)</b>	197,027

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 24 DEFERRED TAXATION (CONTINUED)

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets (before offsetting)		
- tax losses	<b>102,976</b>	496,758
- provisions	<b>158,624</b>	161,934
	<b>261,600</b>	658,692
Offsetting	<b>(261,600)</b>	(461,665)
Deferred tax assets (after offsetting)	<b>0</b>	197,027
Deferred tax liabilities (before offsetting)		
- plant and equipment and intangible assets	<b>612,989</b>	(461,665)
Offsetting	<b>(261,600)</b>	461,665
Deferred tax liabilities (after offsetting)	<b>351,389</b>	0

## 25 SHARE CAPITAL

### (a) Share capital

	<b>Group and Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Authorised ordinary shares of RM0.10 each:		
At beginning of financial year	<b>100,000,000</b>	25,000,000
Created during the financial year	<b>0</b>	75,000,000
At end of financial year	<b>100,000,000</b>	100,000,000
Issued and fully paid ordinary shares of RM0.10 each:		
At beginning of financial year	<b>26,360,300</b>	12,848,100
Bonus shares issued during the financial year	<b>0</b>	12,943,300
ESOS issued during the financial year	<b>165,500</b>	568,900
At end of financial year	<b>26,525,800</b>	26,360,300

During the financial year, 1,655,000 (2007:5,689,000) new ordinary shares of RM0.10 each at an exercise price of RM0.30 were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 25 SHARE CAPITAL (CONTINUED)

#### (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;
- 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 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 two to five years dependent on the employees' banding. The employees' entitlements to the options are vested as soon as they are granted; and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 25 SHARE CAPITAL (CONTINUED)

### (b) Employee Share Option Scheme (continued)

- In the event of any alteration in the capital structure of the Company during the Option period, whether by way of rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Scicom Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:

a) the number of Options granted to each Grantee (excluding Options already exercised); and/or

b) the subscription price

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (not taking into account Options already exercised) shall remain unaffected.

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 1	Exercised	Retired	As at 30
		June 2007			June 2008
		'000	'000	'000	'000
<u>2008</u>					
23.9.2005	22.9.2010	5,550	(1,130)	0	4,420
23.9.2005	22.9.2008	2,189	(525)	(339)	1,325
23.9.2005	22.9.2007	250	0	(250)	0
		<u>7,989</u>	<u>(1,655)</u>	<u>(589)</u>	<u>5,745</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	Exercise price	Number of
	RM per share	RM per share	shares issued
			'000
31 July 2007	0.510	0.30	1,443
31 October 2007	0.490	0.30	122
31 January 2008	0.435	0.30	90
			<u>1,655</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 25 SHARE CAPITAL (CONTINUED)

### (b) Employee Share Option Scheme (continued)

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:

	<b>Group and Company</b>
	<b>2008</b>
	<b>RM</b>
Ordinary share capital at par	165,500
Share premium	331,000
	<hr/>
Proceeds received on exercise of share options	496,500
	<hr/>
Fair value at exercise date of shares issued	834,860
	<hr/>

## 26 RETAINED EARNINGS

Under the single-tier system which came into effect from year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempted in the hand of shareholders.

Companies with Section 108 credits as at 31 December 2007, may continue to frank dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier, unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transactional provisions of the Finance Act 2007.

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 RM27,193,512 (2007: RM21,202,331) and RM126,615 (2007: RM97,014) respectively, to frank dividends out of its entire retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 27 COMMITMENTS

### (a) Capital expenditure

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

	<b>Group</b>		<b>Company</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Authorised and contracted:				
- Plant and equipment	649,243	674,606	649,243	616,627
Authorised but not contracted:				
- Plant and equipment	0	11,364	0	0

### (b) Non-cancellable operating lease commitments

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

	<b>Group</b>		<b>Company</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
- not later than one year	4,487,805	3,705,563	3,991,087	3,262,541
- later than one year and not later than five years	1,332,150	1,047,112	1,332,150	1,022,206
	<u>5,819,955</u>	<u>4,752,675</u>	<u>5,323,237</u>	<u>4,284,747</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

### 28 COMPARATIVES

The presentation of items in the current financial year financial statements have been consistent with the previous financial year except for the reclassification of certain comparative amounts in the income statement and the cash flow statement as a result of the disclosure for discontinued operations.

	Group		
	As stated in previous year RM	Reclassifications RM	As stated in current year RM
Revenue	109,002,736	(935,896)	108,066,840
Operating Expenses			
- Depreciation of plant and equipment	6,839,420	(19,303)	6,820,117
- Employee benefits costs	74,777,055	(1,585,381)	73,191,674
- Maintenance expenses	1,191,950	(32,143)	1,159,807
- Management fees	0	574,455	574,455
- Other operating expenses	4,211,722	(359,780)	3,851,942
- Rental expenses	4,874,019	(42,122)	4,831,897
- Staff welfare expenses	889,971	(1,607)	888,364
- Travelling expenses	2,344,888	(100,081)	2,244,807
- Telecommunication and utilities expenses	3,005,229	(22,408)	2,982,821
Operating expenses	98,134,254	(1,588,370)	96,545,884
Profit before taxation	11,279,625	652,474	11,932,099
Taxation	30,999	(316,533)	(285,534)
Net profit from continuing operations	11,310,624	335,941	11,646,565
Loss from discontinued operations	0	(335,941)	(335,941)
Net profit for the financial year	11,310,624	0	11,310,624

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVE 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 any 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.

Concentrations of credit risk with respect to trade receivables are to a few customers. The Group and the Company's historical experience in collection of trade receivables falls within recorded allowances, where needed. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (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 purposes. The Group and the Company aim to maintain flexibility in funding by keeping a committed overdraft facility available (see Note 23).

### (c) Currency risk

The Group and the Company operate internationally and are exposed to fluctuation in various currencies, mainly the USD, SGD, INR, GBP, Euro and AUD. 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 RM. The Group and the Company manage this risk by pegging most material contracts with its customers to the RM.

The currency exposure of unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in the functional currency of the respective companies is set out under their respective Notes.

### (d) Interest rate risk

#### Fair value interest rate risk

The Group's exposure to risk that the value of a financial instrument will fluctuate due to changes in market interest rates can be seen in Note 29(e).

#### Cash flow interest rate risk

The Group's and the Company's exposure to interest rate risk is limited to its financing through finance lease 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONTINUED)

## 29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (e) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except as set out below:

	<b>Group and Company</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
	<b>RM</b>	<b>RM</b>
Non-current receivable	2,052,504	1,887,360
Finance lease liabilities (non-current portion)	83,236	76,539

In assessing the fair values of finance lease liabilities, the discounted cash flow method was applied using their prevailing effective interest rates.

The non-current receivable is the long term portion of amount due from Jade Apple Marketing Pte Ltd, which is repayable in 10 quarterly instalments commencing from 27 June 2008 to 27 October 2010. The short term portion amounting to RM2,064,706 has been included in other receivable (please refer to Note 18) under current assets.

## 30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 August 2008.

## STATUTORY DECLARATION

SECTION 169(15) OF THE COMPANIES ACT 1965

### STATEMENT BY DIRECTORS

PURSUANT TO  
SECTION 169(15) OF THE  
COMPANIES ACT 1965

We, Leo Suresh Ariyanayakam and Krishnan Menon, the Directors of Scicom (MSC) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 56 to 101 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 2008 and of its results and cash flows of the Group and the Company for the financial year ended on that date in accordance with Financial Reporting 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 August 2008

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 56 to 101 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 August 2008, before me.

ROBERT LIM HOCK KEE (No. W092)  
COMMISSIONER FOR OATH

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

OF SCICOM (MSC) BERHAD (Company No. 597426-H)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Scicom (MSC) Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 101.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors which is indicated in note 16 to the financial statements.
- (c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur  
25 August 2008

AMRIT KAUR  
(No. 2482/01/09 (J))  
Chartered Accountant

## 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**

As at the date of this Annual Report, the proceeds from Scicom's IPO has been fully utilised.

### **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 2008, a total of 1,655,000 ordinary shares have been exercised under the Company's ESOS.

### **4. DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any depository receipt programme for the financial year ended 30 June 2008.

### **5. IMPOSITION OF 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 2008.

### **6. NON-AUDIT FEES**

The amount of non-audit fees paid by the Group and the Company for the financial year ended 30 June 2008 were RM105,539 and RM8,000 respectively, representing fees for tax-related services.

### **7. VARIATION IN RESULTS**

There was no profit estimation, forecast or projection made or released by the Company during or in relation to the financial year ended 30 June 2008. There were no variances of 10% or more between the results between the audited and unaudited results for the current financial year.

### **8. PROFIT GUARANTEE**

There were no profit guarantees given by the Group and the Company during the financial year ended 30 June 2008.

### **9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

For the financial year ended 30 June 2008, no contracts of a material nature were entered into or were subsisting between the Group and its Directors, or major shareholders.

## ADDITIONAL COMPLIANCE INFORMATION

### **10. RECURRENT RELATED PARTY TRANSACTIONS**

There were no recurrent related party transactions entered by the Group and the Company during the financial year ended 30 June 2008.

### **11. CORPORATE SOCIAL RESPONSIBILITY**

The Group's corporate social responsibility activities and/or practices undertaken during the financial year ended 30 June 2008 are set out on pages 30 and 31 of the Annual Report.

## ANALYSIS OF SHAREHOLDINGS

### SHARE CAPITAL AS AT 11 SEPTEMBER 2008

#### Authorised Share Capital

1,000,000,000 authorised ordinary shares of RM0.10 each

RM100,000,000

#### Issued and Fully Paid-up Share Capital

Issued and fully paid-up ordinary shares of RM0.10 each

26,529,300

#### Class of Securities

Ordinary shares of RM0.10 each

#### Voting Rights

One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 11 SEPTEMBER 2008

<u>No. of</u> <u>Shareholders</u>	<u>%</u>	<u>Size of Shareholdings</u>	<u>Total</u> <u>Shareholdings</u>	<u>%</u>
3	0.28%	Less than 100 shares	133	0.00%
59	5.51%	100 to 1,000 shares	47,200	0.02%
543	50.70%	1,001 to 10,000 shares	3,140,400	1.18%
346	32.31%	10,001 to 100,000 shares	12,633,600	4.76%
		100,001 to less than 5% of issued shares		
116	10.83%		149,311,767	56.28%
4	0.37%	5% and above of issued shares	100,159,900	37.76%
<b>1,071</b>	<b>100.00%</b>		<b>265,293,000</b>	<b>100.00%</b>

### LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 11 SEPTEMBER 2008

(As shown in the record of Depositors)

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of</u> <u>Shares Held</u>	<u>%</u>
1	Netinsat Asia Sdn Bhd	36,000,000	13.57%
2	Ke-Zan Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for PT Telekomunikasi Indonesia International)	26,000,000	9.80%
3	Lembaga Tabung Haji	20,083,400	7.57%
4	Cartaban Nominees (Asing) Sdn Bhd (SSBT Fund RNQU for Dubai Investment Group Limited)	18,076,500	6.81%
5	AllianceGroup Nominees (Asing) Sdn Bhd (Pledged securities account for Leo Suresh Ariyanayakam)	13,000,000	4.90%
6	HLG Nominee (Asing) Sdn Bhd (Pledged securities account for Leo Suresh Ariyanayakam)	13,000,000	4.90%
7	Krishnan AVL C K Menon	11,814,666	4.45%
8	United Overseas Nominees (Tempatan) Sdn Bhd (Pledged securities account for Seow Lun Hoo @ Seow Wah Chong)	10,784,000	4.06%
9	AKN Capital Sdn Bhd	6,333,334	2.39%
10	CIMSEC Nominees (Asing) Sdn Bhd (Pledged securities account for Lalitha D/O K Krishnan Nambiar)	6,044,500	2.28%
11	CIMSEC Nominees (Asing) Sdn Bhd (CIMB Bank for Leo Suresh Ariyanayakam)	6,000,000	2.26%
12	Netinsat Asia Sdn Bhd	6,000,000	2.26%
13	Jaganath Derek Steven Sabapathy	5,326,600	2.01%
14	HSBC Nominees (Asing) Sdn Bhd (Exempt for Credit Suisse)	4,542,600	1.71%
15	Leo Suresh Ariyanayakam	4,533,334	1.71%
16	Ke-Zan Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for The Nassim Fund)	4,202,000	1.58%
17	Edmund Hilary Tensing Ponniah	3,455,500	1.30%
18	CIMB Group Nominees (Tempatan) Sdn Bhd (Pledged securities account for AKN Capital Sdn Bhd)	3,123,333	1.18%



## ANALYSIS OF SHAREHOLDINGS

### LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 11 SEPTEMBER 2008

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

<u>No.</u>	<u>Name of Shareholder</u>	<u>No. of Shares Held</u>	<u>%</u>
19	Tan Soh Goh	2,543,500	0.96%
20	Multi-Purpose Insurans Berhad	2,448,200	0.92%
21	Gunaretnam A/L Kathigasu	2,391,000	0.90%
22	Krishnan A/L C K Menon	2,333,334	0.88%
23	CitiGroup Nominees (Asing) Sdn Bhd (UBS AG Singapore for Maxcellon Capital Assets Ltd)	2,000,000	0.75%
24	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Salbiah Binti Shuib)	1,545,000	0.58%
25	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Cheah Teik Seng)	1,500,000	0.57%
26	Sieh Kok Swee	1,428,000	0.54%
27	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged securities account for Rahimah Stephens)	1,350,000	0.51%
28	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (Pledged securities account for Paramjit Singh Gill)	1,250,000	0.47%
29	Amanah Raya Nominees (Tempatan) Sdn Bhd (Public Islamic Opportunities Fund)	1,162,000	0.44%
30	CIMSEC Nominees (Asing) Sdn Bhd (CIMB Bank for Gerard Jude Timothy Pereira)	1,100,000	0.41%
<b>Total</b>		<b>219,370,801</b>	<b>82.67%</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 11 SEPTEMBER 2008

<u>No.</u>	<u>Name of Shareholder</u>	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
1	Netinsat Asia Sdn Bhd	42,817,200	16.14%	0	0.00%
2	Leo Suresh Ariyanayakam	37,360,000	14.08%	0	0.00%
3	Ke-Zan Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for PT Telekomunikasi Indonesia International)	26,000,000	9.80%	0	0.00%
4	Lembaga Tabung Haji	20,083,400	7.57%	0	0.00%
5	Cartaban Nominees (Asing) Sdn Bhd (SSBT Fund RNQU for Dubai Investment Group Limited)	18,076,500	6.81%	0	0.00%
6	Krishnan A/L C K Menon <sup>1</sup>	14,148,000	5.33%	42,817,200	16.14%

### DIRECTORS' SHAREHOLDINGS AS AT 11 SEPTEMBER 2008

<u>No.</u>	<u>Name of Shareholder</u>	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
1	Dato' Ahmad Kabeer bin Mohamed Nagoor <sup>2</sup>	0	0.00%	9,456,667	3.56%
2	Leo Suresh Ariyanayakam	37,360,000	14.08%	0	0.00%
3	Krishnan A/L C K Menon <sup>1</sup>	14,148,000	5.33%	42,817,200	16.14%
4	YBhg Dato' Mohd Salleh bin Hj. Harun	440,000	0.17%	0	0.00%
5	Nikolai Dobberstein	1,000,000	0.38%	0	0.00%
6	Loh Lee Soon	316,700	0.12%	0	0.00%

<sup>1</sup> Deemed interest by virtue of his shareholdings in Netinsat Asia Sdn Bhd

<sup>2</sup> Deemed interest by virtue of his shareholdings in AKN Capital Sdn Bhd

## GLOSSARY OF ABBREVIATIONS

3G	Third generation digital wireless communications system
Act	Companies Act, 1965
AGM	Annual General Meeting
AUD	Australian Dollar
B2B	Business to business
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process Outsourcing
BPO/SSO	Business Process Outsourcing/Shared Services Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
CCAM	Customer Relationship Management and Contact Centre Association
CEO	Chief Executive Officer
Code	Code of Business Conduct
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
ESOS	Employees' Share Option Scheme
FRS	Financial Reporting Standards
GBP	British Pound Sterling
ICM	Internal control memorandum
ICT	Information and communications technology
Informedia	PT Informedia Nusantara
INR	Indian Rupee
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
JWT	J. Walter Thompson
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MNC	Multinational Corporation
MSC	Multimedia Super Corridor
PBT	Profit before taxation
PIKOM	Association of the Computer and Multimedia Industry of Malaysia
RM	Ringgit Malaysia
RPG 5	Recommended Practice Guide 5 – Guidance for Auditors on the Review of Directors' Statement on Internal Control
Scicom	Scicom (MSC) Berhad
Scicom (UK)	Scicom International (UK) Limited
SCP	Support Center Practices
SGD	Singapore Dollar
SMS	Short Messaging Service
SMT	Senior Management Team
SSPA	Service and Support Professionals Association
STAR	Scicom's Talent Assessment, Recognition and Development
Statement	Directors' Statement on Internal Control
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
TQM	Total Quality Management
UK	United Kingdom
USA	United States of America
USD	United States Dollar

## GROUP DIRECTORY



### Scicom (MSC) Berhad

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

### Scicom (Academy) Sdn Bhd

25th Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia  
Tel : 603 2162 1088  
Fax : 603 2164 9820  
E-mail : [academy@scicom-intl.com](mailto:academy@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

2nd Floor, FSBM Plaza  
3539, Jalan Teknokrat 7  
63000 Cyberjaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603 8312 4262  
Fax : 603 8312 2255

### Scicom Contact Centre Services Private Limited

Unit 02, Level 10, Innovator Building  
International Tech Park,  
Whitefield Road  
Bangalore 560066  
Karnataka, India  
Tel : 91 80 41262020  
Fax : 91 80 41156092

## NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Ballroom 2, Lower Ground Floor, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 October 2008 at 10.00 a.m. to transact the following businesses:-

### A. Ordinary Business

- |    |  |                         |
|----|--|-------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Reports of the Directors and Auditors thereon. | (Ordinary Resolution 1) |
| 2. | To declare a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2008 as recommended by the Directors.         | (Ordinary Resolution 2) |
| 3. | To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-                                       |                         |
|    | (i) Mr. Krishnan C.K Menon   | (Ordinary Resolution 3) |
|    | (ii) Mr. Nikolai Dobberstein   | (Ordinary Resolution 4) |
| 4. | To approve Directors' Fees for the financial year ended 30 June 2008.  | (Ordinary Resolution 5) |
| 5. | To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.                       | (Ordinary Resolution 6) |

### B. Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

- |    |  |                         |
|----|--|-------------------------|
| 6. | AUTHORITY TO ALLOT AND ISSUE SHARES<br>"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." | (Ordinary Resolution 7) |
|----|--|-------------------------|

### C. Other Business

- |    |  |  |
|----|--|--|
| 7. | 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 SIXTH ANNUAL GENERAL MEETING

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Sixth General Meeting to be held on 29 October 2008, a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2008, if approved, will be paid on 24 November 2008.

The entitlement date for the dividend payment is 7 November 2008.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 7 November 2008 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

Kuala Lumpur  
7 October 2008

### 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 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

#### 2. Explanatory Note on Special Business

The Ordinary Resolution 7, 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 SIXTH ANNUAL GENERAL MEETING

### STATEMENT ACCOMPANYING NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

#### **(1) Venue, Date and Time of the Sixth Annual General Meeting**

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

Place: Ballroom 2, Lower Ground Floor, Eastin Hotel, 13, Jalan 16/11,  
Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan

Date & Time: 29 October 2008 at 10.00 a.m.

#### **(2) Directors Standing for Re-election**

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

(i) Mr. Krishnan C.K Menon

(ii) 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 34 and page 12-13 of this Annual Report.

# Proxy Form

**Scicom (MSC) Berhad** (597426-H)  
(Incorporated in Malaysia)

I / We :

(Please use block capital)

NRIC no:

of

(Full address)

a member/members of SCICOM (MSC)  
BERHAD hereby appoint\*

of

or failing him/her

of

or the Chairman of the Meeting

as \*my/our proxy/proxies to attend and  
vote for \*me/us on \*my/our behalf, at  
the Sixth Annual General Meeting of the  
Company to be held at Ballroom 2, Lower  
Ground Floor, Eastin Hotel, 13, Jalan  
16/11, Pusat Dagang Seksyen 16, 46350  
Petaling Jaya, Selangor Darul Ehsan on  
Wednesday, 29 October 2008 at 10.00  
a.m. and at any adjournment thereof, to  
vote as indicated below:-

Resolutions		FOR	AGAINST
<b>Ordinary Resolution 1</b>	Receive the Audited Financial Statements, Reports of the Directors and Auditors thereon.		
<b>Ordinary Resolution 2</b>	Declaration of a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2008.		
<b>Ordinary Resolution 3</b>	Re-election of Mr. Krishnan C.K Menon as Director pursuant to Article 84 of the Company's Articles of Association		
<b>Ordinary Resolution 4</b>	Re-election of Mr. Nikolai Dobberstein as Director pursuant to Article 84 of the Company's Articles		
<b>Ordinary Resolution 5</b>	Approval of Directors' Fees for the financial year ended 30 June 2008.		
<b>Ordinary Resolution 6</b>	Re-appointment of Messrs PricewaterhouseCoopers as Auditors.		
<b>Special Business</b>			
<b>Ordinary Resolution 7</b>	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/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

No. of ordinary shares held

\_\_\_\_\_  
Signature of Member / Common Seal

## Note:

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