scicom

TOTAL CUSTOMER DELIGHT


# ANNUAL REPORT 2011

# CONTENT



## COMPANY AND TEAM



## YEAR IN REVIEW



## FINANCIAL RESULTS



## CORPORATE INFORMATION

# OVER THE LAST 14 YEARS SCICOM HAS ESTABLISHED A STRONG LEADERSHIP POSITION IN THE REGION AS A PREMIER PROVIDER OF CUSTOMER CONTACT MANAGEMENT SOLUTIONS

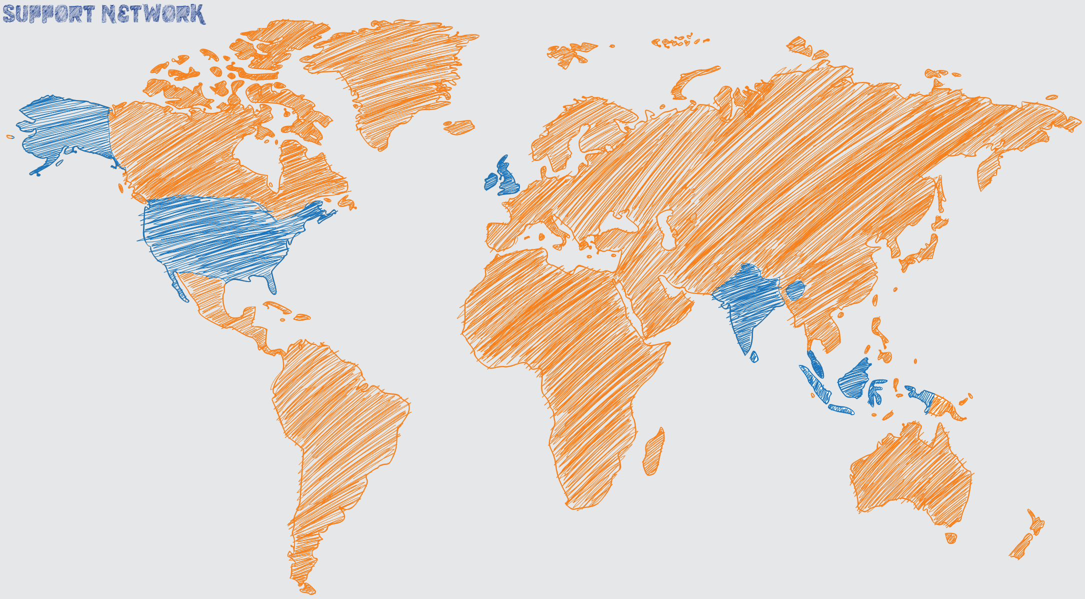
Unique in Asia, Scicom supports a global customer base in over 30 languages to over 91 countries from its centres in Kuala Lumpur and Bangalore with a sales & marketing presence in USA and the UK.

State-of-the-art technology and telecommunication infrastructure also allows Scicom to deliver multi-channel support such as voice, email, web chat, SMS and data services to an increasingly sophisticated needs of an MNC client base.

Scicom's main product offerings comprise of Outsourcing, CRM, Consulting and Application Development, and the provision of Training and Education Services in Customer Contact Management.

Today, Scicom has earned the reputation of consistently delivering on its promise of "Total Customer Delight" to over 98 million customers worldwide.

## GLOBAL SUPPORT NETWORK



| COUNTRY | LANGUAGE OFFERING |
|---|---|
| ALGERIA | Arabic/English/French |
| AFGHANISTAN | English |
| ANGOLA | English/French |
| AUSTRALIA | English |
| BANGLADESH | Bengali/English |
| BAHRAIN | Arabic/English |
| BENIN | French/English |
| BOTSWANA | French/English |
| BURKINA FASO | Arabic/English |
| BURUNDI | Arabic/English |
| CAMBODIA | Khmer/English |
| CANADA | English/French |
| CHAD | Arabic/English/French |
| CHINA | Mandarin |
| COTE D'IVOIRE | French |
| CAPE VERDE | Arabic/English |
| CENTRAL AFRICAN | |
| COMOROS | French/English |
| CONGO | French/English |
| DJIBOUTI | French/English |
| DRC | Arabic/French/English |
| EGYPT | Arabic/English |
| EQUATORIAL GUINEA | English/French |
| ERITREA | Arabic/English |

| COUNTRY | LANGUAGE OFFERING |
|---|---|
| ETHIOPIA | Arabic/English |
| FIJI | English |
| GHANA | English |
| GABON | French/English |
| GAMBIA | English/French |
| GUINEA REPUBLIC | French/English |
| GUINEA-BISSAU | English/French |
| GUAM | English |
| HONG KONG | Cantonese/Mandarin |
| INDONESIA | Bahasa Indonesia/English |
| IRAN | Farsi/English |
| IRAQ | Arabic/English |
| INDIA | English/Hindi/Guajarati/Punjabi/Marathi/Bengali/Kannada/Tamil/Telugu/Malayalam |
| JAPAN | Japanese |
| JORDAN | Farsi/English |
| KENYA | English/Swahili |
| KUWAIT | Arabic/English |
| LEBANON | Arabic/English/French |
| LESOTHO | English/French |
| LIBERIA | English/French |

| COUNTRY | LANGUAGE OFFERING |
|---|---|
| LIBYA | Arabic/English |
| MALAYSIA | Bahasa Malaysia/English |
| MADAGASCAR | French/English |
| MALAWI | English/French |
| MALI | Arabic/French/English |
| MAURITANIA | Arabic/French/English |
| MAURITIUS | English/French |
| MAYOTTE | French/English |
| MOZAMBIQUE | English/French |
| MOROCCO | Arabic/English/French |
| NAMIBIA | English/French |
| NEW ZEALAND | English |
| NIGER | Arabic/French/English |
| NIGERIA | English/Hausa/Yoruba/Igbo |
| OMAN | Arabic/English |
| PAKISTAN | Urdu/English |
| PHILIPPINES | Tagalog |
| QATAR | Arabic/English |
| REUNION | French/English |
| RWANDA | French/English |
| SAUDI ARABIA | Arabic/English |
| SENEGAL | French |
| SOUTH AFRICA | English/Afrikaans |

| COUNTRY | LANGUAGE OFFERING |
|---|---|
| SAO TOME AND PRINCIPE | English/French |
| SEYCHELLES | French/English |
| SINGAPORE | Mandarin/English |
| SIERRA LEONE | English/French |
| SOMALIA | English/Arabic |
| SOUTH KOREA | Korean |
| SRI LANKA | Singalese/Tamil/English |
| SUDAN | Arabic/English |
| SWAZILAND | English/French |
| SYRIA | Arabic/French/English |
| TAIWAN | Mandarin |
| THAILAND | Thai/English |
| TOGO | French/English |
| TUNISIA | Arabic/French/English |
| TANZANIA | English/Swahili |
| UAE | Arabic/English |
| UGANDA | English/French |
| UK | English |
| USA | English |
| VIETNAM | Vietnamese/English |
| YEMEN REPUBLIC | Arabic/English |
| ZAMBIA | English/French |
| ZIMBABWE | English/French |

# OUTSOURCING

Scicom Outsourcing comprises of Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) and Human Resource Outsourcing (HRO). This is the main thrust and cornerstone of Scicom's business, employing the major part of the Group's human capital. Our services help organisations reduce customer service costs and churn, increase revenue through customer retention and loyalty and provide a competitive advantage for our multi-national client (MNC) base.

Our core BPO offerings include complex multi-lingual, multi-channel customer care, social media care and support, technical support help desk, consultative sales and associated fulfilment services. We provide specialist KPO services for the Airline and Telecommunications industries. Our HRO offerings encompass a wide range of services catering for employers across all industry verticals. These services range from recruitment and payroll services to the implementation of our proprietary consulting, analytics and performance management products to enhance workforce measurement, performance and reward structures.

The business unit's focused service offerings, inherent domain expertise, management bandwidth, state-of-the art technology and communication platforms allow us to provide MNC clients with a discernable return on investment in terms of customer retention, acquisition and value. It has been developed with strengths in various vertical specialisations such as transportation, telecommunications, leisure & entertainment, oil & gas, banking, financial services and technology.

# CRM, CONSULTING & APPLICATION DEVELOPMENT

Scicom CRM, Consulting & Application Development specialises in an integrated approach that strategically uses the best combination of CRM activities, methodologies and tools across every customer touch point and every channel. Services offered are Customer Relationship Management (CRM), E-Commerce Applications and Support Services, Customer Loyalty Management, Web Analytics, Database Profiling, Segmentation and Management, Marketing and Brand Communication Services.


Scicom has rolled out its own commercial offerings of E-Commerce and E-Loyalty platforms, supporting companies requiring outsourcing services with a full suite of complimentary services, such as business consulting, strategic consulting, design, development, implementation as well as operations and customer support.

Scicom also provides Support Centre Practices (SCP) certification services for contact centres around the region. SCP is the leading global benchmarking standard for contact centres.

## TRAINING & EDUCATION

Scicom Academy is the training arm for the Group and provides a broad spectrum of training for Customer Contact Management centres. These include customised training for every type of customer interaction at any customer touch point.

Scicom's educational services offered through Scicom Academy are affiliated with a professional body in the UK, offering internationally recognised British Technical Educational Council ("BTEC") certificates and diplomas for both entry and management level personnel in the BPO & Services industry. This is a global first for the industry and in line with Scicom's strategy to move up the value chain in terms of providing a world class service offering and greater geographical spread for these services.

Scicom Academy provides internationally accredited certifications and diplomas in customer contact and services management, in line with global best practices and benchmarks. Scicom Academy understands the value of personnel training in the Customer Contact Management arena and has grown to encompass a wide range of training programmes that have helped enhance service and management standards in many Malaysian and Asian multi-national companies. It prides itself on being a provider, not just of best-practice Customer Contact Management training, education and consultancy services, but also in management, leadership and professional development courses. All training programmes are customised to fit a company's specific needs.

# OUR VALUES

QUALITY
TEAMWORK
INNOVATION
INTEGRITY
PEOPLE

# OUR GOAL

TOTAL CUSTOMER DELIGHT

## SCICOM HAS WON A MULTITUDE OF MAJOR INTERNATIONAL INDUSTRY AWARDS, A TESTIMONY TO ITS DEDICATION TO EXCELLENCE AND QUALITY


SCICOM HAS BEEN AWARDED MULTIMEDIA SUPER CORRIDOR (MSC) STATUS, IS ISO CERTIFIED AND HAS A GLOBALLY RECOGNISED INDUSTRY SPECIFIC ACCREDITATION WITH A UNITED STATES BODY NAMELY THE SERVICE AND SUPPORT PROFESSIONALS ASSOCIATION (SSPA)

## AWARDS AND RECOGNITION CONTINUED

| YEAR | AWARDING BODY | RECOGNITION / AWARDS |
|---|---|---|
| 2010 | **Frost & Sullivan** | Malaysia Telecoms Awards - BPO Service Provider of the Year |
| 2010 | **MSC Malaysia** | Job Camp 2010 - Best Training Provider |
| 2010 | **Malaysia HR Awards** | HR Excellence Category - SILVER AWARD |
| 2010 | **IAOP's 2010 The Global Outsourcing 100** | International Association of Outsourcing Professionals - 2010 Global Outsourcing 100 (The only Malaysian Company in the Top 100) |
| 2010 | **CCAM** | Career Achievement Award – Leo Ariyanayakam (CEO, Scicom Group)<br>Best Outsourced Contact Centre in Malaysia – Over 100 seats (Gold Award)<br>Best Outsourced Contact Centre in Malaysia – Under 100 seats (Silver Award)<br>Best Contact Centre Support Professional – Over 100 seats (Gold Award)<br>Best Contact Centre Support Professional – Under 100 seats (Gold Award)<br>Best Contact Centre Support Professional – Under 100 seats (Bronze Award)<br>Best Contact Centre Professional – Over 100 seats (Gold Award)<br>Best Contact Centre Professional – Under 100 seats (Silver Award)<br>Best Contact Centre Manager – Over 100 seats (Silver Award )<br>Best Mystery Shopper (Quality of Calls) - (Bronze Award) |
| 2011 | **IAOP's 2011 The Global Outsourcing 100** | Listed in IAOP's The Global Outsourcing 100, Best Rising Stars in Overall Revenue (The only Malaysian Company in the Top 100) |
| 2011 | **Frost & Sullivan** | Malaysia Excellence Awards - BPO Service Provider of the Year |

## FAST FACTS

- We offer 24 x 7 x 365 operations
- We support customers from over 91 countries from our centres
- We support our customers in over 30 languages
- We have over 70 nationalities working for us
- We handle over 98 million customer contacts annually
- We service blue-chip clients
- Over 52% of our revenues are derived from outside Malaysia
- We have over 14 years of experience and track record
- We are listed in the Global Services Top 100 Companies, consecutively for 5 years
- We have won awards and have been internationally recognised for outstanding service delivery solutions since incorporation

## BOARD OF DIRECTORS

KRISHNAN MENON
NON INDEPENDENT
NON EXECUTIVE DIRECTOR / CHAIRMAN

LEO ARIYANAYAKAM
NON INDEPENDENT
EXECUTIVE DIRECTOR /
CHIEF EXECUTIVE OFFICER

DATO' MOHD SALLEH BIN HJ HARUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

DR NIKOLAI DOBBERSTEIN
INDEPENDENT NON-EXECUTIVE DIRECTOR

LOH LEE SOON
INDEPENDENT NON-EXECUTIVE DIRECTOR

ANDE SAFARI
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

## AUDIT COMMITTEE

DATO' MOHD SALLEH BIN HJ HARUN
CHAIRMAN

LOH LEE SOON
MEMBER

DR NIKOLAI DOBBERSTEIN
MEMBER

## NOMINATION & REMUNERATION COMMITTEE

DR NIKOLAI DOBBERSTEIN
CHAIRMAN

DATO' MOHD SALLEH BIN HJ HARUN
MEMBER

LOH LEE SOON
MEMBER

## 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**
**Tricor Investor**
**Services Sdn Bhd**
Level 17
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : 03 2264 3883
Fax : 03 2282 1886

**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

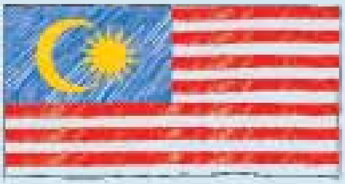
Tel : 03 2162 1088
Fax : 03 2164 9820

**AUDITORS**
**PricewaterhouseCoopers**
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia

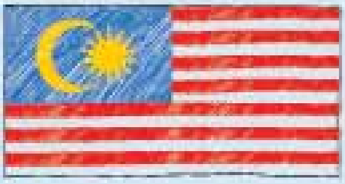
Tel : 03 2173 1188
Fax : 03 2173 1288

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

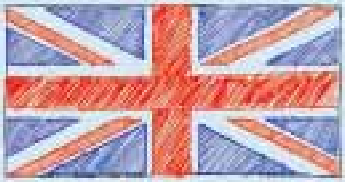
**WEB**
URL : www.scicom-intl.com
URL : www.scicomacademy.com
E-mail : corpinfo@scicom-intl.com



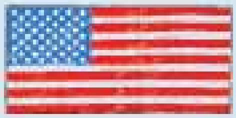
## SCICOM (MSC) BERHAD
(Kuala Lumpur and Cyberjaya, Malaysia)
**Holding Company**



## SCICOM (ACADEMY) SDN BHD
(Kuala Lumpur, Malaysia)
**100% owned**

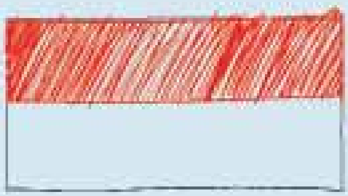


## SCICOM INTERNATIONAL (UK) LIMITED
(London, UK)
**100% owned**

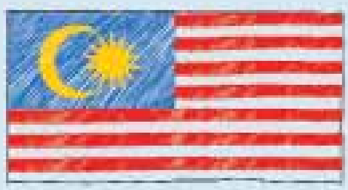


## SCICOM INC
(Tampa, USA)
**100% owned**

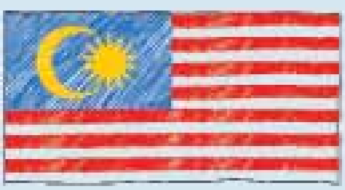
## SCICOM CONTACT CENTRE SERVICES PRIVATE LIMITED
(Bangalore, India)
**100% owned**



## PT SCICOM INDONESIA
(Jakarta, Indonesia)
**100% owned**



## SCICOM INTERNATIONAL COLLEGE SDN BHD
(Kuala Lumpur, Malaysia)
**70% owned**



## ASIAN CONTACT CENTRES SDN BHD
(Kuala Lumpur, Malaysia)
**50% owned**

# BOARD OF DIRECTORS

DATO' MOHD SALLEH BIN HJ HARUN

LEO ARIYANAYAKAM

KRISHNAN MENON

## KRISHNAN MENON
### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR & CHAIRMAN

Krishnan Menon, 61, a Malaysian, was appointed to the Board of Scicom on 10 March 2004.

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 thirteen (13) years in public practice at Hanafiah, Raslan and Mohamed, seven (7) 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 serving with two public-listed companies, he joined Putrajaya Holdings Sdn Bhd as its Chief Operating Officer from 1997 until 2000. He is presently the Chairman of Putrajaya Perdana Berhad and KLCC (Holdings) Bhd and a Non-Executive Director of Petroliam Nasional Berhad and MISC 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. He has no convictions for offences within the past ten (10) years other than traffic offences.

## DATO' MOHD SALLEH BIN HJ HARUN
### INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Mohd Salleh bin Hj Harun, 67, a Malaysian, was appointed to our Board on 22 August 2005. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration 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 the government service in 1971, before moving on to the banking and financial sector in 1974, having thirty two (32) years of experience in holding 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 previous directorships include RHB Bank Berhad, RHB Insurance Berhad (of which he was Chairman) and RHB Islamic Bank Berhad while his current principal directorships include Malayan Banking Berhad , Mayban Ageas Holdings Bhd, Etiqa Insurance Bhd, Etiqa Takaful Bhd and FIDE Forum and Asia Capital Reinsurance Malaysia 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. He has no convictions for offences within the past ten (10) years other than traffic offences.

## LEO ARIYANAYAKAM
### NON-INDEPENDENT EXECUTIVE DIRECTOR

Leo Ariyanayakam, 48, a Sri Lankan, was appointed to our Board on 30 October 2002. He is also the Chief Executive Officer and Group Executive Director. He holds a Bachelor's Degree in Biochemistry. His main responsibilities as the Chief Executive Officer and Group Executive Director are to maximise shareholders' value, making high-level decisions in terms of the Group's business development, finance, 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 over the years, including the 2011 Contact Centre Service Provider of the Year, as conferred by Frost & Sullivan. 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 of (Malaysia)., a position which held until early 2010. In June 2007, he was selected as one of Malaysia's Outstanding Entrepreneurs at the Asia Pacific Entrepreneurship Awards. In the same year he was honoured as a 'Key Industry Leader' by PIKOM. In 2008 he was conferred as the CEO of the year by the Malaysian Canadian Business Council. In 2010 he was appointed as a member to the "Local Advisory Panel "(LAP) nominated by the Malaysian Government specifically to the ICT Industry and was awarded the 'Career Lifetime Achievement' award by CCAM.

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. He has no convictions for offences within the past ten (10) years other than traffic offences.

## DR NIKOLAI DOBBERSTEIN
### INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Nikolai Dobberstein, 45, a German, was appointed to the Board of Scicom on 22 August 2005. He is also a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee. He holds a Ph.D. in Technology and Innovation Management from the University of Kiel, Germany. He is a Partner at A.T. Kearney in India, where he leads the communications and high-tech practices. Previously, he was the Senior Vice President of Strategy and New Businesses of Maxis Communications Berhad, responsible for all of Maxis' data, multimedia and broadband businesses. Before Maxis, he spent twelve (12) years in McKinsey & Company, with three (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. He has no convictions for offences within the past ten (10) years other than traffic offences.

## LOH LEE SOON
### INDEPENDENT NON-EXECUTIVE DIRECTOR

Loh Lee Soon, 56, a Malaysian, was appointed to the Board of Scicom on 25 April 2007. He is also a member of the Audit Committee and the Nomination and Remuneration Committee. He is a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. He spent nearly twenty five (25) years in the professional accounting, finance and management consulting fields, including six (6) years as a Practice Director of one the big four firms in Malaysia. He has also held senior finance, general management and sales positions with MNCs including Tupperware International, KPMG Asia Pacific and Oracle Corporation and a number of other Malaysian companies. He is currently the Principal of his own IT consultancy firm. His clients span industries as diverse as gaming, IT, manufacturing and distribution and property development. He is also an Independent Director of Malaysian Genomics Resource Centre Berhad, Etiqa Insurance Bhd, Etiqa Takaful Bhd and Mayban Investment Management 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. He has no convictions for offences within the past ten (10) years other than traffic offences.

## ANDE SAFARI
### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Ande Safari, 54, an Indonesian, was appointed to the Board of Scicom on 27 September 2010. He holds a Bachelor degree majoring in Accountancy from the University of Padjajaran, Bandung, Indonesia. Currently he is the Director of Finance and Business Operations of PT Telekomunikasi Indonesia International (TII). He has over thirteen (13) years of working experience in Finance and Accounting with PT Telekomunikasi Indonesia Tbk (Telekom Indonesia). He has held various senior management positions in Telekom Indonesia and its subsidiaries having served as Director of Finance and Business Support at PT Pramindo Ikat Nusantara. In 1996 he joined PT Patra Telekomunikasi Indonesia as the General Manager of Finance and subsequently appointed as the Head of Internal Audit with the same 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. He has no convictions for offences within the past ten (10) years other than traffic offences.

ANDE SAFARI

LOH LEE SOON

DR. NIKOLAI DOBBERSTEIN

# SENIOR MANAGEMENT TEAM

JAYAKUMAR

JUDE MOHAN

BENNY PHILIP

## JAYAKUMAR
### CHIEF FINANCIAL OFFICER

Jayakumar joined Scicom in 1997. As CFO of the Group, his portfolio of responsibilities includes accounting and financial management, as well as the Group's corporate finance, risk management, administration, corporate secretarial, budgeting and treasury activities. He has over twenty eight (28) years of experience in financial management and corporate services. Prior to joining Scicom, he previously worked in Sime Darby Berhad and the Halim Rasip Group (Integrax Berhad).

Jayakumar is an associate of both the Association of Chartered Certified Accountants (UK) and the Institute of Chartered Secretaries and Administrators (UK).

## BENNY PHILIP
### CHIEF OPERATING OFFICER - OUTSOURCING

Benny joined Scicom in 2004. As COO of Outsourcing, Benny manages Scicom's Outsourcing business and is responsible for overall Service Delivery and Client Management across all operations. He also manages the human resources , learning & development, project management, management information and quality functions of the Group .

He has over twenty (20) years of experience with eleven (11) of those being in senior management roles . Prior to joining Scicom, Benny was employed by HSBC where he held Vice President level roles in Human Resources and subsequently in Projects & Planning, for the Global Resourcing division of the HSBC Group and brings to Scicom very significant management experience gained from working with global organisations such as Unilever, Panasonic, Ford Motor Company and HSBC.

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

## JUDE MOHAN
### CHIEF OPERATING OFFICER - 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 work, 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 in Business Administration from Newcastle and is a member of the Royal British Society for Philosophers.

# SENIOR MANAGEMENT TEAM

## JASIM PUTHUCHEARY
### CHIEF OPERATING OFFICER-CRM AND CONSULTING

Jasim joined Scicom in 2009. As COO for CRM and Consulting, Jasim is responsible for Scicom's client focused internet and on-line marketing strategies, coupled with over twelve (12) years of CRM and customer management consulting experience. An Adwords and Analytics Professional, Jasim is additionally responsible for Scicom's e-strategy.

Jasim started his career in Corporate Finance with RHB Securities. He later moved on to Usaha Tegas where he was involved in the Corporate Finance division which included projects for Maxis, ASTRO and Powertech. Jasim joined Commerce Dot Com, a company involved in building and operating the Government e-procurement system where he served as its Chief Operating Officer.

Jasim holds a degree in Law (LLb) from the University of London.

## CHANDIMA HEMACHANDRA
### CHIEF TECHNOLOGY OFFICER

Chandima joined Scicom in January 2011. He is an information technology professional with over twenty two (22) years of experience, broad based knowledge and skills in implementing large scale and highly technologically complex projects in major financial institutions in UK, Sri Lanka and Kenya. Prior to joining Scicom, Chandima worked as the Chief Information Officer (CIO) at the Government owned Sri Lanka Insurance Corporation (SLIC), the oldest insurance service provider in Sri Lanka.

He brings to the table a sound knowledge of information & communication technology and software development and a highly successful background in managing large and complex projects. He has provided consultancy services to many government/private institutions and has been serving as an advisor in three National advisory councils in Sri Lanka.

In his early years, he worked as a Systems Analyst with British Hartford-Fairmount Engineering, UK, the Head of IT at CfC Stanbic Bank, the East African Headquarters of Standard Bank Africa, the Head of ICT and Banking Operations (Deputy General Manager) at Hatton National Bank, Sri Lanka and the Chief Manager ICT at Commercial Bank of Ceylon.

Chandima holds a Honours degree in Mathematics & Computer Science from the University of Middlesex, UK.

## RADAH KRISHNANVIJAYA GOPAL
### SENIOR VICE PRESIDENT - CORPORATE PLANNING

Radah joined Scicom in 2002. As Senior Vice President of Corporate Planning, his responsibilities includes the formulation of strategic plans, execution of business development initiatives for strategic clients, management of projects and liaison with key government authorities globally for the Group.

He has over 17 years of working experience in the areas of consulting, accounting and finance, strategic planning and business development. 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 (UK) in 1997.

## KELVIN LOKE CHEONG HIAN
### SENIOR VICE PRESIDENT - FINANCE AND COMMERCIAL

Kelvin joined Scicom in 2004. As the Senior Vice President of Finance and Commercial, his responsibilities include overseeing both the compliance and commercial aspects of the finance functions of the Group such as financial reporting, budgeting, corporate finance and risk management. He has fifteen (15) years of accounting experience. Prior to joining Scicom, Kelvin had previously worked as an auditor in a Big Four accounting firm, Ernst and Young and as a Corporate Analyst in another public listed company in Malaysia.

Kelvin has graduated with a Bachelors of Accountancy with Honours from the Northern University of Malaysia and is a member of the Malaysian Institute of Accountants.

CHANDIMA HEMACHANDRA

RADAH KRISHNANVIJAYA GOPAL

JASIM PUTHUCHEARY

KELVIN LOKE CHEONG HIAN

# SENIOR MANAGEMENT TEAM

SHANTI JACQUELINE JEYA RAJ

WILLIE LIM

JERRY RAJENDRAM

## SHANTI JACQUELINE JEYA RAJ
### SENIOR VICE PRESIDENT - HUMAN RESOURCES, LEARNING AND DEVELOPMENT AND TOTAL QUALITY MANAGEMENT

Shanti joined Scicom in 2000 as a Customer Relationship Executive, and within a year, she was spearheading the Group's Training Department for both internal and external clients. She was subsequently appointed the Head of the Customer Experience Team, 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 all aspects of human resources, learning & development as well as 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 MNC over a twelve (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. She is also a certified trainer of the Service and Support Professionals Association in the United States, for its Certified Support Professional programme.

## JERRY RAJENDRAM
### SENIOR VICE PRESIDENT - SCICOM MARKETING

Jerry joined Scicom in 2003. In his capacity as the Senior Vice President of Scicom Marketing, he is responsible for all corporate branding responsibilities of Scicom worldwide, 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.

He has over twenty one (21) 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 (2) years being additionally involved in the setting up of the firm's integrated marketing arm, specialising in relationship management.

Prior to joining Scicom, he was the Regional Managing Director of DraftWorldwide.

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

## WILLIE LIM
### SENIOR VICE PRESIDENT - CLIENT MANAGEMENT

Willie joined Scicom in 2000. In his capacity as the Senior Vice President of Client Management. Willie is responsible for the day-to-day relationship management with clients. He has over twenty one (21) years of industry experience in relation to general management, including sales, operations and client management. Willie is the strategic point of contact for Scicom's clients.

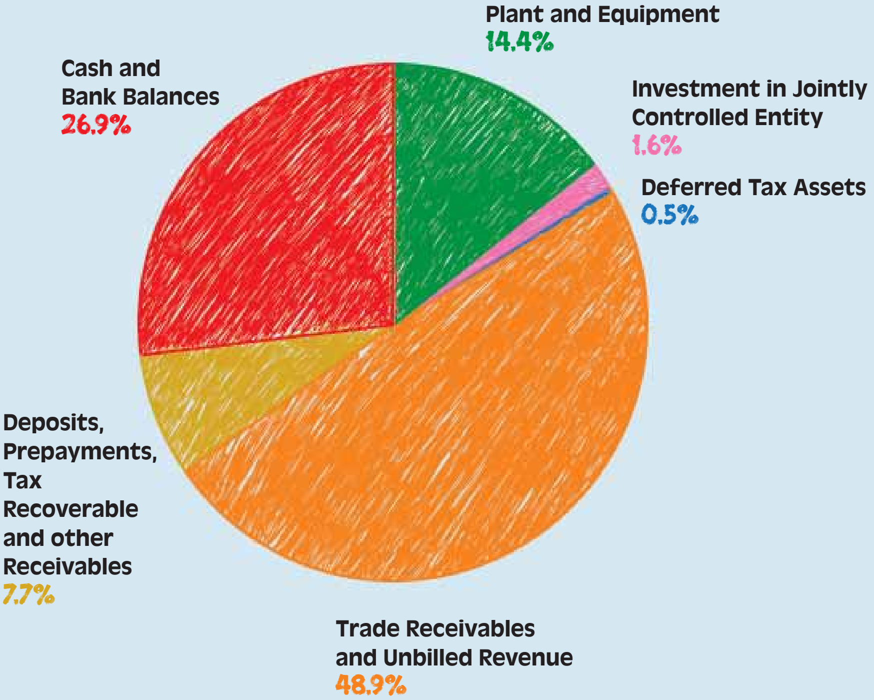
Prior to joining Scicom, he was an Executive Director in Abric Berhad. He was also previously the Country Manager of United Parcel Service (M) Sdn Bhd, as well as the General Manager of Electrolux Home Centres.

Willie holds a Bachelor's Degree in Business Administration from the National University of Singapore.

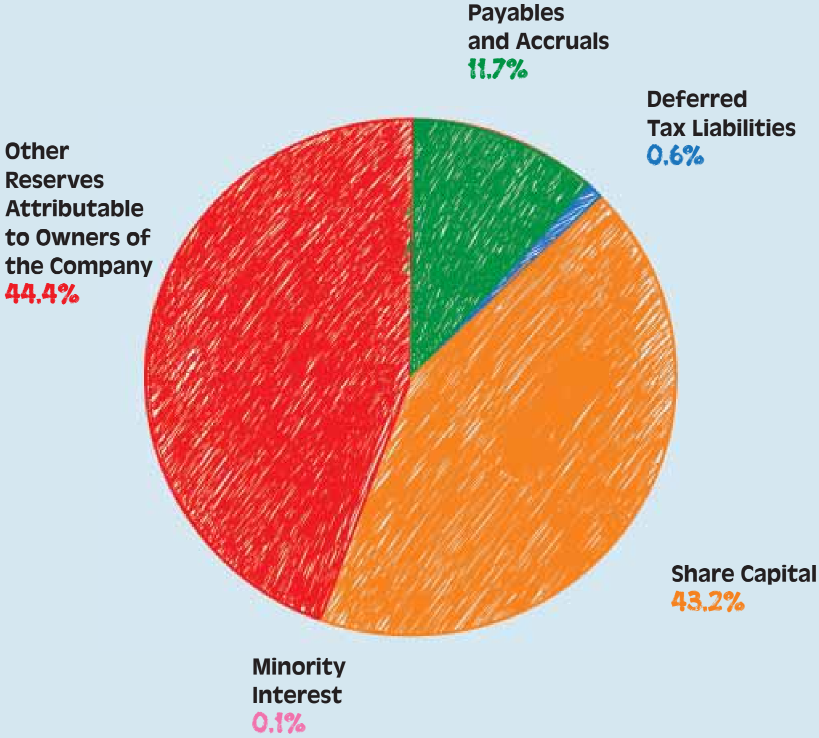
| | Group | | Company | |
|---|---|---|---|---|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| **PROFITABILITY (RM'000)** | | | | |
| Operating revenue | **140,975** | 122,668 | **128,304** | 106,576 |
| Profit before taxation ("PBT") | **12,599** | 7,502 | **14,337** | 9,637 |
| Net profit attributable to the owners of the Company | **13,282** | 8,337 | **14,632** | 9,648 |
| **KEY BALANCE SHEET DATA (RM'000)** | | | | |
| Total assets | **68,527** | 61,552 | **66,183** | 56,810 |
| Total liabilities | **8,416** | 9,493 | **7,047** | 6,975 |
| Capital and reserves attributable to equity holders of the Company | **60,111** | 52,059 | **59,136** | 49,835 |
| **FINANCIAL RATIOS** | | | | |
| Profitability: | | | | |
| - Revenue growth (%) | **14.9%** | -15.2% | **20.4%** | -1.1% |
| - PBT growth (%) | **67.9%** | -21.3% | **48.8%** | 38.2% |
| - Net profit growth (%) | **59.3%** | -4.2% | **51.7%** | 39.0% |
| - Basic earnings per share (sen) | **4.49** | 2.85 | **N/A** | N/A |
| - Diluted earnings per share (sen) | **4.49** | 2.85 | **N/A** | N/A |
| - Asset turnover (times) | **2.06** | 1.99 | **1.94** | 1.88 |
| - Net return on equity (times) | **0.22** | 0.16 | **0.25** | 0.19 |
| Liquidity | | | | |
| - Current (times) | **7.14** | 5.52 | **8.07** | 6.69 |
| - Cash over total assets (%) | **26.9%** | 12.1% | **26.4%** | 12.1% |
| - Trade receivables turnover (months) | **2.85** | 3.07 | **2.91** | 3.11 |
| Financing: | | | | |
| - Debt over equity (times) | **N/A** | 0.01 | **N/A** | 0.00 |
| - Gearing (times) | **N/A** | 0.01 | **N/A** | 0.00 |

## TOTAL ASSETS 2011

The Group's total assets amounted to RM68.53 million as at 30th June 2011, an increase of 11.3% from the previous financial year.

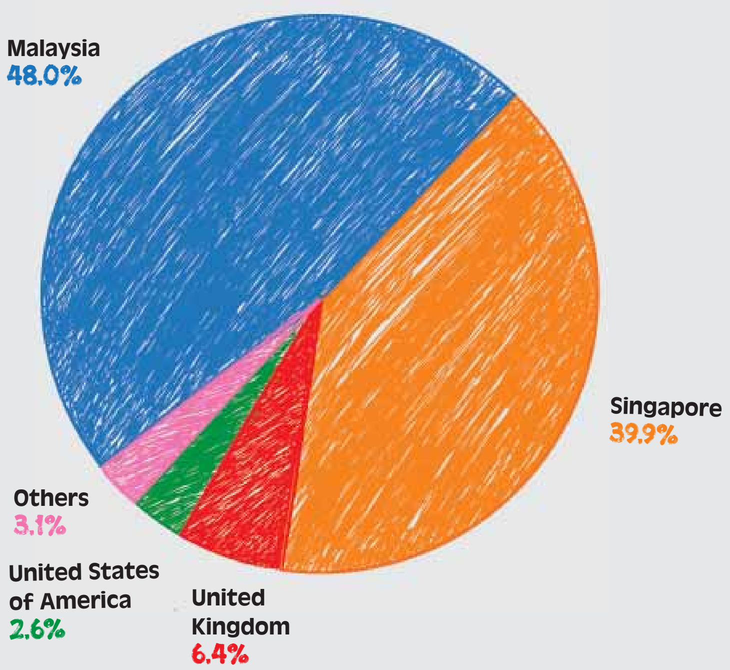



## TOTAL LIABILITIES, CAPITAL AND RESERVES 2011

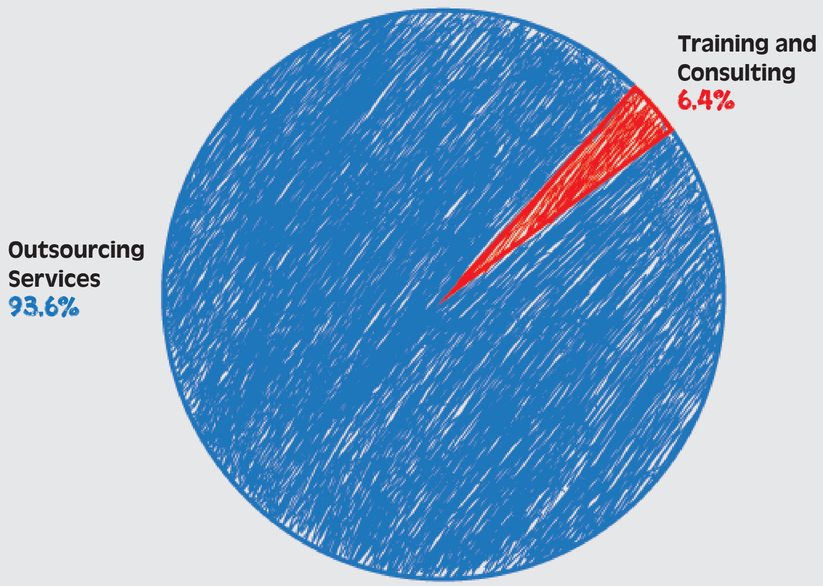


# GROUP FINANCIAL HIGHLIGHTS

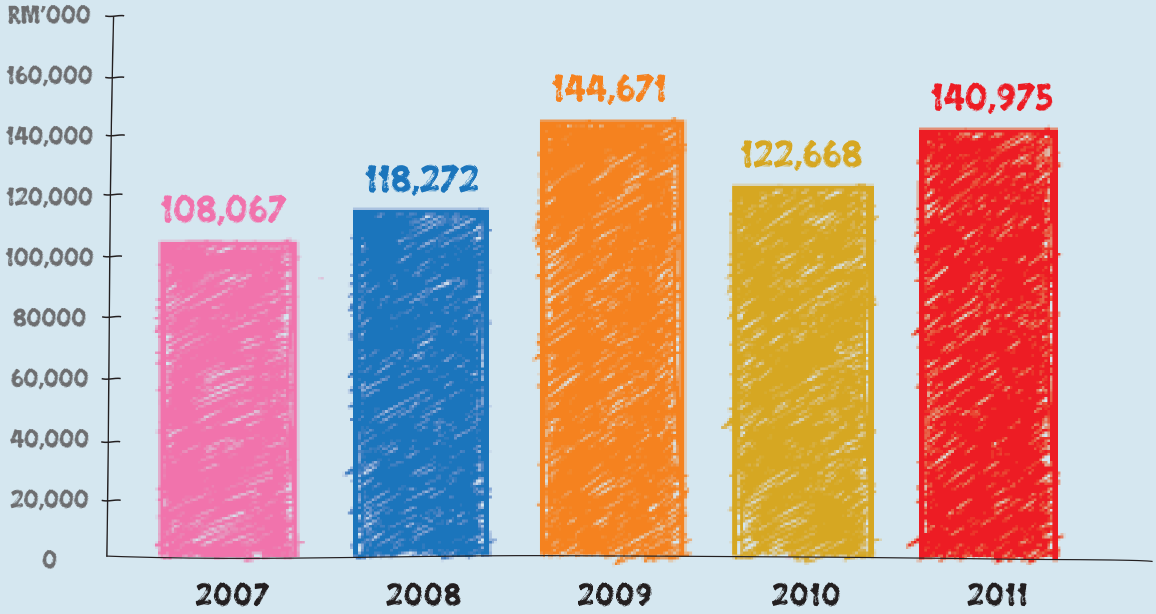
## REVENUE BY LOCATION 2011



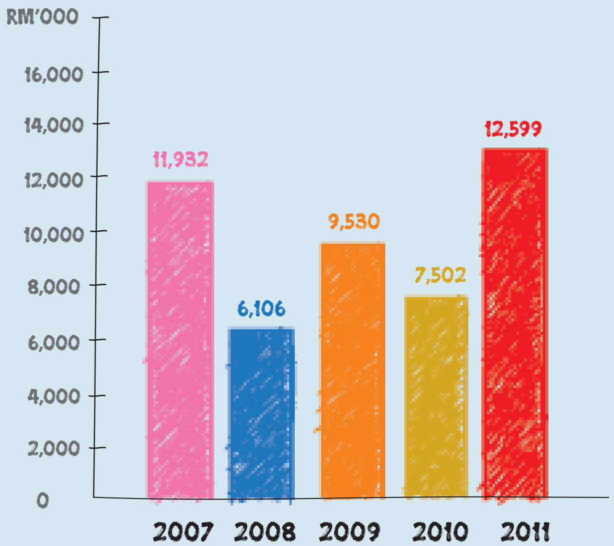

## REVENUE BY OPERATING SEGMENTS 2011



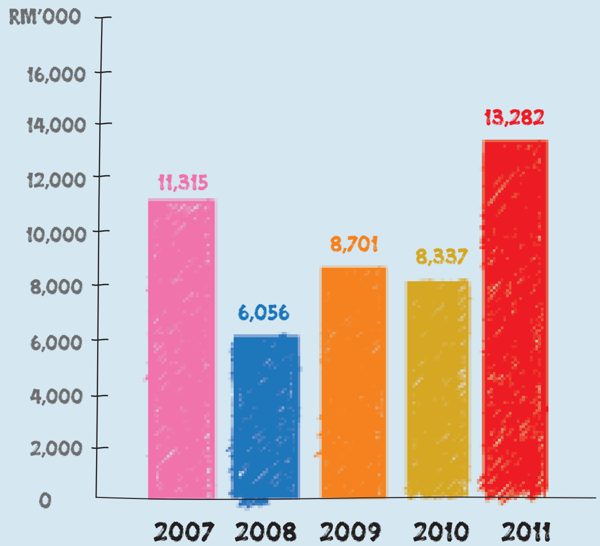
## REVENUE




## PROFIT BEFORE TAXATION




## NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



**Dear Shareholders,**

On behalf of the Board of Directors, I am pleased to present the Annual Report of Scicom (MSC) Berhad for the financial year (FY) ended 30 June 2011.

It has indeed been an eventful year for us at Scicom. As we march towards new and exciting times, we are also cognisant of the fact that we must constantly reinvent ourselves and make our offerings relevant in the global marketplace.

The aftershocks of the global economic crisis of 2008 and 2009 still linger and in spite of the continuing economic uncertainty, I am pleased to say that we have delivered on our key objectives for FY 2011.

Our strategy of product and services differentiation, based on a deep domain understanding of our core business, has provided us with a competitive advantage for the future in terms of growth potential, market penetration and product relevance.

Based on the challenging economic environment, our strategy was to focus on servicing clients from our more competitive cost base in Malaysia. As a result we took the decision to wind down our United States operations.

The savings from winding down our US operations, increasing domestic profits and streamlining costs enabled us to drive growth in terms of revenues and profit. Our prudent financial management allowed us to fund our growth through internally generated funds and we ended this year with zero debt.

## Corporate Developments

On 30 May 2011, the Group established a wholly owned subsidiary PT Scicom Indonesia in the Republic of Indonesia in order to explore and develop business opportunities in the region's fastest growing economy. Indonesia's rapid growth and consumer base augurs well for the establishment of a local presence. This will enable us to ensure that our products and services are made available in that rapidly expanding economy.

The Ministry of Higher Education, Malaysia vide a letter dated 23 June 2011 granted approval to the Company's subsidiary, Scicom International College Sdn Bhd to establish a private institution of Higher Learning in Malaysia.

The recognition of our proposition followed a comprehensive validation procedure by the Ministry and we are delighted that this approval has now been granted. The second stage of the approval process is the validation of our programmes by the Malaysian Qualification Agency (MQA) under the auspices of the Ministry of Higher Education. We expect the approval within FY 2012.

## Financial Performance

The Group achieved significant milestones in its efforts to provide differentiated services through its Consulting, Outsourcing and Education divisions. Our strategy of services differentiation not only made us relevant to our discerning client base but has also laid the foundation towards our goal of obtaining greater margin differentiation for our business.

It is my pleasure to announce that the Group's revenue for current financial year was RM140.98 million, representing a 14.9% increase from the preceding financial year. Net profit for FY 2011 was RM13.28 million representing an increase of 59.3% over the preceding financial year. We expect to see continued improvement in revenue and profit in FY 2012.

## Bonus Issue and Dividend

The Board proposed a 1 for 10 bonus issue to the shareholders at the EGM of the Company held on the 10 November 2010. The bonus issue was subsequently approved by the shareholders and paid up capital of the Company increased by 26,928,300 new ordinary shares of RM 0.10 each on the 19 November 2010.

The Board's view is this is the most appropriate avenue available to reward the existing shareholders of the Company while at the same time enhancing the Company's capital base to be more reflective of its current scale of operations and assets employed.

The Board has recommended a final dividend payment of 1.0 sen per ordinary share, tax exempt, in respect of the financial year ended 30 June 2011. Two interim dividends of 1.0 sen per ordinary share each, tax exempt, were paid on 10 March 2011 and 19 September 2011 respectively. The interim dividends together with proposed final dividend collectively amount to a dividend payout for the financial year of 3.0 sen per ordinary share, tax exempt on the enlarged share capital.

This recommendation translates to a dividend payout ratio on profits of approximately 67% and reflects the board's commitment towards maintaining a stable dividend payout for its shareholders.

## Focus Areas for Sustainable Growth

As the global economy grapples with uncertainty in established first world markets, our business focus has been in the emerging markets of Asia Pacific region for our core businesses. This strategy we feel will provide us with a stable platform for sustained growth in terms of regional focus for the foreseeable future.

The Group has been growing its capability to define, design and implement large and complex projects in a manner consistent with global competition and today is well positioned in terms of brand, size, management bandwidth, track record and domain expertise to compete globally.

Coupling this with our Customer Services Management diversification in Global Service Education, E-Commerce and CRM solutions, will provide, we feel, a sustainable foundation for growth in both revenue and earnings moving forward.

## 2012 Outlook

The Group having now consolidated and embarked on marketing its comprehensive suite of Customer Services Management as standalone solution sets, is better positioned to respond to opportunities for these services in Malaysia and the region.

The second focus area we have identified is to continue to up-sell our suite of value added services to our multi-national client base in FY 2012 , not only making us more relevant to their evolving needs but also contributing towards achieving the Groups goals of both enhanced client retention and margin differentiation.

## Appreciation

I wish to thank David Burke, for his invaluable advice and guidance during his tenure as a Non-Executive Director of Scicom.

I wish to thank the Government of Malaysia, 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 support, dedication and prudent governance in shaping the Group's direction to ensure our continuous growth and success.

Thank You.

**Krishnan Menon**
**Chairman**

## Dear Shareholders,

Our years of domain experience in our core business and our evolutionary business diversification strategy, in all aspects of Customer Services Management, has paid dividends in terms of revenue and profits for the financial year (FY) ended 30 June 2011. Our fully integrated, end-to-end suite of highly scalable enterprise class solutions, including Strategic and Operational Consulting, Training and Education products, CRM, Customer Contact Solutions and on-demand infrastructure and software, enables us to help our clients seamlessly deliver a differentiated customer experience and continues to drive year-over-year revenue growth, improved operating performance and solid new business wins.

We recognise that service experience is what defines today's brands; well managed multi-national prospects come to see us more and more as a partner to lead them through the business evolution required to meet heightened customer expectations in today's highly competitive globalised market place. We continue to broaden our capabilities and are excited about our product line-up and emerging suite of online customer centric solutions which are offered on a unique variable cost model which is attractive to our clients. From strategy to execution, we are focused on delivering an exceptional and scalable, multi-channel, multi-touch point customer experience that enables our clients to enjoy both industry and financial leadership in their respective markets. With over 2,800 employees, Scicom is strongly positioned as one of Malaysia's largest and most experienced providers of customer centric solutions. Our service offerings remain centered on the principles of customer acquisition, customer retention and customer value. These solution sets are tailored for a targeted and discerning client base comprising both Multi-national clients as well as established Malaysian conglomerates and corporations across the region.

## Financial Performance

For FY 2011, we generated RM140.98 million in revenue and RM13.28 million in profit. Revenue increased by 14.9% while net profit increased by 59.3% respectively for FY 2011 when compared to the preceding year. In FY 2011, 52% of our revenue was derived from outside Malaysia as compared to 68% in FY 2010. We have attained RM0.47 million in foreign exchange gain during the financial year as opposed to a foreign exchange loss of RM1.1 million booked in FY 2010. This is mainly attributed to the success of the Group in mitigating a portion of its foreign exchange risk by primarily denominating foreign client billings in Ringgits Malaysia (RM). Our core business remains the provision of outsourcing solutions which amounted to 93.6% of our revenue in FY 2011.

## Corporate Developments

On 30 May 2011, the Group established a wholly owned subsidiary PT Scicom Indonesia in the Republic of Indonesia in order to explore and develop business opportunities in the region's fastest growing economy. Indonesia's rapid growth and consumer base augurs well for the establishment of a local presence to leverage opportunities for the Groups' products and services. Our association with PT Telkom has borne fruit with the first batch of PT Telkom employees having graduated in our "Scicom-International Certificate in Customer Contact Management" targeting mid management staff and we expect to do more in this area as well as tap into BPO opportunities, moving forward.

The Ministry of Higher Education, Malaysia vide the Approval Letter dated 23 June 2011 granted approval to the Company's subsidiary, Scicom International College Sdn Bhd (SICSB) to establish a Private Higher Education Institution. This Institution will focus on imparting knowledge in the area of Global Service Management. This is a one of a kind endeavor in Malaysia and Asia.

The evolution of our training services into a series of globally recognised formal educational products is based primarily on our clear understanding in the area of Customer Services Management. This is the natural next step in leveraging our domain expertise in order to scale in Malaysia and offer these products regionally, to future proof our training and education business. We expect to be granted approval within the next financial year by the Malaysian Qualification's Agency (MQA) which oversees academic programme quality and learning standards in Malaysia.

## Human Capital & Talent Management

Scicom continues in its quest to be a leader in the provision of quality educational programs. Enhancing the Nation's human capital will be the driving force in determining Malaysia's growth in the future. Our focus on Customer Service Management Education has been identified in part as a key driver in delivering and enhancing the nation's workforce and is in line with the nation's aspirations to be a knowledge-based first world economy, joining the ranks of high-income nations as envisaged by the Prime Minister.

Scicom Academy Sdn Bhd (SASB), our training arm, has been complimented by the incorporation of SICSB. The approval by the Ministry of Higher Education to establish a Private Higher Education Institution and subsequent approval to be obtained from the MQA, will allow SICSB to provide degree level educational programmes focused in Customer Services Management across a range of industry verticals such as Customer Contact Services, Tourism and Hospitality, Retail etc. This will be a first for Malaysia and the region and is possible for us because of our deep understanding of customer interaction and Services Management at every touch point.

Currently, SASB boasts Malaysia's largest vocational training facility for Customer Services Management and our programmes are accredited by Edexcel of the UK. In 2011, we trained and "graduated" over 2,700 (up from approx. 2,000 in 2010) service professionals in Services Management and expect to do better in 2012 both in Malaysia and around the region.

Service industries rely on human capital to drive growth. Services account for 58% of Malaysia's GDP and is expected to grow to over 65% over the next few years. This is a phenomena that is seen all over South Asia. Our strategy and focus in this area not only looks at readying professionals for the global workplace but to also offer and provide employers with a comprehensive suite of services that will also extract the most from their employees in an environment and culture that demands and incentivises performance. We have developed a proprietary suite of business processes, software tools, and client engagement models that work together to improve performance for our employees and clients. This allows us to reduce time and cost to hire, increase productivity, decrease employee turnover, and improve quality of performance. To that end we have rolled out Scicom- Workforce Recognition, Scicom-Performance Solutions and Scicom- Service Awards. An integrated suite of services that encompasses strategy, training, analytics and performance measurement tools for employers in Malaysia.

A testament to the resilience of our internal HR processes and Human Resource Outsourcing propositions was winning the gold awards for "Employer of Choice"; the "HR Breakthrough Award" and a silver for "HR Leadership" at the Malaysian HR awards in 2011.

## Awards & Recognition

In Malaysia, Scicom was awarded the Best BPO and Contact Centre Service Provider of the Year for 2011 by Frost and Sullivan. This is the second consecutive year Scicom has won the award and the fourth time, since its inception in 2005. Globally, Scicom's brand continues to be a powerful force in the Outsourcing Industry. Scicom was placed in the "Top Global 100 Services Providers" listing for 2011 by the International Association of Outsourcing Professionals (IAOP) and was placed 76th, globally for the second year running.

## Moving Forward

The challenge is to be always one step ahead of the competition. Scicom has always had to be nimble, innovative and focused; be of strategic relevance to our clients; be able to rollout our products and services in timely fashion; focus on our people; and be able to implement complex projects. Our thought leadership in this business in Malaysia is a major component in these ingredients that contribute to our success. We expect to do better year-on-year, be in more geographical areas on the basis of confirmed business and we expect to evolve in every way as we do so.

Our achievements are directly linked to the success of our clients' businesses and we continue to focus on the two most important tenets that protect us from risk in a highly challenging business environment; the creditability and growth potential of our clients and the careful selection of our people.

## Appreciation

I would like to extend my sincere gratitude to our clients and shareholders for their continued confidence and to over 2,890 of our global employees for their hard work, creativity, passion and commitment in delivering exceptional service to our clients and customers around the world.

Thank you for your continued support.

**LEO ARIYANAYAKAM**
**Group Chief Executive Officer**

# CORPORATE MILESTONES

## FINANCIAL YEAR 2011 CORPORATE MILESTONES AND RECOGNITION EVENTS

| | |
|---|---|
| **AUGUST 2010** | Scicom International College Sdn Bhd is incorporated |
| **SEPTEMBER 2010** | Scicom appoints 2 new Directors to the Board |
| **OCTOBER 2010** | Scicom (MSC) Bhd CEO, Leo Ariyanayakam wins the 2010 CCAM Career Achievement Award. Other awards garnered during the 11th CCAM Contact Centre Awards & Gala Nite include CCAM Best Outsourced Contact Centre in Malaysia – Over 100 seats (Gold Award), CCAM Best Outsourced Contact Centre in Malaysia – Under 100 seats (Silver Award) among a haul of other individual awards. |
| **NOVEMBER 2010** | Scicom held its 8th AGM at Sime Darby Convention Centre, Kuala Lumpur |
| **NOVEMBER 2010** | Scicom increases its capital by the issuance of bonus shares |
| **DECEMBER 2010** | Scicom pays Final Dividend in respect of financial year 2010 |
| **MARCH 2011** | Scicom pays Interim Dividend for financial year 2011 |
| **APRIL 2011** | Scicom wins the Frost and Sullivan Malaysia Excellence Award for BPO Service Provider of the Year |
| **MAY 2011** | PT Scicom Indonesia is established.<br>Scicom is ranked #77 worldwide on the International Association of Outsourcing Professionals (IAOP) The Global Outsourcing 100, Best Rising Stars in Overall Revenue category. |
| **JUNE 2011** | Scicom International College Sdn Bhd obtains approval from Ministry of Higher Education to establish a private institute of Higher Learning |

## ONE CITIZEN

A charitable initiative to help the most vulnerable people. The target is to collect RM 500,000 in the form of cash donations and in-kind gifts to supply food, hygiene products and school equipment items.

## ONE PLANET

Environmental program to reduce the Group's carbon emissions by 20%: awareness campaign, waste/paper sorting/recycling, replacement of equipment with clean energies, tree planting, reduction in travel by using videoconferencing equipment. LEED certification initiative by the Group.

## UNITED NATIONS' GLOBAL COMPACT

Our goal is to bring our operations and strategies in line with universal principles relating to human rights, working conditions, the environment and anti-corruption measures.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Scicom remains committed to contribute to the social well being of the society. The Group continues to strive to be a responsible corporate citizen and is mindful of improving value for all its stakeholders and in enhancing the long term sustainability of the Group.

Scicom believes in grooming its own talent and is continuously improving and enhancing its pool of talented workforce. Scicom has successfully, with inhouse courses which are accredited, managed to train and retain the right people that have the ability and motivation to perform and deliver performance of high standards.

Scicom also supports the community and the less fortunate hit by natural calamities by contributing to fund raising and donation drives. Scicom employees, through a collective effort, raised RM100,050 for the Scicom Japan Relief Fund, in aid of the victims of the tsunami disaster in Japan.These funds were donated directly to the Japanese Embassy in Kuala Lumpur.

Scicom's understanding on the importance of responsible practices is reflected in our mission statements where not only do we strive to be the best in the industry, but also to give the best to the surroundings we operate in. Our guiding values leads us to be responsible towards the focal areas we touch upon everyday: the community, the workplace and the marketplace.

## The Community

Scicom continues to invest in its commitment to contribute to the national economic development of the country by improving the quality of life of its workforce and their families, as well as of the local community and society at large. Scicom's CSR is about business giving back to its people.

Scicom through its subsidiary, Scicom (Academy) Sdn Bhd in collaboration with BTEC ( British Certifications) continues in providing Certification, Post-Graduate Certification and Post-Graduate Diploma Programmes in Contact Centre Management to Malaysians. This provides for a key role in creating a trained & qualified workforce, armed with the relevant disciplines, for the outsourcing industry in Malaysia.

The fact that our very own 2,890 Malaysian operations based human capital workforce are able to improve their performance & capabilities by the ability to attain these various Certifications at a significantly subsidised cost, is a testimony itself to our commitment.

## The Workplace

Scicom continues to provide employment and training opportunities for Malaysians. Since its employees are its greatest asset, the Company recognises the need to continually improve the quality of its workforce and the requirement to invest in training programmes to upskill its workforce. We understand that our people need to be developed, challenged, and be nurtured to be motivated to meet our business goals. We continually reward and recognise our employees for their outstanding contribution and performance.

Scicom believes that the members of any team and the various departments within our organisation must work together to achieve common goals and targets of the Company.

Scicom has enhanced its ability to identify the basic strengths of its employees and develop interventions that closes the gap between current and desired employee capability. We continuously assess all our employees' current level of capabilities against the desired level & create a list of high potential employees for career advancements. We also develop employees for future organisational roles and create a common framework of behaviour.

In an effort to continually enhance our values, core principles and code of conduct, we believe it is also is essential to consider all ethic diversities required for delivering our business services to the industry. At Scicom, it is critically important that everyone in the organisation knows the ethic values and principles and how to apply them at work and at home.

## The Marketplace

As customers have become more interested in aligning their personal values with the brands they buy and companies they support, we at Scicom understand the need to rise to the challenge and clearly define and articulate our corporate social responsibility values. Today CSR is inherent in Scicom's management and leadership principles and Scicom is looking at creating long-term educational benefits for its employees, and the Company sees this as an important element in implementing its business strategies.

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. We clearly understand today's consumer trends and what it means to our business. This allows us to capitalise on any current and future opportunities that is changing and transforming global business.

# CORPORATE GOVERNANCE STATEMENT



The Board of Directors ("the Board") of Scicom recognises the importance to practice the Corporate Governance Standards in their pursuit of discharging their roles and responsibilities to protect and enhance shareholders value and in improving the financial performance of the Group. 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.

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 therein.

## A THE BOARD

### 1. Responsibilities of the Board

The Board, comprising competent individuals with specialised skills and knowledge to 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 Senior Management Team ("SMT"). All approved strategies will then be communicated to the 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 pages 10 to 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 and provide an essential source of impartial and professional advice and judgment to safeguard the interests of the Group and its stakeholders.

In order to achieve a balance of power and authority, there is a clear division of responsibility between the Chairman of the Board and the 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 issues 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.

## 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, four (4) 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 |
|---|---|---|---|
| Krishnan Menon | Chairman/Non-Independent Non-Executive Director | 4 of 4 meetings | 100% |
| Dato' Mohd Salleh Bin Hj. Harun | Independent Non-Executive Director | 4 of 4 meetings | 100% |
| Leo Suresh Ariyanayakam | Chief Executive Officer/Group Executive Director/Non-Independent Executive Director | 4 of 4 meetings | 100% |
| Dr. Nikolai Dobberstein | Independent Non-Executive Director | 2 of 4 meetings | 50% |
| Loh Lee Soon | Independent Non-Executive Director | 4 of 4 meetings | 100% |
| Ande Safari | Non-Independent Non- Executive Director | 2 of 3 meetings | 67% |
| David Eric Burke* | Non-Independent Non- Executive Director | 1 of 3 meetings | 33% |

* Resigned as a Director on 15 August 2011

All meetings were held at the conference room, 25th Floor, Menara TA One, 22 Jalan P. Ramlee, 50250 Kuala Lumpur.

## 4. Retirement and Re-election of Directors

The Company's Articles of Association 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 in every three years, of which the Directors will then be eligible to offer themselves for re-election.

## 5. 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. The seminars and training courses attended by the Directors during the financial year are as listed:

| Name of Director | Seminar / Training Course Attended |
| --- | --- |
| Krishnan Menon | • Corporate Governance and Boardroom Issues on 17-18 February, 2011, organised by Petronas Directors Workshop 2011<br>• Advanced Business Management Program : Risk, Reform & Growth on June 20 – 22, 2011, organised by SIDC & IMD. |
| Dato' Mohd Salleh Bin Hj Harun | • Blue Ocean Strategy (BOS) , presented by Professor Kim on 21 April 2011, organised by Maybank |
| Leo Ariyanayakam | • Innovative Digital Ecosystem on 5 April 2011, organised by MSC Malaysia Local Advisory Panel |
| Dr. Nikolai Dobberstein | • Mobile Content Challenge, Speech: Future of Mobile, Kuala Lumpur seminar on 24 January 2011<br>• A.T. Kearney – Global Partner Meeting, Istanbul, seminar on 13-16 April 2011<br>• A.T. Kearney – Asia Pacific Partner & Principal Meeting, Workshop Attendance and Speech: Driving 3G and Mobile Data Growth, Tokyo, meeting on 27-30 May 2011 |
| Loh Lee Soon | • Seminar for Recent Changes to Financial Reporting Standards (FRS) on 21-22 September 2010, organised by Ernst & Young, Malaysia<br>• Risk Awareness Workshop on 17 January 2011, organised by KPMG, Malaysia<br>• Financial Industry Directors' Education (FIDE) Program – Module 1 – Governance Practices for the Financial Markets in the 21st Century on 31 March 2011 – 1 April 2011, organised by ICLIF Leadership and Governance Centre, Bank Negara Malaysia<br>• Financial Industry Directors' Education (FIDE) Program – Module 2 – Risk Management on 28-29 April 2011, organised by ICLIF Leadership and Governance Centre, Bank Negara Malaysia<br>• Financial Industry Directors' Education (FIDE) Program – Module 3 – Governance Frameworks in Financial Institutions; Enterprise Risk Management and Oversight on 5-6 May 2011, organised by ICLIF Leadership and Governance Centre, Bank Negara Malaysia<br>• Financial Industry Directors' Education (FIDE) Program – Module 4 – Governance Practices for the Financial Markets in the 21st Century on 23-25 May 2011, organised by ICLIF Leadership and Governance Centre, Bank Negara Malaysia<br>• Risk Management Committee: Managing Risks in Financial Institutions (Insurance) on 11-12 May 2011, organised by ICLIF Leadership and Governance Centre, Bank Negara Malaysia |
| Ande Safari | • Malaysian Accreditation Program on 26-27 January 2011, organised by Bursatra Sdn Bhd. Submarine Cable Seminar, Singapore on 13-14 October 2010, organized by Terrapinn<br>• Culture Transfomation Program, Jakarta on 22-23 December 2010, organised by Learning Center Telkom Indonesia |

## 6. 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 approved budget and pre-set operational targets, including a detailed explanation of material variances between the actual and budgeted results. Performances are analysed at project and individual company-levels;
- 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, 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 Directors' duties and responsibilities in discharging 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's practice also permits an individual Director or the Board as a whole, who wishes to seek independent professional advice in carrying out his or their duties respectively, to do so at the Group's expense.

## 7. 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 pages 40 to 44.

- Nomination and Remuneration Committee

  The Nomination and Remuneration Committee ("NRC") has been formed and is responsible for proposing candidates for directorship and assessing the Directors on an on-going basis. It also assesses the contribution of individual Board members and the effectiveness of the Board and the Board Committees.

  The responsibilities of NRC also include the determination of the remuneration scheme of Directors and SMT members so as to ensure that the Company attracts, retains and motivates the Directors and SMT members of the quality needed to manage the business of the Group effectively.

  The remuneration scheme shall be reflective of the individual Director's and SMT member's experience and the level of responsibilities. In addition, the remuneration for the Executive Director and SMT members is structured to link remuneration and rewards to corporate and individual performance.

  The remuneration and benefits of the Non-Executive Directors is determined by the NRC with the individual Directors concerned abstaining from deliberating and voting on their own remuneration. The annual fees payable to Non-Executive Directors are presented to the shareholders at the AGM for their approval.

  The members of the NRC are as follows:

  Dr. Nikolai Dobberstein – Independent Non-Executive Director (Chairman)
  Dato' Mohd Salleh Bin Hj Harun – Independent Non-Executive Director
  Loh Lee Soon – Independent Non-Executive Director

  The NRC met once during the financial year to review the following:

  - The Board's structure, size and composition;
  - The appointment of 2 new Directors to the Board; and
  - The remuneration scheme of the Executive Director and SMT members.

- Option Committee

  The Option Committee was set-up to administer the implementation of the Scicom Employees' Share Option Scheme ("ESOS"). The ESOS was administered fairly in accordance with the Company's By-Laws thereof as approved by the shareholders. The Option Committee comprises of 6 members, met once during the financial year to review the final ESOS Option exercise during the financial year with the meeting being attended by all of the Committee members.

- Risk Management Committee

  The roles and responsibilities of the Group's Risk Management Committee have been assumed by the SMT as the Board is of the view that a separate committee is not deemed necessary given the current size and complexity of the operations of the Group. The Board will monitor and review the need for a separate committee in the future when the need arises.

## B. DIRECTORS' REMUNERATION

A summary of the Directors' remuneration for the financial year ended 30 June 2011, 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:

The aggregate amounts of emoluments received by Directors of the Company during the financial year were as follows:

| | Executive RM | Non-Executive RM |
|---|---|---|
| Salaries and bonuses | 834,990 | - |
| Benefits-in-kind | 16,983 | - |
| Fees | - | 210,000 |
| Total | 851,973 | 210,000 |

The number of Directors whose total remuneration during the financial year fall within the following bands is as follows:-

| Range of Remuneration | Executive | Non-Executive | Total |
|---|---|---|---|
| Below RM50,000 | - | 6 | 6 |
| RM850,001 – RM900,000 | 1 | - | 1 |
| Total | 1 | 6 | 7 |

For security and confidential reasons, the details of individual Director's remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to the Director's remuneration are appropriately served by the disclosures made above.

## C. SHAREHOLDERS AND OTHER STAKEHOLDERS

### 1. Communication between the Company and its Shareholders 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. This information is related through press releases, press conferences, announcements made via Bursa Securities' website, including the quarterly announcements and annual reports. Scicom also maintains a website, www.scicom-intl.com, and is 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.

### 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 any questions and queries as raised by the shareholders. Where appropriate, the Chairman will endeavour to provide the shareholders with written answers to 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. ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's performance and prospects in its quarterly announcements, annual reports and other public reports to the shareholders. The Board retains the responsibility for the preparation of the Group's and the 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 119.

### 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 pages 37 to 39.

### 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 during the financial year . Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 122. 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 pages 40 to 44.

# INTERNAL CONTROL STATEMENT



The Board of Scicom has overall responsibility for the Group's system of internal control and 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 2011.

The external auditors have reviewed this Statement as required under Paragraph 15.23 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 on-going 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 also responsible for creating and promoting risk awareness culture amongst the Group's human capital, via a readily accessible knowledge framework for risk management. A qualified Risk Officer has been appointed during the financial year who works closely with the SMT in the implementation of the risk management policy and procedures as well as in the process of identification, evaluation, implementation and monitoring of action plans to mitigate risks identified. Periodic reviews are conducted by Risk Officer to ensure compliance and that risks are adequately identified and addressed timely. Matters arising during the periodic reviews are reported and escalated or cascaded, as the case may be, in a timely manner to the SMT and the Audit Committee, as appropriate.

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 31 to 36 and 40 to 44 respectively.

  The Group has in place an organisation 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 of 3 Non-Executive Directors all of whom are Independent Directors. The Board has empowered the Audit Committee, which meets at least on four occasions each financial year, to review the adequacy and integrity of the Group's internal control systems. The Audit Committee assumes the overall duties of reviewing the external auditor's 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 pages 40 to 44.

- **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. Total cost of the internal audit function in respect of the current financial year is RM60,000.

  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.

- **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 of 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 conducts (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 emphasises 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 Departments, 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 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 Boards 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 15 August 2011.

The Audit Committee was established on 30 August 2005 in compliance with the Listing Requirements of Bursa Securities. Since the previous financial years, 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 2011, the Audit Committee met four (4) times, and the details of the Audit Committee members' attendances are set out below:

| Director | Designation | Number of meetings Attended during the Financial Year | Percentage |
|---|---|---|---|
| Dato' Mohd Salleh bin Hj. Harun | Audit Committee Chairman/ Independent Non-Executive Director | 4 of 4 meetings | 100% |
| Dr. Nikolai Dobberstein | Independent Non- Executive Director | 2 of 4 meetings | 50% |
| Loh Lee Soon | Independent Non- Executive Director | 4 of 4 meetings | 100% |

A brief profile of the individual members comprising the Audit Committee is included in the Board of Directors – Profiles as set out on pages 10 to 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 (3) members, the majority of whom are independent Directors. All members of the Audit Committee shall be non-executive directors.

At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants, or possess at least three (3) years' working experience and has passed the examinations set out in Part I of the First Schedule or a member of one of the associations of accountants set out in Part II of First Schedule of the Accountants Act 1967 respectively of fulfills such other requirements as precribe or approved by Bursa Malaysia Securities Bhd.

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 (3) 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 (4) 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 (4) 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 (2) 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 fifteen (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 meting 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) 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.

The Audit Committee shall meet with the external auditors without the presence of the Excutive Director at least twice a year.

**d) Keeping and inspection of minutes**

The Company shall keep the minutes of all proceedings of the Audit Committee meetings to be entered in books kept for that purposes within fourteen (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 charge.

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

**3. Authority**

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

a) have the authority to appoint the internal auditor of the Company;

b) have explicit authority to investigate any matter within the terms of reference;

c) have the resources which the Audit Committee requires to perform the duties;

d) have full and unrestricted 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 or activity (if any);

g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;

h) be able to invite outsiders with relevant experience to attend its meetings, if necessary;

i) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the Executive Board members and employees of the Company whenever deemed necessary; and

j) be able to oversee, consider, assess and monitor the risk management activities of the Group, approve the appropriate risk management procedures and measure the methodologies across the organisation as well as identify and manage the strategic business risks of the Group.

**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 announcements of the Group and the annual audited financial statements of the Company and the Group 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 issues;
- 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 a reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- To review the adequacy of assistance given by the Company's officers to the external auditors;
- To discuss problems and reservation arising from the interim and final audits on any significant audit findings, reservations, difficulties encountered or material weakness reported; and
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

b) Matters relating to the internal audit function (if any):

- To review the adequacy of the scope, functions, competency and resource of the internal audit functions;
- 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 adequacy of 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) Matters relating to rlsk management and internal control functions:

- To review the adequacy and integrity of the internal control systems, including risk management and management of information system:
- To identify the principal risks in achievement of the Company's objectives and ensure that the implementation of appropriate systems to manage these risks;
- To review and monitor the business and financial risks faced by the Group and to ensure that all high impact risks are adequately managed at various levels within the Group;
- To review and rate the risks of auditable areas and ensure that all high and critical risk areas are audited annually;
- To review the effectiveness of overall risk management and ensure that all the key risks and control lapses have been addressed;
- To oversee the risk management activities of the Group and ensure compliance and effective implementation of risk policy and objectives; and
- To provide assurance of the adequacy and reliability of the risk management processes in compliance with risk-related regulatory requirements.

d) 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 for the Main Market; 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.

e) 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 (2) months, but in any case, not later than three (3) months.

## C. SUMMARY OF ACTIVITIES

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

a) Reviewing and approving the internal audit plan for the Group;

b) Reviewing the internal audit reports for the Group, and their quarterly updates;

c) Reviewing the external auditors' audit planning memorandum of the Group for the financial year ended 30 June 2011;

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 announcements 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.

## E. REVIEW OF THE EMPLOYEE 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 2011.

In preparing the financial statements for the financial year ended 30 June 2011, 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 119 of the Audited Statutory Financial Statements.

# OUR EDICTS

1

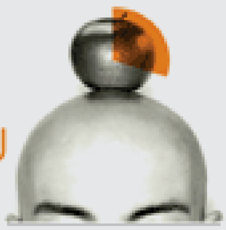
DELIGHT
ME EACH TIME WE
INTERACT

2

MAKE ME FEEL
VALUED

3

CONVINCE ME TO
TRUST YOU



4

RESPECT MY
PRIVACY

5

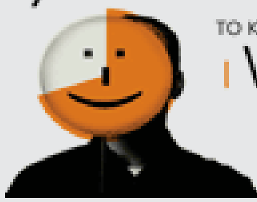
TELL ME EVERYTHING
I NEED TO KNOW,
NOT WHAT YOU WANT
ME TO KNOW


6

PERSONALISE
IT TO MY TASTES
& NEEDS

7

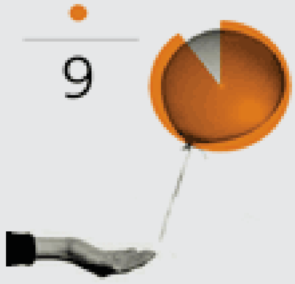
DON'T PRETEND
TO KNOW WHAT
I WANT



8

ANTICIPATE MY
FUTURE
NEEDS

9



ONCE
IN A WHILE, PLEASANTLY
SURPRISE
ME

10

DELIVER ON
YOUR PROMISE
EVERY TIME

# REPORTS AND STATUTORY FINANCIAL STATEMENTS 30 JUNE 2011

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

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 2011.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are that of an investment holding company and the provision of customer contact centre services within the Business Process Outsourcing (BPO) space. The Group provides outsourcing services comprising of BPO services which offers multi-lingual, multi-channel customer care, technical support help desk, consultative sales and associated fulfilment and training and consulting which includes educational and industrial training services primarily focused on customer care in the service industry. The details of the principal activities of the subsidiaries and jointly controlled entity are shown in Note 16 and Note 17 to the financial statements.

**FINANCIAL RESULTS**

| | Group | Company |
|---|---|---|
| | RM | RM |
| Total comprehensive income attributable to: | | |
| - Owners of the Company | 13,328,733 | 14,632,200 |
| - Non-controlling interest | (4,880) | - |
| Total comprehensive income for the financial year | 13,323,853 | 14,632,200 |

**DIVIDENDS**

The dividends on ordinary shares paid or declared by the Company since 30 June 2010 were as follows:

| | RM |
|---|---|
| In respect of the financial year ended 30 June 2010, a final gross dividend of 1 sen, tax exempt, per ordinary share, paid on 2 December 2010 | 2,692,830 |
| In respect of the financial year ended 30 June 2011, an interim gross dividend of 1 sen, tax exempt, per ordinary share, paid on 10 March 2011 | 2,962,113 |
| | 5,654,943 |

Subsequent to the financial reporting period, on 15 August 2011, the Board of Directors declared a second interim dividend of 1 sen, tax exempt, per ordinary share, amounting to RM2,962,113 which is to be paid on 14 September 2011. The financial statements for the financial year ended 30 June 2011 do not reflect the second interim dividend. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2012.

The Directors now also 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 2011 amounting to RM2,962,113. The final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

During the financial year, 1,260,000 (2010: 2,730,000) 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.

On 19 November 2010, the Company completed a bonus issue of 26,928,300 new ordinary shares of RM0.10 each in the Company. The bonus shares were credited as fully paid-up on the basis of one share for every ten existing shares held in the Company.

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.

There were no share options granted during the financial year.

The ESOS expired on 22 September 2010.

## DIRECTORS

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

| | |
|---|---|
| Krishnan Menon | |
| Dato' Mohd Salleh Bin Hj. Harun | |
| Leo Suresh Ariyanayakam | |
| Nikolai Dobberstein | |
| Loh Lee Soon | |
| David Eric Burke | (appointed on 27 September 2010 and resigned on 15 August 2011) |
| Ande Safari | (appointed on 27 September 2010) |

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

Since the end of the previous financial reporting period, no Director has received or become entitled to receive a benefit (other than as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### DIRECTORS' INTERESTS IN SHARES 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 of the Company are as follows:

| | Number of ordinary shares of RM0.10 each in the Company | | | | |
|---|---|---|---|---|---|
| | At 1 July 2010 | Bonus issue | Bought | Disposed | At 30 June 2011 |
| | '000 | '000 | '000 | '000 | '000 |
| **Direct interest in shareholdings** | | | | | |
| Krishnan Menon | 2,261 | 226 | - | - | 2,487 |
| Dato' Mohd Salleh bin Hj. Harun | 1,300 | 130 | - | - | 1,430 |
| Leo Suresh Ariyanayakam | 26,653 | 2,863 | 2,733 | - | 32,249 |
| Nikolai Dobberstein | 1,000 | 100 | - | - | 1,100 |
| Loh Lee Soon | 317 | 32 | - | (1) | 348 |
| **Deemed interest in shareholdings** | | | | | |
| Krishnan Menon [1] | 42,818 | 4,281 | - | - | 47,099 |

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

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.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the statements of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

(i) 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 adequate allowance had been made for doubtful debts; and

(ii) 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.

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

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

(iii) 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.

(c) 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.

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

(i) 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

(ii) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

(e) 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.

(f) In the opinion of the Directors:

(i) 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; and

(ii) 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.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Board of Directors announced the following events during the financial year:

(a) On 18 August 2010, the Company acquired 2 ordinary shares of RM1.00 each in Scicom International College Sdn. Bhd. ("SICSB"), representing the entire issued and paid-up share capital of SICSB for total cash consideration of RM2. SICSB was incorporated on 11 August 2010 in Malaysia. At the acquisition date, the net asset of SICSB was RM2 which comprise the proceeds from the paid up share capital. The net asset of SICSB approximates the fair value. SICSB was dormant since the incorporation date.

On 18 November 2010, the Company and Omar Shariff Bin Mydeen had subscribed for 139,998 and 60,000 ordinary shares of RM1.00 each in the paid-up capital of SICSB for a total consideration of RM139,998 and RM60,000, respectively. As such, the shareholdings structure of SICSB is 70% equity interest held by the Company whilst the remaining 30% equity interest is held by Omar Shariff Bin Mydeen. The Directors of SICSB are Krishnan Menon, Leo Suresh Ariyanayakam and Omar Shariff Bin Mydeen.

(b) On 30 June 2011, the Ministry of Higher Education, Malaysia has vide the Approval Letter dated 23 June 2011 granted approval to SICSB to establish a private institution of Higher Learning ("Kelulusan Penubuhan Institusi Pendidikan Tinggi Swasta") in Malaysia.

(c) On 30 May 2011, the Company established a subsidiary, PT Scicom Indonesia ("PTSI"), in the Republic of Indonesia ("Establishment"). The Certificate of Establishment of PTSI was received by the Company on 7 July 2011.

The authorised share capital of PTSI is 1,000,000,000 Indonesian Rupiah ("IDR") divided into 200,000 ordinary shares of IDR5,000 each of which 200,000 ordinary shares have been issued and fully paid up. The Company holds 198,000 ordinary shares of IDR5,000 each (99%) and Leo Suresh Ariyanayakam holds 2,000 ordinary shares of IDR5,000 each (1%). Shares held by Leo Suresh Ariyanayakam are held in trust for the Company.

The principal activities of PTSI are to carry on business in the provision of educational and training services, customer relationship management, business process outsourcing services, information technology services and management and other general services specific to business operations in Indonesia.

## 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 15 August 2011.

| | |
|---|---|
| LEO SURESH ARIYANAYAKAM<br>DIRECTOR | KRISHNAN MENON<br>DIRECTOR |

Kuala Lumpur

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | Note | Group 2011 RM | Group 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| REVENUE | 6 | **140,975,181** | 122,668,265 | **128,303,773** | 106,575,825 |
| OTHER OPERATING INCOME | 7 | **40,456** | 108,739 | **13,195** | 11,472 |
| | | **141,015,637** | 122,777,004 | **128,316,968** | 106,587,297 |
| OPERATING EXPENSES | | | | | |
| - Depreciation of plant and equipment | 15 | **6,592,813** | 7,011,303 | **5,413,624** | 4,004,089 |
| - Employee benefit costs | 8 | **98,966,879** | 83,846,194 | **91,450,488** | 70,358,704 |
| - Impairment loss | | **23,200** | - | **9,950** | 2,307,447 |
| - Maintenance expenses | | **1,610,936** | 2,072,702 | **834,702** | 674,053 |
| - Management fees | | **28,019** | 152,393 | **28,019** | 3,869,031 |
| - Rental expenses | 9 | **10,198,711** | 9,540,872 | **8,494,576** | 7,486,231 |
| - Telecommunication and utilities expenses | | **4,114,523** | 3,799,593 | **3,621,465** | 2,810,063 |
| - Travelling expenses | | **1,841,150** | 2,179,077 | **1,209,265** | 1,188,677 |
| - Other operating expenses | | **5,557,014** | 7,131,063 | **2,927,170** | 4,285,725 |
| | | **(128,933,245)** | (115,733,197) | **(113,989,259)** | (96,984,020) |
| PROFIT FROM OPERATIONS | | **12,082,392** | 7,043,807 | **14,327,709** | 9,603,277 |
| NET FINANCE (COST)/INCOME | 10 | | | | |
| - Finance income | | **78,480** | 64,037 | **64,971** | 47,833 |
| - Finance costs | | **(99,802)** | (86,219) | **(55,771)** | (13,846) |
| | | **(21,322)** | (22,182) | **9,200** | 33,987 |
| SHARE OF PROFIT OF THE JOINTLY CONTROLLED ENTITY | 17 | **537,904** | 480,311 | **-** | - |
| PROFIT BEFORE TAXATION | 11 | **12,598,974** | 7,501,936 | **14,336,909** | 9,637,264 |
| TAXATION | 12 | **678,324** | 835,211 | **295,291** | 10,584 |
| NET PROFIT FOR THE FINANCIAL YEAR | | **13,277,298** | 8,337,147 | **14,632,200** | 9,647,848 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| - Currency translation differences | | **46,555** | 71,129 | **-** | - |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | **13,323,853** | 8,408,276 | **14,632,200** | 9,647,848 |

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2011 | 2010 | 2011 | 2010 |
| | | RM | RM | RM | RM |
| NET PROFIT ATTRIBUTABLE TO | | | | | |
| - Owners of the Company | | **13,282,178** | 8,337,147 | **14,632,200** | 9,647,848 |
| - Non-controlling interest | | **(4,880)** | - | **-** | - |
| | | **13,277,298** | 8,337,147 | **14,632,200** | 9,647,848 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | |
| - Owners of the Company | | **13,328,733** | 8,408,276 | **14,632,200** | 9,647,848 |
| - Non-controlling interest | | **(4,880)** | - | **-** | - |
| | | **13,323,853** | 8,408,276 | **14,632,200** | 9,647,848 |
| Earnings per share: | | | | | |
| - Basic (sen) | 13 | **4.49** | 2.85 | | |
| - Diluted (sen) | 13 | **4.49** | 2.85 | | |

The above statements of comprehensive income due to be read in conjunction with the notes to the financial statements on pages 62 to 117.

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 JUNE 2011

| | Note | Group 2011 RM | Group 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | | |
| Plant and equipment | 15 | **9,890,155** | 14,518,114 | **7,932,704** | 9,603,042 |
| Investment in subsidiaries | 16 | **-** | - | **1,069,986** | 575,986 |
| Investment in jointly controlled entity | 17 | **1,129,668** | 591,764 | **1** | 1 |
| Deferred tax assets | 24 | **308,088** | - | **308,088** | - |
| | | **11,327,911** | 15,109,878 | **9,310,779** | 10,179,029 |
| CURRENT ASSETS | | | | | |
| Trade receivables | 18 | **33,526,480** | 31,346,922 | **31,087,661** | 27,661,508 |
| Other receivables | 19 | **4,592,033** | 5,383,089 | **4,134,186** | 3,846,653 |
| Amounts due from subsidiaries | 20 | **-** | - | **4,109,884** | 8,197,625 |
| Tax recoverable | | **657,569** | 2,240,329 | **80,546** | 79,820 |
| Cash and cash equivalents | 21 | **18,423,497** | 7,471,354 | **17,459,900** | 6,845,601 |
| | | **57,199,579** | 46,441,694 | **56,872,177** | 46,631,207 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 22 | **8,005,553** | 8,155,108 | **7,046,694** | 6,963,029 |
| Borrowings (secured and interest-bearing) | 23 | **-** | 253,733 | **-** | 11,812 |
| | | **8,005,553** | 8,408,841 | **7,046,694** | 6,974,841 |
| NET CURRENT ASSETS | | **49,194,026** | 38,032,853 | **49,825,483** | 39,656,366 |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings (secured and interest-bearing) | 23 | **-** | 200,021 | **-** | - |
| Deferred tax liabilities | 24 | **410,446** | 883,739 | **-** | - |
| | | **410,446** | 1,083,760 | **-** | - |
| NET ASSETS | | **60,111,491** | 52,058,971 | **59,136,262** | 49,835,395 |

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 JUNE 2011 CONTINUED

| | Note | Group 2011 RM | Group 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | |
| Share capital | 25 | **29,621,130** | 26,802,300 | **29,621,130** | 26,802,300 |
| Share premium reserve | 26 | **1,982,994** | 4,478,214 | **1,982,994** | 4,478,214 |
| Currency translation reserve | 26 | **(119,680)** | (166,235) | **-** | - |
| Retained earnings | 26 | **28,571,927** | 20,944,692 | **27,532,138** | 18,554,881 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | **60,056,371** | 52,058,971 | **59,136,262** | 49,835,395 |
| NON-CONTROLLING INTEREST | | **55,120** | - | **-** | - |
| TOTAL EQUITY | | **60,111,491** | 52,058,971 | **59,136,262** | 49,835,395 |

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 62 to 117.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | | Issued and fully paid ordinary shares of RM0.10 each | | Non-distributable | | Distributable | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Nominal value | Share premium reserve | Currency translation reserve | Retained earnings | Non-controlling interest | Total equity |
| Group | | unit | RM | RM | RM | RM | RM | RM |
| Balance at 1 July 2010 | | 268,023,000 | 26,802,300 | 4,478,214 | (166,235) | 20,944,692 | - | 52,058,971 |
| Currency translation differences, representing total income and expense recognised directly in equity | | - | - | - | 46,555 | - | - | 46,555 |
| Net profit for the financial year | | - | - | - | - | 13,282,178 | (4,880) | 13,277,298 |
| *Total comprehensive income for the financial year* | | - | - | - | *46,555* | *13,282,178* | *(4,880)* | *13,323,853* |
| Transactions with owners: | | | | | | | | |
| Dividends for financial year ended: | | | | | | | | |
| - 30 June 2010 | 14 | - | - | - | - | (2,692,830) | - | (2,692,830) |
| - 30 June 2011 | 14 | - | - | - | - | (2,962,113) | - | (2,962,113) |
| Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share | 25 | 1,260,000 | 126,000 | 252,000 | - | - | - | 378,000 |
| Issuance of new ordinary shares of RM0.10 each pursuant to bonus issue | 25 | 26,928,300 | 2,692,830 | (2,692,830) | - | - | - | - |
| Expenses incurred pursuant to bonus issue | | - | - | (54,390) | - | - | - | (54,390) |
| Changes in ownership interest in a subsidiary that does not result in a loss of control: | | | | | | | | |
| - Non-controlling interest arising on business combination | | - | - | - | - | - | 60,000 | 60,000 |
| *Total contribution by and distribution to owners* | | *28,188,300* | *2,818,830* | *(2,495,220)* | - | *(5,654,943)* | *60,000* | *(5,271,333)* |
| Balance at 30 June 2011 | | 296,211,300 | 29,621,130 | 1,982,994 | (119,680) | 28,571,927 | 55,120 | 60,111,491 |

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

| | | Issued and fully paid ordinary shares of RM0.10 each | | Non-distributable | | Distributable | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Number of shares** | **Nominal value** | **Share premium reserve** | **Currency translation reserve** | **Retained earnings** | **Total equity** |
| Group | | **unit** | **RM** | **RM** | **RM** | **RM** | **RM** |
| Balance at 1 July 2009 | | 265,293,000 | 26,529,300 | 3,932,214 | (237,364) | 19,244,170 | 49,468,320 |
| Currency translation differences, representing total income and expense recognised directly in equity | | - | - | - | 71,129 | - | 71,129 |
| Net profit for the financial year | | - | - | - | - | 8,337,147 | 8,337,147 |
| *Total comprehensive income for the financial year* | | - | - | - | *71,129* | *8,337,147* | *8,408,276* |
| Transactions with owners: | | | | | | | |
| Dividend for financial year ended: | | | | | | | |
| - 30 June 2009 | 14 | - | - | - | - | (3,979,395) | (3,979,395) |
| - 30 June 2010 | 14 | - | - | - | - | (2,657,230) | (2,657,230) |
| Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share | 25 | 2,730,000 | 273,000 | 546,000 | - | - | 819,000 |
| *Total contributions by and distributions to owners* | | *2,730,000* | *273,000* | *546,000* | - | *(6,636,625)* | *(5,817,625)* |
| Balance at 30 June 2010 | | 268,023,000 | 26,802,300 | 4,478,214 | (166,235) | 20,944,692 | 52,058,971 |

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

| | | Issued and fully paid ordinary shares of RM0.10 each | | Non-distributable | Distributable | |
|---|---|---|---|---|---|---|
| | Note | Number of shares | Nominal value | Share premium reserve | Retained earnings | Total equity |
| Company | | unit | RM | RM | RM | RM |
| Balance at 1 July 2010 | | 268,023,000 | 26,802,300 | 4,478,214 | 18,554,881 | 49,835,395 |
| Net profit for the financial year | | - | - | - | 14,632,200 | 14,632,200 |
| *Total comprehensive income for the financial year* | | - | - | - | *14,632,200* | *14,632,200* |
| Transactions with owners: | | | | | | |
| Dividend for financial year ended: | | | | | | |
| - 30 June 2010 | 14 | - | - | - | (2,692,830) | (2,692,830) |
| - 30 June 2011 | 14 | - | - | - | (2,962,113) | (2,962,113) |
| Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share | 25 | 1,260,000 | 126,000 | 252,000 | - | 378,000 |
| Issuance of new ordinary shares of RM0.10 each pursuant to bonus issue | 25 | 26,928,300 | 2,692,830 | (2,692,830) | - | - |
| Expenses incurred pursuant to bonus issue | | - | - | (54,390) | - | (54,390) |
| *Total contributions by and distributions to owners* | | *28,188,300* | *2,818,830* | *(2,495,220)* | *(5,654,943)* | *(5,331,333)* |
| Balance at 30 June 2011 | | 296,211,300 | 29,621,130 | 1,982,994 | 27,532,138 | 59,136,262 |

| | | Issued and fully paid ordinary shares of RM0.10 each | | Non-distributable | Distributable | |
|---|---|---|---|---|---|---|
| | **Note** | **Number of shares** | **Nominal value** | **Share premium reserve** | **Retained earnings** | **Total equity** |
| Company | | **unit** | **RM** | **RM** | **RM** | **RM** |
| Balance at 1 July 2009 | | 265,293,000 | 26,529,300 | 3,932,214 | 15,543,658 | 46,005,172 |
| Net profit for the financial year | | - | - | - | 9,647,848 | 9,647,848 |
| *Total comprehensive income for the financial year* | | - | - | - | *9,647,848* | *9,647,848* |
| Transactions with owners: | | | | | | |
| Dividend for financial year ended: | | | | | | |
| - 30 June 2009 | 14 | - | - | - | (3,979,395) | (3,979,395) |
| - 30 June 2010 | 14 | - | - | - | (2,657,230) | (2,657,230) |
| Issuance of ordinary shares of RM0.10 each pursuant to the ESOS at an issue price of RM0.30 per ordinary share | 25 | 2,730,000 | 273,000 | 546,000 | - | 819,000 |
| *Total contributions by and distributions to owners* | | *2,730,000* | *273,000* | *546,000* | *(6,636,625)* | *(5,817,625)* |
| Balance at 30 June 2010 | | 268,023,000 | 26,802,300 | 4,478,214 | 18,554,881 | 49,835,395 |

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 62 to 117.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | Note | Group 2011 RM | Group 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Net profit for the financial year | | **13,277,298** | 8,337,147 | **14,632,200** | 9,647,848 |
| Adjustments for: | | | | | |
| Impairment loss: | | | | | |
| - trade receivables | | **13,250** | - | **-** | - |
| - deposits | | **9,950** | - | **9,950** | - |
| - amounts due from subsidiaries | | **-** | - | **-** | 2,307,447 |
| Bad debts | | **54,800** | - | **-** | - |
| Depreciation of plant and equipment | | **6,592,813** | 7,011,303 | **5,413,624** | 4,004,089 |
| (Gain)/loss on disposal of plant and equipment | 7 | **(24,960)** | (81,778) | **27,040** | - |
| Plant and equipment written off | | **718,782** | 7,435 | **337,134** | - |
| Interest expense | | **99,802** | 86,219 | **55,771** | 13,846 |
| Interest income | | **(78,480)** | (64,037) | **(64,971)** | (47,833) |
| Share of profit of the jointly controlled entity | | **(537,904)** | (480,311) | **-** | - |
| Unrealised exchange loss | | **333,982** | 736,312 | **441,820** | 560,866 |
| Reversal of impairment loss | | **(2,542)** | (19,600) | **(387,952)** | - |
| Taxation | | **(678,324)** | (835,211) | **(295,291)** | (10,584) |
| Operating profit before changes in working capital | | **19,778,467** | 14,697,479 | **20,169,325** | 16,475,679 |
| Changes in working capital: | | | | | |
| Receivables | | **(1,797,942)** | (147,370) | **(3,387,598)** | (835,855) |
| Payables | | **(149,555)** | (3,117,692) | **85,449** | (357,335) |
| Intercompany balances | | **-** | - | **(107,487)** | (51,646) |
| Cash generated from operating activities | | **17,830,970** | 11,432,417 | **16,759,689** | 15,230,843 |
| Interest received | | **78,480** | 64,037 | **64,971** | 47,833 |
| Tax paid (net of refund) | | **1,474,779** | (207,431) | **(13,523)** | (23,682) |
| Intercompany balances | | **-** | - | **3,936,352** | 243,705 |
| Net cash generated from operating activities | | **19,384,229** | 11,289,023 | **20,747,489** | 15,498,699 |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

| | Note | Group 2011 RM | Group 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from disposal of plant and equipment | | **60,900** | 81,778 | **8,900** | - |
| Incorporation of new subsidiaries | | **-** | - | **(494,000)** | - |
| Purchase of plant and equipment | 15 | **(2,798,808)** | (4,734,409) | **(4,116,360)** | (4,803,378) |
| Net cash used in investing activities | | **(2,737,908)** | (4,652,631) | **(4,601,460)** | (4,803,378) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issuance of share capital to non-controlling interest | | **60,000** | - | - | - |
| Repayment of finance lease principal | | **(453,754)** | (314,245) | **(11,812)** | (69,202) |
| Interest paid | | **(99,802)** | (86,219) | **(55,771)** | (13,846) |
| Proceeds from issuance of new ordinary shares | 25 | **378,000** | 819,000 | **378,000** | 819,000 |
| Expenses incurred for bonus issue | | **(54,390)** | - | **(54,390)** | - |
| Payment of dividends | | **(5,654,943)** | (6,636,625) | **(5,654,943)** | (6,636,625) |
| Net cash used in financing activities | | **(5,824,889)** | (6,218,089) | **(5,398,916)** | (5,900,673) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | **10,821,432** | 418,303 | **10,747,113** | 4,794,648 |
| EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS | | **130,711** | 237,096 | **(132,814)** | 55,516 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | | **7,471,354** | 6,815,955 | **6,845,601** | 1,995,437 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 21 | **18,423,497** | 7,471,354 | **17,459,900** | 6,845,601 |

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 62 to 117.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

### 1 GENERAL INFORMATION

The principal activities of the Company are that of an investment holding company and the provision of customer contact centre services within the Business Process Outsourcing (BPO) space. The Group provides outsourcing services comprising of BPO services which offers multi-lingual, multi-channel customer care, technical support help desk, consultative sales and associated fulfilment and training and consulting which includes educational and industrial training services primarily focused on customer care in the service industry. The details of the principal activities of the subsidiaries and jointly controlled entity are shown in Note 16 and Note 17 to the financial statements.

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

There is no ultimate controlling party in the Company.

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

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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 in accordance with the provisions of the Companies Act, 1965 and Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities ("FRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with 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.

## 2 BASIS OF PREPARATION (CONTINUED)

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

(1) New and revised standards, amendments to published standards and Issues Committee (IC) interpretations that are effective for the Group and Company's financial year beginning on 1 July 2010

The new and revised standards amendments to published standards and IC Interpretations that are effective for the Group and the Company's financial year beginning on 1 July 2010, are as follows:

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations |
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments: Disclosures and the related Amendments |
| FRS 101 (revised) | Presentation of Financial Statements |
| FRS 123 (revised) | Borrowing Costs |
| FRS 127 (revised) | Consolidated and Separate Financial Statements |
| FRS 139 | Financial Instruments: Recognition and Measurement and the related Amendments |
| IC Interpretation 9 | Reassessment of Embedded Derivatives and the related Amendments |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 Group and Treasury Share Transactions |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |

Amendment to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

**2 BASIS OF PREPARATION (CONTINUED)**

(1) New and revised standards, amendments to published standards and Issues Committee (IC) interpretations that are effective for the Group and Company's financial year beginning on 1 July 2010 (continued)

The new and revised standards amendments to published standards and IC Interpretations that are effective for the Group and the Company's financial year beginning on 1 July 2010, are as follows (continued):

Amendments to FRS 132 Financial Instruments: Presentation and FRS101 (revised) Presentation of Financial Statements- Puttable Financial Instruments and Obligation Arising on Liquidation

Amendments to FRS 132 Financial Instruments: Presentation on classification of rights issues

The following amendments are part of MASB's improvement projects:

| | |
|---|---|
| FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| FRS 8 | Operating Segments |
| FRS 107 | Statement of Cash Flows |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events After the Reporting Period |
| FRS 116 | Property, Plant and Equipment |
| FRS 117 | Leases |
| FRS 118 | Revenue |
| FRS 119 | Employee Benefits |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| FRS 123 | Borrowing Costs |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investments in Associates |
| FRS 129 | Financial Reporting in Hyperinflationary Economies |
| FRS 131 | Interests in Joint Ventures |
| FRS 134 | Interim Financial Reporting |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

A summary of the changes and the impact of the new standards, amendments and improvements to published standards and interpretations on the financial statements of the Group and the Company is set out in Note 32 to the financial statements.

## 2 BASIS OF PREPARATION (CONTINUED)

(2) Standards, amendments to published standards and IC Interpretations that are not yet effective and have not early adopted

The new and revised standards, amendments to published standards and IC Interpretations that are applicable to the Group and the Company, which the Group and the Company have not early adopted, are as follows:

| | | Effective dates |
|---|---|---|
| Amendments to FRS 2 | Share-based Payment: Group Cash-settled Share-based Payment Transactions | 1 January 2011 |
| Amendments to FRS 7 | Financial Instruments: Disclosures and FRS 1 First time Adoption of Financial Reporting Standards | 1 January 2011 |
| IC Interpretation 4 | Determining Whether an Arrangement Contains a Lease | 1 January 2011 |
| IC Interpretation 18 | Transfers of Assets from Customers | 1 January 2011 |
| Amendments to IC Interpretation 14 | Prepayment of a Minimum Funding | 1 July 2011 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| FRS 124 (revised) | Related Party Disclosure | 1 January 2012 |
| IC Interpretation 15 | Agreements for the Construction of Real Estate | 1 January 2012 |

The following amendments are part of the MASB's improvements projects:

| | | Effective dates |
|---|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards | 1 January 2011 |
| FRS 3 | Business Combinations | 1 January 2011 |
| FRS 7 | Financial Instruments: Disclosures | 1 January 2011 |
| FRS 101 | Presentation of Financial Statements | 1 January 2011 |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates | 1 January 2011 |
| FRS 128 | Investments in Associates | 1 January 2011 |
| FRS 131 | Interests in Joint Ventures | 1 January 2011 |
| FRS 134 | Interim Financial Reporting | 1 January 2011 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

**2 BASIS OF PREPARATION (CONTINUED)**

(2) Standards, amendments to published standards and IC Interpretations that are not yet effective and have not early adopted (continued)

The new and revised standards, amendments to published standards and IC Interpretations that are applicable to the Group and the Company, which the Group and the Company have not early adopted, are as follows (continued):

- Amendment to FRS 2 "Share-based payment: Group cash-settled share-based payment transactions" clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments also incorporate guidance previously included in IC Interpretation 8 "Scope of FRS 2" and IC Interpretation 11 "FRS 2 group and treasury share transactions", which shall be withdrawn upon application of this amendment.

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

  The Group has applied the transitional provision which exempts entities from disclosing the possible impact arising from the initial application of this amendment on the financial statements of the Group and Company.

- IC Interpretation 4 "Determining whether an arrangement contains a lease" requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement.

- IC Interpretation 18 "Transfers of assets from customers" (effective prospectively for assets received on or after 1 January 2011) provides guidance where an entity receives from a customer an item of property, plant and equipment (or cash to acquire such an asset) that the entity must then use to connect the customer to a network or to provide the customer with services. Where the transferred item meets the definition of an asset, the asset is recognised as an item of property, plant and equipment at its fair value. Revenue is recognised for each separate service performed in accordance with the recognition criteria of FRS 118 "Revenue".

- Amendment to IC 14 “Prepayments of a Minimum Funding Requirements” permit the recognition of an asset for any surplus arising form the voluntary prepayment of minimum funding contributions in respect of future service. This is not applicable to the Group and the Company.

- IC Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments” allows the renegotiated terms of its debt resulting the extinguishment of its liability by issuance of the entity’s own equity instruments to its creditors, a gain or loss should be recognised in profit or loss upon settlement of liability by the issuance of entity’s own instrument.

**2 BASIS OF PREPARATION (CONTINUED)**

(2) Standards, amendments to published standards and IC Interpretations that are not yet effective and have not early adopted (continued)

The new and revised standards, amendments to published standards and IC Interpretations that are applicable to the Group and the Company, which the Group and the Company have not early adopted, are as follows (continued):

- The revised FRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:

  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

- IC Interpretation 15 "Agreements for the Construction of Real Estate" specifies that where the buyer is unable to specify major structural elements of the property under construction, it should be recognised as a sale of goods instead of construction contracts. This is not applicable to the Group and the Company.

- Improvement to FRSs (2010) is to make amendments to FRS and address the inconsistencies within or between standards and areas where the standards are unclear. Some of the improvements do not change the meaning of the standards, but others result in changes to the way particular transactions or balances are accounted for by some companies.

The adoption of the above standards, amendments to published standards and IC interpretations are not expected to have material impact on the Group and the Company.

**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 less accumulated impairment losses. 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(e) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

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

(b) Subsidiaries

Subsidiaries are those corporations in which the Company 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 assets, liabilities and contingent liabilities are determined and these values are reflected in the consolidation financial statements. The cost of acquisition is measured as fair value of assets and liabilities incurred or assume, plus cost directly attributable to the acquisition. The excess of the cost of acquisition over fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

All intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated; unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. 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 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 statement of comprehensive income. 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.

Changes in parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Jointly Controlled Entity

The Group has interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. In the Company's separate financial statements, an investment in jointly controlled entity is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceed and the carrying amount is recognised in profit or loss.

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

(d) 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% - 33 1/3% |
| Office renovations | 33 1/3% - 50% |
| Motor vehicles | 20% |
| Educational manuals | 33 1/3% |

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 reporting period.

All repairs and maintenance expenses are charged to profit or loss during the financial year in which they are incurred.

At the end of each reporting period, 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(e) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

(e) 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 or when an indication of impairment exists. 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.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

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

(e) Impairment of assets (continued)

The impairment loss is recognised in profit or loss 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 statement of comprehensive income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(f) Financial assets

(1) Classification

The Group has changed its accounting policy for recognition and measurement of financial assets upon adoption of FRS 139 "Financial instruments: Recognition and Measurement" on 1 July 2010.

Previously, investments in non-current investments are shown at cost; marketable securities (within current assets) are carried at the lower of cost and market value; and trade receivables are carried at invoice amount. The Group has applied the new policy according to the transitional provision of FRS 139 by re-measuring all financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to opening retained earnings or, if appropriate, another category of equity, of the current financial year. Refer to Note 32 for the impact of this change in accounting policy.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'other receivables', 'amounts due from subsidiaries' and 'cash and cash equivalents' in the statement of financial position as set out in Note 18 to 21.

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

(f) Financial assets (continued)

(1) Classification (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(2) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(3) Subsequent measurement - gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy note f(4)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividends income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

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

(f) Financial assets (continued)

(4) Subsequent measurement - Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(4) Subsequent measurement - Impairment of financial assets (continued)

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for assets carried at amortised cost above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(5) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

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

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Group's financial liabilities comprise payables.

A financial liability is recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) 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 other 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.

(j) 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 profit or loss 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.

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

(k) 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 profit or loss over the period of the borrowings. Interest is reported within finance cost in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(l) 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 other comprehensive income.

(ii) Share issue costs

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in other comprehensive income from the proceeds other share issue costs are charged to profit or loss.

(iii) Dividends to owners of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before end of reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Upon the dividend becoming payable, it will be accounted as a liability.

(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.

If circumstances arise that may result in revenue not billed to customers, accrued revenue will be recognised. Accrued revenue is disclosed together with trade receivables as unbilled receivables.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

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

(m) Revenue recognition (continued)

(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 profit or loss 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 income earned on other services.

(iii) Finance income

Interest income is recognised on an accrual basis.

(n) 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

<u>Defined contribution plans</u>

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's contribution to defined contribution plans are charged to profit or loss in the period to which they relate once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan for the eligible 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 profit or loss, 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.

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

(o) 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 tax 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 end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(p) 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 Group and 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.

Monetary assets and liabilities in foreign currencies at the reporting period are translated into the functional currency at exchange rate ruling at that date.

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 profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

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

(p) Foreign currencies (continued)

(ii) Transactions and balances (continued)

The principal closing rates used in translation of foreign currency amount were as follows:

| | 2011<br>RM | 2010<br>RM |
|---|---|---|
| 1 US Dollar ("USD") | 3.03 | 3.27 |
| 1 Singapore Dollar ("SGD") | 2.46 | 2.33 |
| 1 Euro ("EURO") | 4.38 | 3.98 |
| 1 Sterling Pound ("GBP") | 4.86 | 4.92 |
| 100 Indian Rupee ("INR") | 6.77 | 7.08 |
| 100 Indonesian Rupiah ("IDR") | 0.035 | 0.036 |
| 100 Japanese Yen ("YEN") | 3.75 | 3.69 |

(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 at the end of each reporting period presented are translated at the closing rate at the date of the statement of financial position;

(b) income and expenses for each statement of comprehensive income 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 in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income 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.

(q) 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 statement of comprehensive income on a straight line basis over the lease period.

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

(r) Segment reporting

The segment disclosures are based on the components that the Management personnel monitor in making financial and operational decisions. These components are identified on the bases of internal reports that the Management and the Board reviews regularly in assessing their performance and allocating of resources.

(s) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group recognises separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisition. Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

(t) Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of comprehensive income over the financial period necessary to match them with the costs they are intended to compensate.

### 4 CRITICAL ACCOUNTING ESTIMATES

Estimates 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.

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.

## 4 CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

(a) Allowance for doubtful debts

The Group assesses at the end of each reporting period whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowance is adjusted periodically to reflect the actual and anticipated impairment.

(b) Income tax

The Group is subject to income taxes in several jurisdictions. Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 5 SEGMENT REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

During the financial year, the Group refined its reportable segment to reflect the realignment of its business activities. In particular the Group had decided to place greater focus on its training and consulting business.

Following on from the realignment of its business activities, the Group, with effect from 1 July 2010, organises its business in the following operating segments:

(a) Outsourcing services comprising of BPO services which offers multi-lingual, multi-channel customer care, technical support help desks, consultative sales and associated fulfilment.

(b) Training and consulting includes educational and industrial training services primarily focused on customer care in the service industry.

Inter-segment pricing is determined based on negotiated terms. In accordance with the requirements of the applicable accounting standards, the comparatives have been represented for outsourcing services and training and consulting.

**5 SEGMENT REPORTING (CONTINUED)**

(a) Operating segments

Segment results represent segment operating revenue less segment expenses. Unallocated income/other gains comprise other operating income such as gain on disposal of plant and equipment which is not allocated to a particular business segment.

Segment assets disclosed for each segment represent assets directly managed by each segment, primarily include plant and equipment and receivables. Unallocated assets mainly include cash and bank balances of the Company and plant and equipment of the Company's dormant entities in the Group.

Segment liabilities comprise operating liabilities and exclude borrowings, interest payable on borrowings, taxation liabilities, deferred tax liabilities and dividend payable.

Segment capital expenditure comprises additions to plant and equipment.

Significant non-cash expenses comprise mainly provision for impairment and unrealised foreign exchange gains or losses on settlement as disclosed in Note 5(a) to the financial statements.

For the financial year ended 30 June 2011

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Revenue | 131,920,157 | 9,055,024 | - | 140,975,181 |
| Inter segment revenue | 770,043 | - | (770,043) | - |
| External revenue | 132,690,200 | 9,055,024 | (770,043) | 140,975,181 |
| Segment Results | 18,467,972 | 166,777 | - | 18,634,749 |
| Unallocated income/other gains | | | | 40,456 |
| Operating profit before finance cost and depreciation | | | | 18,675,205 |
| Finance income | | | | 78,480 |
| Finance costs | | | | (99,802) |
| Depreciation of plant and equipment | | | | (6,592,813) |
| Share of profit of the jointly controlled entity (net of tax) | | | | 537,904 |
| Profit before taxation | | | | 12,598,974 |
| Taxation | | | | 678,324 |
| Profit for the financial year | | | | 13,277,298 |

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2011

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Segment Assets | 64,573,022 | 3,598,193 | - | 68,171,215 |
| Unallocated assets | | | | 356,275 |
| Total assets | | | | 68,527,490 |
| Segment Liabililites | 7,553,796 | 859,438 | - | 8,413,234 |
| Unallocated liabilities | | | | 2,765 |
| Total liabilities | | | | 8,415,999 |

For the financial year ended 30 June 2011

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Capital expenditure | 2,251,516 | 547,292 | - | 2,798,808 |
| Depreciation of plant and equipment | 5,973,334 | 619,479 | - | 6,592,813 |
| Significant non-cash expenses | 1,101,743 | 134,317 | (107,838) | 1,128,222 |

**5 SEGMENT REPORTING (CONTINUED)**

(a) Operating segments (continued)

For the financial year ended 30 June 2010

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Revenue | 114,829,266 | 7,838,999 | - | 122,668,265 |
| Inter segment revenue | 3,993,415 | - | (3,993,415) | - |
| External revenue | 118,822,681 | 7,838,999 | (3,993,415) | 122,668,265 |
| Segment Results | 13,702,075 | 244,296 | - | 13,946,371 |
| Unallocated income/other gains | | | | 108,739 |
| Operating profit before finance cost and depreciation | | | | 14,055,110 |
| Finance income | | | | 64,037 |
| Finance costs | | | | (86,219) |
| Depreciation of plant and equipment | | | | (7,011,303) |
| Share of profit of the jointly controlled entity (net of tax) | | | | 480,311 |
| Profit before taxation | | | | 7,501,936 |
| Taxation | | | | 835,211 |
| Profit for the financial year | | | | 8,337,147 |

As at 30 June 2010

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Segment Assets | 58,962,483 | 2,586,923 | - | 61,549,406 |
| Unallocated assets | | | | 2,166 |
| Total assets | | | | 61,551,572 |
| Segment liabilities | 8,956,112 | 533,675 | - | 9,489,787 |
| Unallocated liabilities | | | | 2,814 |
| Total liabilities | | | | 9,492,601 |

## 5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2010

| | Outsourcing services | Training and consulting | Adjustments and eliminations | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Capital expenditure | 4,558,725 | 175,684 | - | 4,734,409 |
| Depreciation of plant and equipment | 6,518,127 | 493,176 | - | 7,011,303 |
| Significant non-cash expenses | 541,267 | 7,435 | 175,445 | 724,147 |

(b) Geographical information

In determining the geographical segments of the Group, the geographical disclosure is determined based on the following:

- Revenue is based on the country in which the customer is located.
- Total assets and capital expenditure are determined based on where the assets are located.
- Other countries that contributed less than 10% of the consolidated revenue are shown as others.

The Group provides services to clients based in the following geographical areas:

| | Revenue | | Assets ** | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Malaysia * | **67,616,259** | 39,293,453 | **9,888,697** | 12,978,073 |
| Singapore | **56,284,005** | 57,538,788 | **-** | - |
| United Kingdom | **9,082,009** | 7,742,938 | **-** | - |
| United States of America | **3,650,249** | 8,988,673 | **-** | 561,727 |
| India | **-** | 150,006 | **1,131,126** | 1,570,078 |
| Others | **4,342,659** | 8,954,407 | **-** | - |
| | **140,975,181** | 122,668,265 | **11,019,823** | 15,109,878 |

* Group's home country.
** Represents non-current assets other than financial instruments and deferred tax assets.

### 6 REVENUE

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Outsourcing services | **131,920,157** | 113,654,710 | **128,303,773** | 105,401,269 |
| Training and consultancy | **9,055,024** | 9,013,555 | **-** | 1,174,556 |
| | **140,975,181** | 122,668,265 | **128,303,773** | 106,575,825 |

### 7 OTHER OPERATING INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Gain on disposal of plant and equipment | **24,960** | 81,778 | **-** | - |
| Others | **15,496** | 26,961 | **13,195** | 11,472 |
| | **40,456** | 108,739 | **13,195** | 11,472 |

### 8 EMPLOYEE BENEFIT COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Salaries and bonuses | **85,737,208** | 72,900,339 | **79,180,066** | 61,417,238 |
| Defined contribution plans | **7,586,146** | 6,460,324 | **7,129,026** | 5,358,129 |
| Other employee benefits | **4,079,434** | 3,235,018 | **3,574,674** | 2,405,886 |
| Staff welfare | **519,101** | 492,521 | **521,732** | 419,459 |
| | **97,921,889** | 83,088,202 | **90,405,498** | 69,600,712 |
| Directors' remuneration: | | | | |
| - Salaries and bonuses | **834,990** | 607,992 | **834,990** | 607,992 |
| - Fees | **210,000** | 150,000 | **210,000** | 150,000 |
| | **98,966,879** | 83,846,194 | **91,450,488** | 70,358,704 |

## 8 EMPLOYEE BENEFIT COSTS (CONTINUED)

The estimated monetary value of benefits-in-kind receivable by a Director of the Group and the Company during the financial year amounted to RM16,983 (2010: RM5,400).

Salaries and bonuses for the Group and Company are presented net of incentives received of RM986,000 (2010: Nil).

The Directors of the Company in office during the financial year are as follows:

Executive Director

Leo Suresh Ariyanayakam

Non-executive Directors

Krishnan Menon
Dato' Mohd Salleh Bin Hj. Harun
Nikolai Dobberstein
Loh Lee Soon
David Eric Burke (appointed on 27 September 2010 and resigned on 15 August 2011)
Ande Safari (appointed on 27 September 2010)

The aggregate amounts of emoluments received by Directors of the Company during the financial year were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Executive Director: | | | | |
| - salaries and bonuses | **834,990** | 607,992 | **834,990** | 607,992 |
| - estimated monetary value of benefits-in-kind | **16,983** | 5,400 | **16,983** | 5,400 |
| Non-executive Directors: | | | | |
| - fees | **210,000** | 150,000 | **210,000** | 150,000 |
| | **1,061,973** | 763,392 | **1,061,973** | 763,392 |

## 9 RENTAL EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Rental: | | | | |
| - Apartments | **1,638,842** | 1,643,750 | **1,596,792** | 1,539,783 |
| - Offices | **8,509,836** | 7,838,800 | **6,849,850** | 5,899,225 |
| - Office equipment | **16,479** | 19,500 | **14,379** | 17,400 |
| - Others | **33,554** | 38,822 | **33,555** | 29,823 |
| | **10,198,711** | 9,540,872 | **8,494,576** | 7,486,231 |

## 10 NET FINANCE (COST)/INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Finance income: | | | | |
| - fixed deposit | **78,480** | 64,037 | **64,971** | 47,833 |
| Finance costs: | | | | |
| - finance lease | **(56,228)** | (69,909) | **(15,012)** | (2,163) |
| - bank overdraft | **(32,007)** | (6,675) | **(32,007)** | (6,675) |
| - others | **(11,567)** | (9,635) | **(8,752)** | (5,008) |
| | **(99,802)** | (86,219) | **(55,771)** | (13,846) |
| | **(21,322)** | (22,182) | **9,200** | 33,987 |

## 11 PROFIT BEFORE TAXATION

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Auditors' remuneration | | | | |
| - PricewaterhouseCoopers, Malaysia | **121,000** | 117,750 | **98,000** | 88,000 |
| - Other auditors | **19,855** | 24,540 | **-** | - |
| Bad debts | **54,800** | - | **-** | - |
| Depreciation of plant and equipment | **6,592,813** | 7,011,303 | **5,413,624** | 4,004,089 |
| Directors' fees | **210,000** | 150,000 | **210,000** | 150,000 |
| Foreign exchange (gain)/loss | | | | |
| - Realised | **(799,266)** | 437,399 | **(455,655)** | (14,704) |
| - Unrealised | **333,982** | 736,312 | **441,820** | 560,866 |
| (Gain)/Loss on disposal of plant and equipment | **(24,960)** | (81,778) | **27,040** | - |
| Immigration expenses | **820,994** | 873,864 | **819,602** | 871,770 |
| Impairment loss on: | | | | |
| - trade receivables | **13,250** | - | **-** | - |
| - deposits | **9,950** | - | **9,950** | - |
| - amounts due from subsidiaries | **-** | - | **-** | 2,307,447 |
| Finance costs | **99,802** | 86,219 | **55,771** | 13,846 |
| Finance income | **(78,480)** | (64,037) | **(64,971)** | (47,833) |
| Marketing expenses | **528,339** | 654,449 | **145,740** | 203,559 |
| Office supplies expenses | **793,543** | 1,029,364 | **587,086** | 614,679 |
| Other professional fees | **540,880** | 453,022 | **206,517** | 59,001 |
| Plant and equipment written off | **718,782** | 7,435 | **337,134** | **-** |
| Recruitment expenses | **214,357** | 154,640 | **177,923** | 95,292 |
| Reversal of impairment loss on: | | | | |
| - trade receivables | **(2,542)** | (19,600) | **-** | - |
| - amounts due from subsidiaries | **-** | - | **(387,952)** | - |
| Security service | **149,802** | 259,903 | **127,167** | 203,508 |
| Software support | **382,026** | 906,887 | **222,597** | 210,119 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 12 TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **RM** | **RM** | **RM** | **RM** |
| Income tax: | | | | |
| Current financial year | | | | |
| - Malaysian tax | **141,274** | 92,246 | **12,797** | 8,909 |
| - foreign tax | **43,833** | (751,437) | **-** | - |
| Over provision in prior year | | | | |
| - Malaysian tax | **(77,126)** | (19,493) | **-** | (19,493) |
| | **107,981** | (678,684) | **12,797** | (10,584) |
| Deferred tax (Note 24): | | | | |
| Relating to temporary differences | **(786,305)** | (156,527) | **(308,088)** | - |
| | **(678,324)** | (835,211) | **(295,291)** | (10,584) |

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. This exemption was renewed for a second five-year term and will expire on 6 November 2012.

The Malaysian current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the financial year.

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

At the reporting period, the amount of unused tax losses for the Group was RM948,902. Deferred tax asset was not recognised in the statement of financial position due to the uncertainty of its recoverability.

## 12 TAXATION (CONTINUED)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | % | % | % | % |
| Numerical reconciliation between the average effective tax rate and the Malaysian tax rate: | | | | |
| Malaysian tax rate | **25** | 25 | **25** | 25 |
| Tax effects of: | | | | |
| - Expenses not deductible for tax purposes | **3** | 10 | **2** | 14 |
| - Effect of different tax rate from foreign subsidiaries | **-** | 3 | **-** | - |
| - Income not subject to tax | **(32)** | (49) | **(29)** | (39) |
| - Over provision of tax expense in prior year | **(1)** | - | **-** | - |
| Average effective tax rate | **(5)** | (11) | **(2)** | - |

## 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.

| | Group | |
|---|---|---|
| | **2011** | **2010** |
| Net profit for the financial year attributable to owners of the Company (RM'000) | **13,282** | 8,337 |
| Weighted average number of issued ordinary shares ('000) | **296,025** | 292,526 |
| Basic earnings per share (sen) | **4.49** | 2.85 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 13 EARNINGS PER SHARE (CONTINUED)

(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 was one category of dilutive potential ordinary shares in 2010, which was share options granted to employees under the ESOS.

| | Group | |
|---|---|---|
| | **2011** | **2010** |
| Net profit for the financial year attributable to owners of the Company (RM'000) | **13,282** | 8,337 |
| Weighted average number of issued ordinary shares ('000) | **296,025** | 292,526 |
| Adjustment for share options granted ('000) | **-** | 252 |
| Adjusted weighted average number of issued ordinary shares for diluted earnings per share ('000) | **296,025** | 292,778 |
| Diluted earnings per share (sen) | **4.49** | 2.85 |

The basic and diluted earnings per share reflect the bonus issued by the Group of 26.8 million shares on 19 November 2010. The basic and adjusted diluted earnings per share for the year ended 30 June 2010 have been restated and the basic and diluted earnings per share for the year ended 30 June 2011 have been adjusted to reflect an adjustment to outstanding shares arising from the bonus issue on 19 November 2010 as though the adjustment was effective on 1 July 2009.

## 14 DIVIDENDS

The dividends paid by the Company during the financial year are set out below:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Gross dividend per share | Amount of dividend, tax exempt | Gross dividend per share | Amount of dividend, tax exempt |
| | sen | RM | sen | RM |
| Interim dividend | **1.0** | **2,962,113** | 1.0 | 2,657,230 |
| Final dividend | **1.0** | **2,692,830** | 1.5 | 3,979,395 |
| | **2.0** | **5,654,943** | 2.5 | 6,636,625 |

Subsequent to the financial reporting period, on 15 August 2011, the Board of Directors declared a second interim dividend of 1 sen, tax exempt, per ordinary share, amounting to RM2,962,113 which is to be paid on 14 September 2011. The financial statements for the financial year ended 30 June 2011 do not reflect the second interim dividend. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2012.

The Directors now also 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 2011 amounting to RM2,962,113. The final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUE

**15 PLANT AND EQUIPMENT**

| | As at 1.7.2010 | Additions | Write offs | Disposals | Currency translation differences | As at 30.6.2011 |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| 2011 | | | | | | |
| Group | | | | | | |
| At cost | | | | | | |
| Furniture and fittings | 3,765,240 | 146,058 | (693,190) | (48,246) | (44,046) | **3,125,816** |
| Office equipment and computers | 20,648,667 | 997,430 | (439,775) | (18,670) | (186,903) | **21,000,749** |
| Telecommunications equipment | 10,598,011 | 167,599 | (1,431,684) | - | (184,263) | **9,149,663** |
| Software | 9,233,101 | 771,687 | (41,195) | - | (37,386) | **9,926,207** |
| Office renovations | 5,920,776 | 235,574 | (1,222,445) | - | (86,877) | **4,847,028** |
| Motor vehicles | 691,199 | 480,460 | - | (235,000) | - | **936,659** |
| Educational manuals | 1,392,013 | - | - | - | - | **1,392,013** |
| | 52,249,007 | 2,798,808 | (3,828,289) | (301,916) | (539,475) | **50,378,135** |

| | As at 1.7.2010 | Charge for the financial year | Write offs | Disposals | Currency translation differences | As at 30.6.2011 |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| Accumulated depreciation | | | | | | |
| Furniture and fittings | 2,542,095 | 335,589 | (660,655) | (22,210) | (43,025) | **2,151,794** |
| Office equipment and computers | 14,104,338 | 2,517,018 | (326,558) | (8,766) | (161,207) | **16,124,825** |
| Telecommunications equipment | 7,378,405 | 1,640,352 | (980,125) | - | (139,330) | **7,899,302** |
| Software | 7,093,813 | 1,059,993 | (38,606) | - | (29,805) | **8,085,395** |
| Office renovations | 5,033,033 | 493,913 | (1,103,563) | - | (86,876) | **4,336,507** |
| Motor vehicles | 691,199 | 81,944 | - | (235,000) | - | **538,143** |
| Educational manuals | 888,010 | 464,004 | - | - | - | **1,352,014** |
| | 37,730,893 | 6,592,813 | (3,109,507) | (265,976) | (460,243) | **40,487,980** |

## 15 PLANT AND EQUIPMENT (CONTINUED)

| | As at 1.7.2009 | Additions | Write offs | Disposals | Currency translation differences | As at 30.6.2010 |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| 2010 | | | | | | |
| Group | | | | | | |
| At cost | | | | | | |
| Furniture and fittings | 3,661,281 | 634,448 | (447,849) | - | (82,640) | 3,765,240 |
| Office equipment and computers | 19,093,686 | 1,985,192 | (27,670) | (3,144) | (399,397) | 20,648,667 |
| Telecommunications equipment | 10,684,744 | 419,111 | - | (230,663) | (275,181) | 10,598,011 |
| Software | 8,387,470 | 926,525 | - | - | (80,894) | 9,233,101 |
| Office renovations | 5,321,058 | 697,133 | - | - | (97,415) | 5,920,776 |
| Motor vehicles | 1,045,387 | - | - | (354,188) | - | 691,199 |
| Educational manuals | 1,320,013 | 72,000 | - | - | - | 1,392,013 |
| | 49,513,639 | 4,734,409 | (475,519) | (587,995) | (935,527) | 52,249,007 |

| | As at 1.7.2009 | Charge for the financial year | Write offs | Disposals | Currency translation differences | As at 30.6.2010 |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| Accumulated depreciation | | | | | | |
| Furniture and fittings | 2,795,848 | 274,126 | (447,849) | - | (80,030) | 2,542,095 |
| Office equipment and computers | 11,826,466 | 2,664,174 | (20,235) | (3,144) | (362,923) | 14,104,338 |
| Telecommunications equipment | 5,999,626 | 1,808,037 | - | (230,663) | (198,595) | 7,378,405 |
| Software | 5,973,639 | 1,171,608 | - | - | (51,434) | 7,093,813 |
| Office renovations | 4,567,712 | 561,939 | - | - | (96,618) | 5,033,033 |
| Motor vehicles | 961,972 | 83,415 | - | (354,188) | - | 691,199 |
| Educational manuals | 440,006 | 448,004 | - | - | - | 888,010 |
| | 32,565,269 | 7,011,303 | (468,084) | (587,995) | (789,600) | 37,730,893 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 15 PLANT AND EQUIPMENT (CONTINUED)

| | 2011 | 2010 |
|---|---|---|
| Group | RM | RM |
| Net book value | | |
| Furniture and fittings | **974,022** | 1,223,145 |
| Office equipment and computers | **4,875,924** | 6,544,329 |
| Telecommunications equipment | **1,250,361** | 3,219,606 |
| Software | **1,840,812** | 2,139,288 |
| Office renovations | **510,521** | 887,743 |
| Motor vehicles | **398,516** | - |
| Educational manuals | **39,999** | 504,003 |
| | **9,890,155** | 14,518,114 |

### 15 PLANT AND EQUIPMENT (CONTINUED)

| | As at 1.7.2010 | Additions | Write offs | Disposals | As at 30.6.2011 |
|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM |
| 2011 | | | | | |
| Company | | | | | |
| At cost | | | | | |
| Furniture and fittings | 2,305,750 | 66,761 | - | (48,246) | **2,324,265** |
| Office equipment and computers | 12,049,839 | 1,699,683 | (9,337) | (18,670) | **13,721,515** |
| Telecommunications equipment | 6,140,924 | 190,572 | (949,270) | - | **5,382,226** |
| Software | 7,660,621 | 1,655,484 | - | - | **9,316,105** |
| Office renovations | 3,776,150 | 23,400 | - | - | **3,799,550** |
| Motor vehicles | 387,174 | 480,460 | - | - | **867,634** |
| | 32,320,458 | 4,116,360 | (958,607) | (66,916) | **35,411,295** |

| | As at 1.7.2010 | Charge for the financial year | Write offs | Disposals | As at 30.6.2011 |
|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM |
| Accumulated depreciation | | | | | |
| Furniture and fittings | 1,372,590 | 290,915 | - | (22,210) | **1,641,295** |
| Office equipment and computers | 7,423,482 | 2,345,280 | (8,031) | (8,766) | **9,751,965** |
| Telecommunications equipment | 4,570,433 | 780,020 | (613,442) | - | **4,737,011** |
| Software | 5,863,623 | 1,492,546 | - | - | **7,356,169** |
| Office renovations | 3,100,114 | 422,919 | - | - | **3,523,033** |
| Motor vehicles | 387,174 | 81,944 | - | - | **469,118** |
| | 22,717,416 | 5,413,624 | (621,473) | (30,976) | **27,478,591** |

## 15 PLANT AND EQUIPMENT (CONTINUED)

| | As at 1.7.2009 | Additions | Write offs | As at 30.6.2010 |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| 2010 | | | | |
| Company | | | | |
| At cost | | | | |
| Furniture and fittings | 1,704,402 | 601,348 | - | 2,305,750 |
| Office equipment and computers | 9,858,227 | 2,192,712 | (1,100) | 12,049,839 |
| Telecommunications equipment | 5,739,774 | 401,150 | - | 6,140,924 |
| Software | 6,738,756 | 921,865 | - | 7,660,621 |
| Office renovations | 3,089,847 | 686,303 | - | 3,776,150 |
| Motor vehicles | 387,174 | - | - | 387,174 |
| | 27,518,180 | 4,803,378 | (1,100) | 32,320,458 |

| | As at 1.7.2009 | Charge for the financial year | Write offs | As at 30.6.2010 |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Accumulated depreciation | | | | |
| Furniture and fittings | 1,136,652 | 235,938 | - | 1,372,590 |
| Office equipment and computers | 6,032,014 | 1,392,568 | (1,100) | 7,423,482 |
| Telecommunications equipment | 3,788,555 | 781,878 | - | 4,570,433 |
| Software | 4,912,465 | 951,158 | - | 5,863,623 |
| Office renovations | 2,540,982 | 559,132 | - | 3,100,114 |
| Motor vehicles | 303,759 | 83,415 | - | 387,174 |
| | 18,714,427 | 4,004,089 | (1,100) | 22,717,416 |

| | 2011 | 2010 |
|---|---|---|
| Net book value | RM | RM |
| Furniture and fittings | **682,970** | 933,160 |
| Office equipment and computers | **3,969,550** | 4,626,357 |
| Telecommunications equipment | **645,215** | 1,570,491 |
| Software | **1,959,936** | 1,796,998 |
| Office renovations | **276,517** | 676,036 |
| Motor vehicles | **398,516** | - |
| | **7,932,704** | 9,603,042 |

## 15 PLANT AND EQUIPMENT (CONTINUED)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **RM** | **RM** | **RM** | **RM** |
| Telecommunications equipment | **-** | 626,989 | **-** | - |

## 16 INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2011** | **2010** |
| | **RM** | **RM** |
| Unquoted shares at cost | **1,069,986** | 575,986 |

Details of the subsidiaries are as follows:

| Name | Group's effective interest | | Principal activities |
|---|---|---|---|
| | **2011** | **2010** | |
| | % | % | |
| **Subsidiary of the Company Incorporated in Malaysia** | | | |
| Scicom (Academy) Sdn. Bhd. * | **100** | 100 | Provides customer service training products as well as contact centre consulting and marketing services. |
| Scicom International College Sdn. Bhd. * | **70** | - | Dormant. |
| **Incorporated in India** | | | |
| Scicom Contact Centre Services Private Limited ** | **100** | 100 | Provides customer contact centre outsourcing services. |
| **Incorporated in the United Kingdom** | | | |
| Scicom International (UK) Ltd | **100** | 100 | Investment holding. |
| **Incorporated in the United States of America** Subsidiary of Scicom International (UK) Ltd | | | |
| Scicom Inc | **100** | 100 | Dormant. |
| **Incorporated in Indonesia** | | | |
| PT Scicom Indonesia * | **100** | - | Dormant. |

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

## 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) On 18 August 2010, the Company acquired 2 ordinary shares of RM1.00 each in Scicom International College Sdn. Bhd. ("SICSB"), representing the entire issued and paid-up share capital of SICSB for total cash consideration of RM2. SICSB was incorporated on 11 August 2010 in Malaysia. At the acquisition date, the net asset of SICSB was RM2 which comprise the proceeds from the paid up share capital. The net asset of SICSB approximates the fair value. SICSB was dormant since the incorporation date.

On 18 November 2010, the Company and Omar Shariff Bin Mydeen had subscribed for 139,998 and 60,000 ordinary shares of RM1.00 each in the paid-up capital of SICSB for a total consideration of RM139,998 and RM60,000, respectively. As such, the shareholdings structure of SICSB is 70% equity interest held by the Company whilst the remaining 30% equity interest is held by Omar Shariff Bin Mydeen. The Directors of SICSB are Krishnan Menon, Leo Suresh Ariyanayakam and Omar Shariff Bin Mydeen.

(b) On 30 May 2011, the Company established a subsidiary, PT Scicom Indonesia ("PTSI"), in the Republic of Indonesia ("Establishment"). The Certificate of Establishment of PTSI was received by the Company on 7 July 2011.

The authorised share capital of PTSI is 1,000,000,000 Indonesian Rupiah ("IDR") divided into 200,000 ordinary shares of IDR5,000 each of which 200,000 ordinary shares have been issued and fully paid up. The Company holds 198,000 ordinary shares of IDR5,000 each (99%) and Leo Suresh Ariyanayakam holds 2,000 ordinary shares of IDR5,000 each (1%). Shares held by Leo Suresh Ariyanayakam are held in trust for the Company.

The principal activities of PTSI are to carry on business in the provision of educational and training services, customer relationship management, business process outsourcing services, information technology services and management and other general services specific to business operations in Indonesia.

## 17 INVESTMENT IN JOINTLY CONTROLLED ENTITY

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **RM** | **RM** | **RM** | **RM** |
| Unquoted shares at cost | **1** | 1 | **1** | 1 |
| Share of net profit of the jointly controlled entity | **1,129,667** | 591,763 | **-** | - |
| | **1,129,668** | 591,764 | **1** | 1 |

| **Name** | **Group's effective interest** | | **Principal activities** |
|---|---|---|---|
| | **2011** | **2010** | |
| | % | % | |
| **Incorporated in Malaysia** | | | |
| Asian Contact Centres Sdn Bhd ("ACCS") * | **50** | 50 | Managing the customer contact centre outsourcing services. |

* Audited by PricewaterhouseCoopers, Malaysia.
** ACCS financial year end is 31 December 2010.

### 17 INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONTINUED)

The Group's aggregate share of assets and liabilities, income and expenses of the jointly controlled entity are as follows:

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| Assets and Liabilities | | |
| Current assets | **5,296,930** | 3,509,657 |
| Current liabilities | **4,167,262** | 2,917,893 |
| Results | | |
| Revenue | **837,860** | 1,239,908 |
| Profit before taxation | **719,378** | 640,660 |
| Less: Taxation | **(181,474)** | (160,349) |
| Net profit for the financial year | **537,904** | 480,311 |

The Group and Company rendered services to the Jointly Controlled Entity ("JCE") amounted to RM23,315,271 (2010: RM14,981,226). The JCE manages the provision of this services including invoicing and collections. The amount due from JCE to the Group and Company as at 30 June 2011 amounted to RM4,161,861 (2010: RM3,561,817).

### 18 TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Financial assets | | | | |
| Trade receivables | | | | |
| Third parties | **18,806,998** | 17,847,806 | **18,098,245** | 15,987,990 |
| Jointly controlled entity | **4,161,861** | 3,561,817 | **4,161,861** | 3,561,817 |
| | **22,968,859** | 21,409,623 | **22,260,106** | 19,549,807 |
| Less: Impairment loss | | | | |
| Third parties | **(13,250)** | (1,211,553) | **-** | (1,158,181) |
| | **22,955,609** | 20,198,070 | **22,260,106** | 18,391,626 |
| Non-financial assets | | | | |
| Unbilled receivables * | **10,570,871** | 11,148,852 | **8,827,555** | 9,269,882 |
| | **33,526,480** | 31,346,922 | **31,087,661** | 27,661,508 |

*The unbilled receivables will be classified as financial assets when the invoices for the receivables are issued.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 18 TRADE RECEIVABLES (CONTINUED)

Credit terms of trade receivables range from 30 to 90 days (2010: 30 to 90 days).

The Group's and Company's historical experience in collection of trade receivables falls largely within the credit period. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

Ageing Analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| Neither past due nor impaired | 20,754,763 | 20,133,312 |
| Past due but not impaired | | |
| -1 to 30 days past due not impaired | 1,369,520 | 1,369,520 |
| -31 to 60 days past due not impaired | 720,562 | 720,562 |
| -61 to 90 days past due not impaired | 36,712 | 36,712 |
| -More than 121 days past due not impaired | 74,052 | - |
| Impaired: | | |
| More than 121 days | 13,250 | - |
| | 22,968,859 | 22,260,106 |
| Less: Impairment loss | (13,250) | - |
| | 22,955,609 | 22,260,106 |

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment history.

The credit quality of trade receivables that are neither past due nor impaired can be assessed by historical information about counterparty defaults:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| Existing customers with no history of defaults | 20,081,298 | 20,071,645 |
| New customers within the last 6 months | 673,465 | 61,667 |
| | 20,754,763 | 20,133,312 |

A significant number of these receivables comprise of multinational organisations and Malaysian government agencies, which account for RM18,160,689 and RM18,151,036 of the Group's and Company's trade receivables as at 30 June 2011 respectively. None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### 18 TRADE RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired

The Group and Company have trade receivables amounting to RM2,200,846 and RM2,126,794 respectively that are past due at the reporting date but not impaired. These receivables are mainly multinational organisations for whom there are no recent history of default. The trade receivable balances are unsecured in nature.

Impairment loss

The movement in impairment loss are as follows:

| | Group | Company |
|---|---|---|
| | **2011** | **2011** |
| | **RM** | **RM** |
| At 1 July | **1,211,553** | **1,158,181** |
| Reversal of impairment loss | **(2,452)** | **-** |
| Charge for the financial year | **13,250** | **-** |
| Written off | **(1,209,101)** | **(1,158,181)** |
| At 30 June | **13,250** | **-** |

The impairment of trade receivables are individually determined. The impaired receivables are from customers in financial difficulties. These receivables are not secured by collateral or credit enhancements.

The fair value of trade receivables approximates its carrying value.

### 19 OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **RM** | **RM** | **RM** | **RM** |
| Financial assets | | | | |
| Other receivables | **473,251** | 4,414,114 | **229,958** | 4,376,284 |
| Less: Impairment loss | **-** | (3,759,938) | **-** | (3,747,518) |
| | **473,251** | 654,176 | **229,958** | 628,766 |
| Deposits | **3,423,044** | 3,410,060 | **3,276,420** | 2,385,466 |
| Less: Impairment loss | **(9,950)** | - | **(9,950)** | - |
| | **3,886,345** | 4,064,236 | **3,496,428** | 3,014,232 |
| Non-financial assets | | | | |
| Prepayments | **705,688** | 1,318,853 | **637,758** | 832,421 |
| | **4,592,033** | 5,383,089 | **4,134,186** | 3,846,653 |

The Group's and the Company's other receivables are neither past due nor impaired.

None of the Group's or Company's other receivables that are neither past due nor impaired have been renegotiated during the financial year. The credit quality of the Group's and Company's other receivables that are neither past due nor impaired are due from counterparties with no history of defaults.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

**19 OTHER RECEIVABLES (CONTINUED)**

Impairment loss

The movement in impairment loss are as follows:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| At 1 July | 3,759,938 | 3,747,518 |
| Charge for the financial year | 9,950 | 9,950 |
| Written off | (3,759,938) | (3,747,518) |
| At 30 June | 9,950 | 9,950 |

All impaired other receivables and deposits are individually determined. These impaired receivables are from counterparties who are in financial difficulties and have defaulted on payments. These receivables are not secured by collateral or credit enhancements.

The deposits amount includes rental and utilities for offices and staff apartments, which are neither due nor impaired at the reporting period. The maturity of the deposits is as follows:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| Not later than one year | 3,099,268 | 2,958,439 |
| Later than one year and not later than five years | 313,826 | 308,031 |
| | 3,413,094 | 3,266,470 |

The fair value of other receivables and deposits approximate its carrying value.

**20 AMOUNTS DUE FROM SUBSIDIARIES**

| | Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| Amounts due from subsidiaries | 6,440,798 | 10,916,491 |
| Less: Impairment loss | (2,330,914) | (2,718,866) |
| | 4,109,884 | 8,197,625 |

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

## 20 AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

The ageing analysis of the amounts due from subsidiaries are as follows:

| | Company |
|---|---|
| | 2011 |
| | RM |
| Neither past due nor impaired | 4,109,884 |
| Impaired: | |
| More than 90 days | 2,330,914 |
| | 6,440,798 |
| Less: Impairment loss | (2,330,914) |
| | 4,109,884 |

Impairment loss

The movement in impairment loss is as follows:

| | Company |
|---|---|
| | 2011 |
| | RM |
| At 1 July | 2,718,866 |
| Reversal of impairment loss | (387,952) |
| At 30 June | 2,330,914 |

All impaired amounts due from subsidiaries are individually determined. The impaired receivables in prior year reflect a decrease in the business activities of the respective subsidiaries. The current year reversal of impairment loss arises from the foreign translation difference from currencies other than RM. These receivables are not secured by collateral or credit enhancements.

## 21 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Cash and bank balances | 1,744,010 | 6,798,008 | 951,769 | 6,351,251 |
| Deposits with licensed banks | 16,679,487 | 673,346 | 16,508,131 | 494,350 |
| | 18,423,497 | 7,471,354 | 17,459,900 | 6,845,601 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 21 CASH AND CASH EQUIVALENTS (CONTINUED)

The weighted average interest rates of deposits with licensed banks as at reporting period for the Group and Company are 3% and 3% (2010: 4% and 3%) per annum respectively. The Group and Company's deposits have weighted average maturity period of 263 and 12 (2010: 182 and 30) days respectively.

The assets of the Group are pledged to a financial institution for banking facilities amounted to RM73,554 (2010: RM76,833).

The credit quality of financial institutions in respect of cash at bank and deposits with licensed banks are as follows:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| Cash at bank and deposits with licensed banks | | |
| AAA | **17,877,654** | **16,930,716** |
| AA | **508,131** | **508,131** |
| A | **16,159** | **-** |
| | **18,401,944** | **17,438,847** |

The credit qualities of the above balances are assessed by reference to RAM Ratings Services Berhad.

### 22 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Financial liabilities | | | | |
| Trade payables | **690,585** | 1,316,153 | **685,373** | 1,316,153 |
| Accruals | **1,902,594** | 907,644 | **1,215,244** | 542,664 |
| Performance-related bonus | **1,615,574** | 775,605 | **1,439,892** | 622,864 |
| Other payroll-related liabilities | **546,257** | 591,701 | **414,733** | 319,108 |
| Other payables | **1,483,566** | 3,337,369 | **1,548,234** | 2,955,971 |
| | **6,238,576** | 6,928,472 | **5,303,476** | 5,756,760 |
| Non-financial liabilities | | | | |
| Other payroll-related liabilities | **1,446,274** | 1,152,085 | **1,446,274** | 1,152,085 |
| Other payables | **320,703** | 74,551 | **296,944** | 54,184 |
| | **8,005,553** | 8,155,108 | **7,046,694** | 6,963,029 |

Credit terms of trade payables range from cash basis to 90 days (2010: cash basis to 90 days).

## 23 BORROWINGS (SECURED AND INTEREST-BEARING)

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Current | | | | |
| Finance lease liabilities | - | 253,733 | - | 11,812 |
| Non-current | | | | |
| Finance lease liabilities | - | 200,021 | - | - |
| | - | 453,754 | - | 11,812 |
| Maturity profile of borrowings: | | | | |
| - not later than one year | - | 253,733 | - | 11,812 |
| - later than one year and not later than five years | - | 200,021 | - | - |
| | - | 453,754 | - | 11,812 |

**Bank overdraft facility**

(a) The Group and Company has a bank overdraft facility of RM4,000,000 which was undrawn as at 30 June 2011. The bank overdraft is secured by debentures over all fixed and floating assets of the Company with unlimited covenants to pay on the part of the Group and Company up-stamped at ad valorem duty to secure RM4,100,000 (2010: 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 time.

The effective interest rate of the bank overdraft as at the end of the reporting period date is 8% (2010: 8%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

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

Finance lease liabilities

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

The effective interest rates of the finance lease liabilities as at the end of the reporting period for the Group and Company are 5% and 9% respectively (2010: 5% and 12%).

The minimum lease payments to the Group and the Company at the reporting period date are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Minimum lease payments: | | | | |
| - not later than one year | - | 291,191 | - | 11,874 |
| - later than one year and not later than five years | - | 209,488 | - | - |
| | - | 500,679 | - | 11,874 |
| Future finance charges on finance leases | - | (46,925) | - | (62) |
| Present value of finance lease liabilities | - | 453,754 | - | 11,812 |
| The present value of finance liabilities is as follows: | | | | |
| Not later than one year | - | 253,733 | - | 11,812 |
| Later than one year and not later than five years | - | 200,021 | - | - |
| Present value of finance lease liabilities | - | 453,754 | - | 11,812 |

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:

| | Group | | Company | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM | RM | RM | RM |
| Finance lease liabilities (non-current portion) | - | 200,021 | - | - |

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

## 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:

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Deferred tax (assets) | **(308,088)** | - | **(308,088)** | - |
| Deferred tax liabilities | **410,446** | 883,739 | **-** | - |
| At beginning of financial year | **883,739** | 1,020,226 | **-** | - |
| Charged to profit or loss (Note 12): | | | | |
| - plant and equipment | **(882,631)** | (266,625) | **(308,088)** | - |
| - others | **96,326** | 110,098 | **-** | - |
| | **(786,305)** | (156,527) | **(308,088)** | |
| Currency translation | **4,924** | 20,040 | **-** | - |
| At end of financial year | **102,358** | 883,739 | **(308,088)** | - |
| Deferred tax assets (before offsetting) | | | | |
| - plant and equipment | **(308,088)** | - | **(308,088)** | - |
| - others | **-** | 96,326 | **-** | - |
| Offsetting | **-** | (96,326) | **-** | - |
| Deferred tax assets (after offsetting) | **(308,088)** | - | **(308,088)** | - |
| Deferred tax liabilities (before offsetting) | | | | |
| - plant and equipment | **410,446** | 980,065 | **-** | - |
| Offsetting | **-** | (96,326) | **-** | - |
| Deferred tax liabilities (after offsetting) | **410,446** | 883,739 | **-** | - |

## 25 SHARE CAPITAL

(a) Share capital

Share capital is the amount subscribed for shares at nominal value.

| | Group & Company | |
|---|---|---|
| | **2011** | **2010** |
| | **RM** | **RM** |
| Authorised ordinary shares of RM0.10 each: | | |
| At beginning/end of the financial year | **100,000,000** | 100,000,000 |
| Issued and fully paid ordinary shares of RM0.10 each: | | |
| At beginning of financial year | **26,802,300** | 26,529,300 |
| ESOS issued during the financial year | **126,000** | 273,000 |
| Bonus issued during the financial year | **2,692,830** | - |
| At end of financial year | **29,621,130** | 26,802,300 |

During the financial year, 1,260,000 (2010: 2,730,000) 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.

On 19 November 2010, the Company completed a bonus issue of 26,928,300 new ordinary shares of RM0.10 each in the Company. The bonus shares were credited as fully paid-up on the basis of one share for every ten existing shares held in the Company.

All ordinary shares issued rank pari-passu.

(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;

**25 SHARE CAPITAL (CONTINUED)**

(b) Employee Share Option Scheme (continued)

- The Subscription Price of each share comprised in any Offer made in conjunction with the Company's listing on the Main 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 preceeding 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

- 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:

| | | **Number of options over ordinary shares of RM0.10 each in the Company** | | | |
|---|---|---|---|---|---|
| **Grant date** | **Expiry date** | **As at 1 July 2010** | **Exercised** | **Retired** | **As at 30 June 2011** |
| | | **'000** | **'000** | **'000** | **'000** |
| 23.9.2005 | 22.9.2010 | 1,260 | (1,260) | - | **-** |

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

| **Exercise date** | **Fair value of shares** | **Exercise price** | **Number of shares issued** |
|---|---|---|---|
| | **RM per share** | **RM per share** | **'000** |
| 4 August 2010 | 0.45 | 0.30 | **1,260** |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

**25 SHARE CAPITAL (CONTINUED)**

(b) Employee Share Option Scheme (continued)

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

| | Group & Company |
|---|---|
| | **2011** |
| | **RM** |
| Ordinary share capital at par | **126,000** |
| Share premium | **252,000** |
| Proceeds received on exercise of share options | **378,000** |
| Fair value at exercise date of shares issued | **567,000** |

**26 RESERVES**

(a) Retained earnings

Retained earnings represent the cumulative earnings of the Group and Company attributable to the owners of the Company.

(b) Share premium reserve

Share premium reserve represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses. Share issue expenses comprise costs incurred in respect of the issue of new bonus shares.

(c) Currency translation reserve

Currency translation reserve occurs on consolidation where the exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments are taken to owners of the Company.

Under the single-tier system which came into effect from 1 January 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.

The company 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 2009.

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 RM56,190,141 (2010: RM37,766,028) and RM85,798 (2010: RM85,798) respectively, to frank dividends out of its entire retained earnings.

## 27 COMMITMENTS

(a) Capital expenditure

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Authorised and contracted: | | | | |
| - Plant and equipment | **315,233** | 290,122 | **315,233** | 60,122 |

(b) Non-cancellable operating lease commitments

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| - not later than one year | **4,512,758** | 9,800,126 | **4,448,745** | 8,582,892 |
| - later than one year and not later than five years | **1,208,046** | 5,887,715 | **1,208,046** | 3,717,654 |
| | **5,720,804** | 15,687,841 | **5,656,791** | 12,300,546 |

## 28 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are the significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Sales of services: | | | | |
| - Subsidiaries | - | - | **770,043** | 272,459 |
| Purchase of services: | | | | |
| - Subsidiaries | - | - | - | (3,720,956) |
| Invoices billed on behalf: | | | | |
| - Subsidiaries | - | - | **(7,244,894)** | (7,026,687) |
| Expenses paid on behalf: | | | | |
| - Subsidiaries | - | - | **5,937,045** | 5,298,967 |
| (Repayment)/Advances: | | | | |
| - Subsidiaries | - | - | **(1,377,964)** | 2,978,620 |
| Purchase of equipment: | | | | |
| - Subsidiaries | - | - | **(1,864,844)** | (1,745,677) |
| Amount due from: | | | | |
| - Subsidiaries | - | - | **4,109,884** | 8,197,625 |
| Key management personnel: | | | | |
| - Salaries and bonuses | **834,990** | 607,992 | **834,990** | 607,992 |

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel is the Chief Executive Officer of the Group and the Company.

## 29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and Company's activities expose it to a variety of financial risks from its operations including market risk, credit risk and liquidity risk. The Group's and Company's overall financial risk management objectives are to ensure that the Group and Company create value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's and Company's businesses. The Group and Company operate within clearly defined guidelines that are approved by the Board and seeks to minimise potential adverse effects on its financial performance. Such guidelines are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's and Company's policy guidelines are complied with. Financial risk is managed by a risk management committee who in turn ensures adherence to the policies approved by the Board of Directors.

It is, and has been throughout the current and previous financial year, the Group's and Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

Market risk refers to the risk that changes in market prices such as foreign exchange rates, interest rates and prices will affect the Group's and Company's financial position and cash flows.

(i) Foreign currency exchange risk

The Group and Company are exposed to currency risk as a result of foreign currency transactions entered into currencies other than their measurement currency, mainly SGD, GBP and USD.

At 30 June 2011, if RM had strengthened by 8% against the US dollar with all other variables held constant, pre-tax profit for the year for the Group and Company would have been RM61,788 and RM215,592 lower respectively, mainly as a result of foreign exchange losses on translation of US dollar-denominated trade receivables and other receivables.

At 30 June 2011, if RM had weakened by 5% against the Singapore dollar with all other variables held constant, pre-tax profit for the year would have been RM539,469 higher for the Group and Company, mainly as a result of foreign exchange gains on translation of Singapore dollar-denominated trade receivables and other receivables.

At 30 June 2011, if RM had strengthened by 1% against the Sterling pound with all other variables held constant, pre-tax profit for the year for the Group and Company would have been RM37,244 and RM42,162 lower respectively, mainly as a result of foreign exchange gains on translation of Sterling pound-denominated trade receivables and other receivables.

(ii) Interest rate risk

The Group's and Company's exposure to interest rate risk is limited to its financing through finance lease facilities and the utilisation of an overdraft facility. It is the Group's and Company's policy to source for the most favourable interest rate available. As at 30 June 2011, the Group and Company has no outstanding borrowings.

The Group's and Company'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 2011 CONTINUED

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

(a) Market risk (continued)

(iii) Price risk

For key contracts, the Group and Company establishes price levels that the Group and Company considers acceptable and also enters into supply agreements where necessary, to achieve these levels.

The Group and Company does not have exposure to share price risk as it does not hold investment in quoted equity instruments.

(b) Credit risk

Credit risk arises from potential default on sales made on deferred credit terms.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group and Company.

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

(i) Trade and other receivables

There exists concentration of credit risk with respect to the Group's and the Company's trade receivables as at 30 June 2011, where four customers contributed RM13.5 million of the Group's and the Company's trade receivables. The Group's and the Company's historical experience in collection of trade receivables falls within recorded allowances. Management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's and the Company's trade receivables.

The Group's and the Company's customers are mainly significant entities comprising multinational organisations and Malaysian government agencies. The Group and the Company considers the risk of material loss in the event of non-performance by a customer to be unlikely. The credit quality of the trade and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparties as set out in Notes 18 and 19.

(ii) Inter company balances

The Company maintains a current account with subsidiaries. The current accounts include transactions relating to payment and paying on behalf of subsidiaries or vice versa as applicable. The Company monitors the results of the subsidiaries regularly. As at 30 June 2011, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2011, there was no indication that the carrying value of the amounts due from the subsidiaries are not recoverable.

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

(b) Credit risk (continued)

(iii) Bank balances

Bank balances are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from cash and bank balances is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations.

The credit quality of the financial institutions in respect of the bank balances and short term deposits are set out in Note 21.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group's and Company's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | On demand or less than three months | On demand or less than three months |
| | RM | RM |
| Trade and other payables | 8,005,553 | 7,046,694 |

(d) Capital management risk

The Group and the Company defines capital as the total equity and debts of the Group and the Company. The objective of the Group and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholders value.

The Group and the Company only financing facility is a bank overdraft facility. The financial covenants for the overdraft facility are described under Note 23. The Group and the Company fully complies with the covenants as at 30 June 2011.

As of 30 June 2011, the Group and the Company had no outstanding borrowings.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 30 FINANCIAL INSTRUMENTS BY CATEGORY

| | Group 2011 RM | Company 2011 RM |
|---|---|---|
| Loans and receivables | | |
| Trade receivables excluding unbilled revenues | 22,955,609 | 22,260,106 |
| Other receivables excluding prepayments | 3,886,345 | 3,496,428 |
| Cash and bank balances | 18,423,497 | 17,459,900 |
| Amount due from subsidiaries | - | 4,109,884 |
| Total | 45,265,451 | 47,326,318 |
| Other financial liabilities | | |
| Trade and other payables excluding statutory liabilities | 6,238,576 | 5,303,476 |

The Group and Company has complied with all imposed capital requirements during the reporting period.

### 31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Board of Directors announced the following events during the financial year:

(a) On 19 November 2010, the Company and Omar Shariff Bin Mydeen had subscribed for 139,998 and 60,000 ordinary shares of RM1.00 each in the paid-up capital of Scicom International College Sdn Bhd (911297-M) ("SICSB") for a total consideration of RM139,998 and RM60,000, respectively. As such, the shareholdings structure of SICSB is 70% equity interest held by the Company whilst the remaining 30% equity interest is held by Omar Shariff Bin Mydeen.

(b) On 30 June 2011, the Ministry of Higher Education, Malaysia has vide the Approval Letter dated 23 June 2011 granted approval to SICSB to establish a private institution of Higher Learning ("Kelulusan Penubuhan Institusi Pendidikan Tinggi Swasta") in Malaysia.

(c) On 30 May 2011, the Company established a subsidiary, PT Scicom Indonesia ("PTSI"), in the Republic of Indonesia ("Establishment"). The Certificate of Establishment of PTSI was received by the Company on 7 July 2011.

The authorised share capital of PTSI is 1,000,000,000 Indonesian Rupiah ("IDR") divided into 200,000 ordinary shares of IDR5,000 each of which 200,000 ordinary shares have been issued and fully paid up. The Company holds 198,000 ordinary shares of IDR5,000 each (99%) and Leo Suresh Ariyanayakam holds 2,000 ordinary shares of IDR5,000 each (1%). Shares held by Leo Suresh Ariyanayakam are held in trust for the Company.

The principal activities of PTSI are to carry on business in the provision of educational and training services, customer relationship management, business process outsourcing services, information technology services and management and other general services specific to business operations in Indonesia.

## 32 CHANGES IN ACCOUNTING POLICIES

The following describes the impact of the new standards, amendments to the published standards and IC interpretations adopted by the Group and the Company for financial year beginning on 1 July 2010.

FRS 7 "Financial Instruments: Disclosures"

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 "Financial Instruments: Disclosure and Presentation". FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 30 June 2011.

FRS 101 "Presentation of Financial Statements (Revised)"

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

FRS 139 "Financial Instruments: Recognition and Measurement"

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The adoption of this Standard did not materially affect the financial statements of the Group and Company.

## 33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 August 2011.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 CONTINUED

### 34 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

| | Group | Company |
|---|---|---|
| | 2011 | 2011 |
| | RM | RM |
| Total retained profits of the Group and its subsidiaries: | | |
| Realised | 23,007,435 | 26,496,800 |
| Unrealised | 1,137,696 | 1,035,338 |
| | 24,145,131 | 27,532,138 |
| Total share of retained profits from jointly controlled entity: | | |
| Realised | 1,129,667 | - |
| | 25,274,798 | 27,532,138 |
| Less: Consolidation adjustments | 3,297,129 | - |
| Total Group's and Company's retained profits | 28,571,927 | 27,532,138 |

The determination of realised and unrealised profits is based on the Guidance of Special Matter No 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants on 20 December 2010.

# STATUTORY DECLARATION
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## 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 52 to 117 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 2011 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, MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 34 on page 118 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 August 2011.

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 52 to 117 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 15 August 2011, before me.

CHRISTOPHER KOH SWEE KIAT (NO. W554)
COMMISSIONER FOR OATH

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SCICOM (MSC) BERHAD

(Company No. 597426 - H)
(Incorporated in Malaysia)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Scicom (MSC) Berhad on pages 52 to 117, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statement of changes in equity and cash flows 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 Notes 1 to 33.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation of financial statements that give a true and fair view 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 entity'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 MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities 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 2011 and of their financial performance and cash flows for the year then ended.

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)
(Company No. 597426 - H)
(Incorporated in Malaysia)

**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 financial statements and the auditors' report of subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements;

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 34 on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**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

IRVIN GEORGE LUIS MENEZES
(No. 2932/06/12 (J))
Chartered Accountant

Kuala Lumpur
15 August 2011

# 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 2011.
The Company's ESOS scheme expired during the financial year.

**4. DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any depository receipt programme for the financial year ended 30 June 2011.

**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 2011.

**6. NON-AUDIT FEES**

The amount of non-audit fees paid by the Group and the Company for the financial year ended 30 June 2011 were RM91,700 and RM16,100 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 2011. There were no variances of 10% or more 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 2011.

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

For the financial year ended 30 June 2011, no contracts of a material nature were entered into or were subsisting between the Group and its Directors, or major shareholders.

**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 2011.

**11. CORPORATE SOCIAL RESPONSIBILITY**

The Group's corporate social responsibility activities and/or practices undertaken during the financial year ended 30 June 2011 are set out on page 30 of the Annual Report.

# ANALYSIS OF SHAREHOLDINGS

## SHARE CAPITAL AS AT 23 SEPTEMBER 2011

| | Amount RM |
|---|---|
| **Authorised Share Capital** | |
| Authorised ordinary shares of RM0.10 each | 100,000,000 |
| **Issued and Fully Paid-up Share Capital** | |
| Issued and fully paid-up ordinary shares of RM0.10 each | 29,621,130 |
| **Class of Securities** | Ordinary shares of RM0.10 each |
| **Voting Rights** | One vote per ordinary share |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 23 SEPTEMBER 2011

| No. of Shareholders | % | Size of Shareholdings | % |
|---|---|---|---|
| 8 | 0.94% | Less than 100 shares | 0.00% |
| 28 | 3.29% | 100 to 1,000 shares | 0.00% |
| 327 | 38.43% | 1,001 to 10,000 shares | 0.46% |
| 365 | 42.89% | 10,001 to 100,000 shares | 3.64% |
| 119 | 13.98% | 100,001 to less than 5% of issued shares | 37.77% |
| 4 | 0.47% | 5% and above of issued shares | 58.13% |
| **851** | **100.00%** | | **100.00%** |

## LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 23 SEPTEMBER 2011

(As shown in the record of Depositors)

| No. | Name of Shareholder | No. of Shares Held | % |
|---|---|---|---|
| 1 | OSK NOMINEES (ASING) SDN BERHAD<br>KIM ENG SECURITIES PTE. LTD. FOR PT TELEKOMUNIKASI INDONESIA INTERNATIONAL | 87,993,620 | 29.71 |
| 2 | NETINSAT ASIA SDN BHD | 47,098,920 | 15.90 |
| 3 | LEMBAGA TABUNG HAJI | 21,156,740 | 7.14 |
| 4 | HLG NOMINEE (ASING) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM | 15,950,000 | 5.38 |
| 5 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB BANK FOR SEOW LUN HOO @ SEOW WAH CHONG (MY1009) | 11,862,400 | 4.00 |
| 6 | ALI BIN ABDUL KADIR | 11,000,000 | 3.71 |
| 7 | TA NOMINEES (ASING) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM | 7,298,300 | 2.46 |
| 8 | CIMSEC NOMINEES (ASING) SDN BHD<br>CIMB BANK FOR LEO SURESH ARIYANAYAKAM (SFD) | 6,600,000 | 2.23 |
| 9 | CIMSEC NOMINEES (ASING) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LALITHA D/O K KRISHNAN NAMBIAR | 6,439,950 | 2.17 |
| 10 | JAGANATH DEREK STEVEN SABAPATHY | 6,022,060 | 2.03 |
| 11 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING) | 4,996,860 | 1.69 |
| 12 | TAN SOH GOH | 3,236,800 | 1.09 |
| 13 | MULTI-PURPOSE INSURANS BHD | 2,693,020 | 0.91 |
| 14 | GUNARETNAM A/L KATHIGASU | 2,630,100 | 0.89 |
| 15 | AMBANK (M) BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR ALI BIN ABDUL KADIR (SMART) | 2,601,500 | 0.88 |

# ANALYSIS OF SHAREHOLDINGS CONTINUED

**LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 23 SEPTEMBER 2011**
(As shown in the record of Depositors) (Continued)

| No. | Name of Shareholder | No. of Shares Held | % |
|---|---|---|---|
| 16 | KRISHNAN A/L C K MENON | 2,487,100 | 0.84 |
| 17 | TASEC NOMINEES (ASING) SDN BHD<br>TA CAPITAL SDN BHD FOR LEO SURESH ARIYANAYAKAM | 2,200,000 | 0.74 |
| 18 | SIEH KOK SWEE | 1,861,640 | 0.63 |
| 19 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB BANK FOR SALBIAH BINTI SHUIB (MM0641) | 1,699,500 | 0.57 |
| 20 | CHEAH TEIK SENG | 1,650,000 | 0.56 |
| 21 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR RAHIMAH STEPHENS (CEB) | 1,485,000 | 0.50 |
| 22 | MOHD SALLEH BIN HJ HARUN | 1,430,000 | 0.48 |
| 23 | JF APEX NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN) | 1,375,000 | 0.46 |
| 24 | BENNY PHILIP | 1,210,000 | 0.41 |
| 25 | NIKOLAI DOBBERSTEIN | 1,100,000 | 0.37 |
| 26 | EAPEN THOMAS A/L K I THOMAS | 990,000 | 0.33 |
| 27 | JAYA KUMAR | 880,750 | 0.30 |
| 28 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR ROSALINE GANENDRA (PB) | 880,000 | 0.30 |
| 29 | SHANTI JACQUELINE A/P K.JEYA RAJ | 866,000 | 0.29 |
| 30 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SALBIAH BINTI SHUIB (CEB) | 825,000 | 0.28 |
| | **Total** | **258,520,260** | **87.26%** |

**SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2011**

| No. | Name of Shareholder | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|---|
| 1 | OSK Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for PT Telekomunikasi Indonesia International) | 87,993,620 | 29.71% | 0 | 0.00% |
| 2 | Netinsat Asia Sdn Bhd | 47,098,920 | 15.90% | 0 | 0.00% |
| 3 | Leo Suresh Ariyanayakam | 32,261,512 | 10.89% | 0 | 0.00% |
| 4 | Lembaga Tabung Haji | 21,156,740 | 7.14% | 0 | 0.00% |

**DIRECTORS' SHAREHOLDINGS AS AT 23 SEPTEMBER 2011**

| No. | Name of Shareholder | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|---|
| 1 | Leo Suresh Ariyanayakam | 32,261,512 | 10.89% | 0 | 0.00% |
| 2 | Krishnan A/L C K Menon[1] | 2,487,100 | 0.84% | 47,098,920 | 15.90% |
| 3 | Dato' Mohd Salleh bin Hj. Harun | 1,430,000 | 0.48% | 0 | 0.00% |
| 4 | Dr. Nikolai Dobberstein | 1,100,000 | 0.37% | 0 | 0.00% |
| 5 | Loh Lee Soon | 347,600 | 0.12% | 0 | 0.00% |

[1] *Deemed interest by virtue of his shareholdings in Netinsat Asia Sdn Bhd*

# GLOSSARY OF ABBREVIATIONS

| | |
|---|---|
| Act | Companies Act, 1965 |
| AGM | Annual General Meeting |
| AUD | Australian Dollar |
| ACCSB | Asian Contact Centre Services Sdn Bhd |
| 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 |
| BTEC | Business and Technical Education Council |
| CCAM | Customer Relationship Management and Contact Centre Association |
| CEO | Chief Executive Officer |
| COO | Chief Operating Officer |
| Code | Code of Business Conduct |
| CRM | Customer Relationship Management |
| CSR | Corporate Social Responsibility |
| ESOS | Employees' Share Option Scheme |
| FRS | Financial Reporting Standards |
| FY | Financial Year |
| GBP | British Pound Sterling |
| HR | Human Resource |
| HRO | Human Resource Outsourcing |
| ICM | Internal control memorandum |
| INR | Indian Rupee |
| IPO | Initial Public Offering |
| ISO | International Standards Organization |
| IT | Information Technology |
| KPO | Knowledge Process Outsourcing |
| LOA | Limits of Authority |
| MASB | Malaysian Accounting Standards Board |
| MNC | Multinational Corporation |

# GLOSSARY OF ABBREVIATIONS (CONTINUED)

| | |
|---|---|
| MSC | Multimedia Super Corridor |
| PBT | Profit before taxation |
| PIKOM | Association of the Computer and Multimedia Industry of Malaysia |
| PJ | Petaling Jaya, 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 Academy | Scicom (Academy) Sdn Bhd |
| Scicom (UK) | Scicom International (UK) Limited |
| SCP | Support Center Practices |
| SEA | South East Asia |
| 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 |

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50250 Kuala Lumpur
Malaysia
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# NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Kristal 1 & 2, 1st Floor, West Wing, Hilton Petaling Jaya, No.2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 3 November 2011 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 2011 together with the Reports of the Directors and Auditors thereon. | (See Note 2) |
| 2. | To declare a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2011 as recommended by the Directors. | (Ordinary Resolution 1) |
| 3. | To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:- | |
| | (i) Krishnan A/L C K Menon | (Ordinary Resolution 2) |
| | (ii) Dr. Nikolai Dobberstein | (Ordinary Resolution 3) |
| 4. | To approve the payment of Directors' Fees for the financial year ended 30 June 2011. | (Ordinary Resolution 4) |
| 5. | To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 5) |
| **B.** | **Other Business** | |
| 6. | 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 DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Ninth Annual General Meeting to be held on 3 November 2011, a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2011, if approved, will be paid on 1 December 2011.

The entitlement date for the dividend payment is 17 November 2011.

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 17 November 2011 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
12 October 2011

# NOTICE OF NINTH ANNUAL GENERAL MEETING (CONTINUED)

**NOTES:-**

**1. 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 provision of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company.

(ii) Where a member appoints two (2) or more 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 under the hand of 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. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

# Proxy Form

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

I / We :
*(INSERT FULL NAME IN BLOCK CAPITAL)*

NRIC (New)/Company No.

CDS Account No.

of

*(Full address)*

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

*(INSERT FULL NAME IN BLOCK CAPITAL)*
NRIC (New) No
of

or failing him/her

*(INSERT FULL NAME IN BLOCK CAPITAL)*

NRIC (New) No.

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 Ninth Annual General Meeting of the Company to be held Kristal 1 & 2, 1st Floor, West Wing, Hilton Petaling Jaya, No.2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 3 November 2011 at 10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

| ***Ordinary Resolutions*** | | ***FOR*** | ***AGAINST*** |
|---|---|---|---|
| ***1*** | Declaration of a tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 30 June 2011. | | |
| ***2*** | Re-election of Mr. Krishnan A/L C K Menon as Director pursuant to Article 84 of the Company's Articles of Association. | | |
| ***3*** | Re-election of Dr. Nikolai Dobberstein as Director pursuant to Article 84 of the Company's Articles of Association. | | |
| ***4*** | Approval of Directors' Fees for the financial year ended 30 June 2011. | | |
| ***5*** | Re-appointment of Messrs PricewaterhouseCoopers as Auditors. | | |

(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 _______________________ 2011

No. of ordinary shares held

*Signature of Member / Common Seal*

**Note:**

*(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

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**SCICOM (MSC) BERHAD**
(Company no. 597426 - H)

Incorporated in Malaysia under the Companies Act, 1965

WWW.SCICOM-INTL.COM