THE SCIENCE OF COMMUNICATION

scicom

TOTAL CUSTOMER DELIGHT

ANNUAL REPORT 2016

TOTAL CUSTOMER DELIGHT

(sy-com)

The **SCI**ence of **COM**munication

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TOTAL CUSTOMER DELIGHT

KEY FACT 1

We are listed in the **GLOBAL SERVICES TOP 100 COMPANIES,** consecutively for 6 years

"Our portfolio of business solutions and industry expertise enables us to address our client's business challenges and translate their strategic vision into roadmaps that will rapidly create new sources of value and differentiation."

Scicom was incorporated in 1997 in Malaysia and is a Public Listed Company (PLC) listed on the main board of Bursa Malaysia. Scicom has been a PLC since 2005 with service centres in Kuala Lumpur and Colombo. We service local conglomerates, multi-nationals and governments around the region and beyond.

Our suite of services include integrated solutions in Customer Lifecycle Management, Education Solutions, e-Commerce Solutions and e-Government Solutions.

Scicom talks, emails, tweets, chats, processes and interacts with millions of customers annually. Over 100 million distinct transactions resolve, enhance, provide value and serves our clients customers in over 30 languages.

Our centres in Malaysia and Sri Lanka, linked and fully redundant via state of the art multi-channel technology platforms, serves a discerning client base.

Scicom provides unique solutions in service excellence across Asia Pacific.

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KEY FACT 2
We have over **19 YEARS** of experience & track record

"Scicom's Customer Lifecycle Management (CLM) professionals turns a customer's experience into a strategic differentiator for our clients"

We understand how to deliver CLM excellence and how to leverage it to drive brand loyalty and profitability. Scicom's customer care platform provides clients with the insights, tools, and capabilities they need to exceed customers' expectations and increase profitability. Our CLM platforms include:

a) Customer Care Outsourcing

Scicom works closely with clients to deliver an omni-channel experience for our client's customers. Records of calls, emails, web interactions, social media information and relevant notes associated with customers are stored into a Customer Relationship Management (CRM) and Knowledge Based platform to enable customer concerns to be resolved quickly and more consistently, regardless of preferred channel of engagement.

b) Customer Care – Technical Support

Scicom's journey based approach for Technical Support combines active listening at every touchpoint with analytics to provide insights and action plans to address cross functional support problems. We manage the complete end-to-end technical support journey and go beyond the individual transaction to understand the broader reasons for the call, email, or social media post. We also address the root causes of issues that damage customers' experience, and assist clients to redesign and support improved journeys.

c) Social Media Support

Scicom provides clients with social media monitoring technologies to reduce the time commitment needed for social media monitoring, engagement and optimisation. Scicom's social media monitoring services enables clients to identify, gather, and analyse relevant customer information that is generated through social platforms.

Education Solutions

"Scicom's mission is to provide differentiated vocational training programmes in services management for large corporates and governments accross the region"

Our world class academic and corporate programmes, supported by high quality content and personalized attention to student learning, are:

a) A dynamic, flexible online educational system

Students will be drawn towards the exciting edutainment portal, which is rich in classroom type lectures, games and quizzes, to help any individual at his or her own pace and ensure that learning has taken place.

b) Specific, up-to-date skills education

Students will also be encouraged to partake in business communication skills programmes as part of their education approach, thus ensuring that students are up to date with the specific skills required in services management.
Our programmes are updated regularly, abreast with the latest industry developments and trends.

c) Job Placement

Graduates who have chosen the career path of a contact centre industry, are encouraged to undertake the courses provided by our academic institution to ensure that they will be able to enjoy job placement assistance. By choosing our academic courses, one would definitely make a lifetime investment in their education and career path.

Digital Marketing
RETAIL
Social Media
Hospitality
TOURISM
Customer Contact Management

www.scicom.edu.my

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KEY FACT 3
We support customers in over **30 LANGUAGES**

E-Commerce Solutions

"Our unique approach of providing innovative end-to-end solutions means that our clients can see significant improvements in efficiency, quality and value"

Scicom's e-commerce solution is integrated to include application development, graphic design, internet marketing and customer support. Our customized solutions provide unmatched ROI, boosted revenue generation as well as increased site engagement and traffic.

We offer unique, tailor-made e-commerce solutions to meet our customer's specific requirements with optimum use of modern IT infrastructure that will guarantee success.
Our customers have the choice of taking the whole suite of Scicom's e-commerce offerings or they can pick the specific services they require. We can thus ensure that the provided solution is a perfect match for the customer's requirements.

Whether the solution entails mobile app development or custom-built e-commerce platforms, our experienced team will cut the time to market and ensure a successful implementation of your internet sales channel. With a wide array of skill sets, we not only focus on the software but the sales funnel that will generate the most conversions.
We do this by experimenting with different user interfaces, and tracking customer navigation and behaviour on the site.

E-Government Solutions

"Our e-Government Solutions enable governments to improve their efficiency and effectiveness via an integrated and unified digital approach for government to citizen services."

Scicom's e-Government Solutions focuses on digital government services and solutions for federal, local and state government clients. Our solutions enable government agencies to rapidly deploy technology tools and services that are easy to use, easy to maintain, and cost efficient. Scicom's e-Government Solutions are customised to each client's specific needs. Our range of services include:

1. International Student Management System

Scicom's International Student Management System is designed to shorten the turn-around time for student visa applications and improve security and compliance for the end-to-end workflows. Our International Student Management System expedites the entire visa application, medical screening and immigration compliance process. The solution provides for the following benefits:

- Complete tracking of the end-to-end process including each of the sub-processes.
- Calculation and tracking of workflow SLA's. Easy document viewing and traceability of passports.
- Integration with border control system for seamless immigration processing.
- Complete student profile including:
  > Student bio data and Medical screening results
  > Insurance coverage and expiry
  > Student pass expiry notifications
- Auditable and complete log of the individual application process.
- Configurable and drilldown dashboards for reporting and analysis.
- Transparent process with real-time updates on application status.

2. Border Control

Our Border Control Solution is a comprehensive border security solution that includes systems and support services for passenger security profiling, immigration processing, biometric recognition and intelligent border control reporting. Scicom's solution protects national borders and provides for the following benefits:

- Fast Processing - Efficiently identify and authenticate legitimate travelers and foreign residents.
- Accountability and Transparency - Ensure that day-to-day operations and procedures comply with laws, policies, regulations, and agreements.
- Integrated Solution - Combines risk assessment of traveler data with the tools required to manage, monitor and operate effective and secure border controls.
- Resource Management - Policy automation easily manages changing policy rules and verifies traveler's eligibility. Allows border control officers to focus on checking high-risk passengers more thoroughly.

3. Border Management Intelligence

Scicom's Border Management Intelligence and reporting capabilities enable the creation and dissemination of a wide range of alerts to meet the operational needs for border control and traveler targeting. Our Border Management Intelligence Engine is able to capture data from a wide range of sources both internal and external and model the data in real time to indicate the level of risk such as to:

- Verify Travelers' Documents, Information & Identity.
- Perform Automated Risk Assessment & Profiling.
- Provide alerts and Border Control Reporting.

4. Advance Passenger Screening System (APS System)

Our Advance Passenger Screening System is designed to ensure that only passengers who are permitted to enter the country will be allowed to board an aircraft. Scicom's Advance Passenger Screening System enhances a country's border security by enabling clients to make key decisions before passengers arrive at their destination such as:

- Checking passport, visa & alerts before passenger boards flight.
- Providing Airlines with electronic board directive (Board/Do Not Board).
- Providing accurate advance passenger information for profiling to determine if intervention at the border is necessary.
- Enabling airlines to use the APS system to provide one set of data to border control agencies.

5. Interpol Integration

Scicom partners with a government's National Central Bureau and Immigration Department to enhance border security by providing integration to Interpol's databases at the country level. Our Interpol Solution connects the local government's Police and Immigration systems to Interpol's secured communications line. Integrating the Extended Interpol Database Service (EIDS) via the National Central Bureau facilitates and benefits the following:

- Secured communication between the Border Control System and EIDS.
- Quick Interpol responses in cases of suspected and wanted persons.
- Real-time access to information on suspected terrorists, wanted persons, fingerprint databases, DNA profiles, lost or stolen travel documents, stolen vehicles, and stolen works of art.
- Alerting authorities on illegal immigration and emigration.
- Instant access to critical policing information.
- Criminal investigation support from other countries.

6. e-Visa Implementation

Our e-Visa solution is an end-to-end solution combining a robust visa approval management and tracking process to securely manage key visa requirements such as application, approval and issuing functions. Scicom's e-Visa solution is an ICAO compliant system that provides benefits to travelers, visa issuing authorities, and Immigration & Border Control agencies. It provides for the following benefits:

- Convenience - Seamless process, visa application and supporting documents are submitted online, payment is made online and the decision on the application is communicated online.
- Fraud Prevention - Prevention of identity theft and misuse as well as the elimination of document fraud and impersonation.
- Movement Tracker - Improves a country's ability to collect information about foreign visitors, as well as providing the ability to monitor the pre-entry, entry, status, and exit of these visitors.

7. Migrant Workers Management System

Scicom's Migrant Workers Management System is an end-to-end solution that integrates with border control systems to enable migrant workforce movement to be monitored. Our Migrant Workers Management System (MWMS) is a web based solution that is designed to provide the following benefits:

- Increases efficiency and decreases application processing duration by eliminating search time for documents & information.
- Significantly lowers per-case handling cost by eliminating paper and manual hard copy processes (forms, documents) and industrializing knowledge-intensive processes.
- Simplifies document and data collaboration and decision-making among inter-government agencies and employers.
- Increases data consistency and accuracy with improved data submission and approval processes. Complete foreign workers profile includes:
  > Bio data and Medical Screening Results
  > Insurance Coverage and Expiry
  > Work Visa Expiry Notifications
- Improves process agility and flexibility to adapt to regulatory or business process updates.
- Implements retention procedures to enable Records Management, including auditable and complete log of the application process for individuals.

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KEY FACT 4
We offer
24 x 7 x 365
OPERATIONS

E-Government Solutions

8. Medical Screening System for Foreign Workers and Students

Our Medical Screening Solution help prevent the spread of communicable diseases with electronic health records for foreign workers and students. Scicom's Medical Screening Solution connects the relevant healthcare stakeholders seamlessly through interoperable health information processes and technologies.

Our Medical Screening Solution goes beyond the management of migrants' clinical data to encourage communication and collaboration between all the stakeholders involved. Scicom's Medical Screening Solution rest on a foundation of technology, data standards and security that ensures the confidentiality of personal health information and provides for the following benefits:

- Systematic and integrated approaches to migration healthcare monitoring. Critical health information is available when and where it is needed.
- Protects national public health - minimises the risk of infectious diseases.
- Reduces long-term health and social costs.

9. Citizen Identification Solution

Our Citizen Identification solution makes Government-to-Citizen transactions safer, easier and more efficient. Scicom's Citizen Identification Solution enables governments to deploy an effective identity management solution and stay ahead of counterfeiters. Our solution revolves around the Citizen Identity Lifecycle and facilitates for the following:

- Register infants and obtain biometric data and provide an electronic identity which is tied to the parent's/guardian's identities in the Central Citizen ID Repository.
- All government sources for birth, name change, parent/guardian status, marriage, divorce, and death are linked to the Integrated Citizen ID and Civil Registry.
- When an adult applies for a passport, driver's license, or health care and social security benefits, his/her identity is validated by providing biometrics which are then matched against the National Citizen Identity Repository.
- When a person dies, the authoritative source for recording deaths will then automatically update the citizen's entry in the National Citizen Repository via Application Programming Interfaces (API) tied to the national citizen identity provisioning system.

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KEY FACT 5
We handle over
100 MILLION customer
interactions annually

- Single identity per citizen. Any changes to the identity are then shared with other relevant services.
- One repository to change information like addresses, marital status, etc. The same identity is used for access management.
- Citizens don't have to fill in the same information over and over in forms for different services.

10. Phytosanitary Information Management System

Scicom's Phytosanitary Information Management System turns costly, time consuming and inefficient paper based processing into a streamlined online process. Our Phytosanitary Information Management System (PIMS) provides an on-line platform for registering importers and exporters and expedites the phytosanitary certification, import approval, release and transit approval processes. It facilitates for the following benefits:

- Streamlines the inspection, laboratory testing and treatment procedures.
- Support the needs of exporters and importers by eliminating export delays and costs associated with the traditional paper and courier based certification.
- Shortens the turnaround time for clearance of plants and plant products at the point of entry, reduces the time required to obtain a phytosanitary certificate, and decreases the risk of fraudulent certificates.
- Ensures that the plants or plant products covered by the certificates or permits have been inspected according to appropriate procedures and are considered to be free from quarantine pests and conforms with the regulations of the respective countries.

11. Biometric Technology

Our Biometric technology plays a critical role in a modern and effective border control system, enabling governments to authenticate travelers quickly and to detect potential threats. Scicom's Biometric Solution is a centralised biometric entry-exit system that records the arrival and departure of foreign travelers, conducts terrorist, criminal, and immigration violation checks and compares biometric identifiers to those collected on prior travel to verify the identity of a person. It provides for the following benefits:

- Improves a country's ability to collect information about foreign travelers, as well as enabling the pre-entry, entry, status, and exit of these travelers.
- Documents and reports on daily trends in biometrics enrolment, Watch List hits, verifications, and accuracy of biometrics repositories.
- Implements a flexible and scalable technical interoperability architecture.

12. Analytics and Business Intelligence

Our big data and analytics technologies will enable government agencies to do more with less. Scicom utilise big data solutions and works closely with government clients to find effective solutions to protect citizens while also increasing operational efficiency, responsiveness and effectiveness.
It facilitates for the following benefits:

- Drive smarter decision-making – enable access to critical information and services anytime, anywhere.
- Protect borders - real-time situational awareness for intelligence and law enforcement agencies.
- Improve citizen services – leverage insights to predict and prepare for future demands.
- Increase efficiency and collaboration – sharing of information between agencies.
- Drive transparency and accountability.
- Increase engagement, enhance service delivery, lower costs, reduce waste, improve compliance and enhance national security.

13. Analytics and Business Intelligence - Big Data for Smart Cities

Scicom's Analytics and Business Intelligence solution leverages information across city agencies and departments to coordinate resources to respond to issues rapidly and effectively. Our solution involves gathering, storing and providing access to data through applications such as decision support systems, query and reporting, online analytical processing, statistical analysis and forecasting. It identifies patterns in data collected in the past while data analytics looks at what can be done with the data in the future. Scicom's Big Data and Analytical tools are used to convert data to insights and provides for the following:

a) *Executive Dashboard*
- Situational Awareness
  - > Alerts
  - > Pattern detection
  - > Social media integration
  - > Analytics and reports

b) *Command Centre*
- Real time monitoring
  - > Performance indicators
  - > Impact analysis
  - > Line of sight
  - > Decision support

c) *First Responder & Field Operations*
- Collaboration
  - > Standard operating procedures
  - > Smart routing

Delivering on Our Promise

World-Class Service

Strategic Locations

Talented Workforce

SECTORS

- Central Government
- Corporates
- Education
- Financial
- Health
- Insurance
- Local Government
- Retail
- Retail Banking
- Telecommunications
- Media
- Transport
- Travel and Leisure
- Utilities
- Technology

DELIGHT ME EACH TIME WE INTERACT

MAKE ME FEEL VALUED

CONVINCE ME TO TRUST YOU

scicom
TOTAL CUSTOMER DELIGHT

KEY FACT 6
We provide services for over **45 BLUE-CHIP** clients

COMPANY PROFILE
OUR GLOBAL DELIVERY CAPABILITIES AND EDICTS

SERVICES

- Customer Facing Services
- Administration and Business Support
- Business Process Management
- Consultancy and Change Management
- Emergency Services
- Customer Contact Management
- Process Re-Engineering
- E-Commerce
- Legal Process Outsourcing
- Information Technology
- Financial Services
- Property and Infrastructure
- Service Design
- Travel and Events Services
- On-line Portal Development
- Social Media
- Software Development
- Payment Gateways
- Education and Training
- Border Security
- Insurance Services
- Human Resources and Recruitment

RESPECT MY PRIVACY

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

PERSONALISE IT TO MY TASTES & NEEDS

SOLUTION SETS

- Education Solutions
- Changing Customer Behaviour
- Data Analytics
- Improving Efficiency
- Application & System Integration
- Social Media Support
- Software Solutions
- Improving Customer Loyalty
- Improving Your Services
- Increasing Revenue
- CRM Applications
- Biometric Solutions
- Reducing Risk
- Understanding Your Customer
- Enhancing Your Brand
- Backend Processing Fulfilment
- Big Data & Analytics

DON'T PRETEND TO KNOW WHAT I WANT

ANTICIPATE MY FUTURE NEEDS

ONCE IN A WHILE, PLEASANTLY SURPRISE ME

DELIVER ON YOUR PROMISE EVERY TIME

COMPANY PROFILE
CORPORATE DIRECTORY AND GROUP STRUCTURE

BOARD OF DIRECTORS

Krishnan A/L C K Menon
Non-Independent Non-Executive Director/Chairman

Dato' Leo Suresh Ariyanayakam
Non-Independent Executive Director/ Chief Executive Officer

Dr. Nikolai Dobberstein
Independent Non-Executive Director

Dato' Mohd Salleh Bin Hj Harun
Non-Independent Non-Executive Director

Loh Lee Soon
Independent Non-Executive Director

Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Independent Non-Executive Director

Karen Judith Goonting
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Loh Lee Soon
Chairman

Dato' Mohd Salleh Bin Hj Harun
Member

Dr. Nikolai Dobberstein
Member

Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Member

NOMINATION & REMUNERATION COMMITTEE

Dr. Nikolai Dobberstein
Chairman

Dato' Mohd Salleh Bin Hj Harun
Member

Loh Lee Soon
Member

Karen Judith Goonting
Member

COMPANY SECRETARY

Wong Wai Foong
(MAICSA 7001358)

Kuan Hui Fang
(MIA 16876)

REGISTERED OFFICE

Scicom (MSC) Berhad
(Company No. 597426-H)
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 2783 9191
Fax : 03 2783 9111

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 2783 9299
Fax : 03 2783 9222

PRINCIPAL BANKER

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

CIMB Bank Berhad
KLCC Branch, C04-C05
Concourse Level, Petronas Tower 3
Suria KLCC, Jalan Ampang
50088 Kuala Lumpur

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 Rakyat
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
E-mail : corpinfo@scicom-intl.com

scicom
TOTAL CUSTOMER DELIGHT

KEY FACT 7
We have over
53 nationalities
working for us

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

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

PT SCICOM INDONESIA
(Jakarta, Indonesia)
100% owned

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

SCICOM INC
(Glenview, Illinois, USA)
100% owned

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

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

SCICOM LANKA (PRIVATE) LTD
(Colombo, Sri Lanka)
100% owned

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

SCICOM E SOLUTIONS SDN BHD
(Kuala Lumpur, Malaysia)
100% owned

SCICOM (CAMBODIA) CO., LTD
(Phnom Penh, Cambodia)
100% owned

Krishnan Menon

Non-Independent Non-Executive Director & Chairman

Krishnan Menon, a Malaysian, 66, male, 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 Malaysian Institute of Accountants and the Malaysian Institute of Certified Public 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 currently the Chairman of KLCC Property Holdings Berhad , Econpile Holdings Berhad and KLCC Holdings Sdn Bhd . He is a non-executive director of Petroliam Nasional Berhad .

Dato' Leo Ariyanayakam

Non-Independent Executive Director

Dato' Leo Ariyanayakam, a Sri Lankan with a Malaysian permanent residence status, 53, male, was appointed to the Board of Scicom 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 Contact Centre Service Provider of the Year for 3 consecutive years, 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 he 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 honored 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.

Dato' Mohd Salleh Bin Hj Harun

Non-Independent Non-Executive Director

Dato' Mohd Salleh bin Hj Harun, a Malaysian, 72, male, was appointed to the Board of Scicom on 22 August 2005. He is a member of the Audit and Risk Management Committee as well as the Nomination and Remuneration Committee. He is a Fellow of the Institute of Bankers and is a member of the Malaysian Institute of Certified Public Accountants. He started his career in the government service in 1971, then he moved on to the banking and financial sector in 1974, where he accumulated thirty-two (32) years of experience holding various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad respectively. He was Deputy Governor of Bank Negara Malaysia between 2000 and 2004. His previous directorships include RHB Bank Berhad, RHB Insurance Berhad (as Chairman), RHB Islamic Bank Berhad, Malayan Banking Berhad (as Vice Chairman), as well as Chairman of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Maybank Ageas Holdings Berhad and Maybank Philippines.
He is currently a director of Asia Capital Reinsurance Malaysia Sdn Bhd and Etiqa Insurance Pte Ltd (as Chairman).

Dr. Nikolai Dobberstein

Independent Non-Executive Director

Dr. Nikolai Dobberstein, a German, 50, male, was appointed to the Board of Scicom on 22 August 2005. He is also a member of the Audit and Risk Management 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, internet 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.

Loh Lee Soon

Independent Non-Executive Director

Loh Lee Soon, a Malaysian, 61, male, was appointed to the Board of Scicom on 25 April 2007. He is the Chairman of the Audit and Risk Management Committee and a member of 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 over thirty (30) years in the professional accounting, finance and management consulting fields, including six (6) years as a Practice Director of a big four firm in Malaysia. He has also held senior finance, general management and sales management positions in multi-national and Malaysian companies.

He is also an Independent Director of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Maybank Asset Management Group Berhad, Maybank Asset Management Singapore Pte Ltd, and Maybank International (L) Ltd.

COMPANY PROFILE BOARD OF DIRECTORS

Dato' Nicholas John Lough @ Sharif Lough bin Abdullah

Independent Non-Executive Director

Dato' Nicholas John Lough, a British national a with a Malaysian permanent residence status, 64, male, was appointed to the Board of Scicom on 14 May 2014. He is also a member of the Audit and Risk Management Committee. He holds a diploma from the National Association of Goldsmith, London, Great Britain and is a member of the Gemological Association of Great Britain.

He has extensive experience in the fields of Corporate Finance and Strategic Planning.

Dato' Lough is currently a director of GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust, and Hong Leong Bank Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

Karen Goonting

Independent Non-Executive Director

Karen Goonting , a Malaysian, 54, female, was appointed to the Board of Scicom on 14 May 2014. She is also a member of the Nomination and Remuneration Committee. Karen holds a Bachelor of Laws from Victoria University of Wellington, New Zealand and a Bachelor of Science (Psychology) from the University of Upper Iowa, USA. She is a Barrister & Solicitor of the High Court of New Zealand and an Advocate & Solicitor of the High Court of Malaya.

Karen has over 29 years of experience in the private sector as a practicing lawyer and thereafter as a consultant to clients in the energy, healthcare, telecommunications, road safety and government sectors inclusive of 10 years of experience as a psychologist in road safety and behaviour change. She is currently the Asian Development Bank's National Road Safety Advisor for Malaysia for its ASEAN road safety capacity building project.

None of the Directors have :
- Any family relationship with any Director and/or substantial shareholder of the Company
- Any conflict of interest with the Company
- Any conviction for offences within the past 5 (five) years (other than traffic offences, if any), and
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

Jayakumar

Chief Financial Officer

Jayakumar, a Malaysian, 58, male, joined Scicom on 16 April 1998. 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 30 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 Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators.

Jude Mohan

Chief Operating Officer - Education

Jude, a Malaysian, 51, male, joined Scicom on 1 October 2007 and helms the Scicom Education Group, 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 Services Management space.

Jude has been in the business of product management, strategic marketing, and consumer behaviour with particular interests in consumer morphology and ethnomethodology, for more than two decades of his life.

An ardent exponent of provocative marketing and consumer solutions, his last international posting was with American healthcare giant, 21st Century Healthcare, Inc. where he served as their Chief Operating Officer for Asia. He has worked with over 50 fast moving brands and has successfully seen the fruits of his thought, bear profit making results. Some of his past clients include Marlboro Cigarettes for Philip Morris Inc., Kent Cigarettes for British American Tobacco, Hugo Boss, Hyundai Automobiles, Starbucks Coffee, Digi Telecommunications, Otis Elevator, Porsche, TV3 (Malaysia) and Cerruti 1881.

He was awarded Silver for 'Services Executive of the Year 2014 – Asia Pacific' by Stevie Awards International, the world's premier business awards. The award was given for his achievements in Services Management education for Scicom (MSC) Berhad.

Jude holds a Masters in Business Administration from Newcastle and is a member of the Customer Experience Management Professionals of USA, and the Royal British Society for Philosophers.

Benny Philip

Chief Operating Officer - Outsourcing

Benny, an Indian national with a Malaysian permanent residence status, 48, male, joined Scicom on 21 July 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. In 2011, Benny was the recipient of the Malaysia HR leader of the year award. He has over 23 years of experience with 14 of those being in Senior Management roles. Prior to joining Scicom, Benny was employed by HSBC where he held VP level roles in Human Resources and subsequently in Projects & Planning for the Global Resourcing division of the HSBC Group.

He was awarded the Asia Outstanding Leadership Award conferred by CMO Asia in 2014.

Benny has a Master's degree in Human Resources Management and a Bachelor's degree in Mathematics and brings to Scicom very significant management experience gained from working with Global organizations such as Unilever, Panasonic, Ford Motor Company and HSBC.

COMPANY PROFILE
SENIOR MANAGEMENT TEAM

COMPANY PROFILE SENIOR MANAGEMENT TEAM

Jasim Puthucheary

Chief Operating Officer - Scicom E Solutions

Jasim, a Malaysian male, aged 46, joined Scicom on the 15th of January, 2009, as COO for Scicom E Solutions. Jasim is responsible for Scicom's focus on digital government services and solutions which enable government agencies and its stakeholders to rapidly deploy technology tools and services that are easy to use and cost efficient while at the same time enhancing and transforming government service delivery by working with government agencies that are ready to adopt modern approaches to managing and delivering digital services. Jasim has P&L responsibility for the E Solutions Division.

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, a Sri Lankan, 53, male, joined Scicom on 20 January 2011. He is an information technology professional with over 26 years of experience, broad based knowledge and skills in implementing large scale and highly technologically complex projects in major financial institutions in UK, Malaysia, Sri Lanka and Kenya. As a Fellow of the British Computer Society (BCS) - Chartered Institute for IT, UK, he takes his place among the most senior and respected professionals in the field of IT.

Prior to joining Scicom, Chandima worked as the Chief Information Officer (CIO) at the Government owned Sri Lanka Insurance Corporation (SLIC), the oldest and one of the largest insurance service providers in Sri Lanka.

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

In his early years, he worked as a Systems Analyst with British Hartford-Fairmount Engineering, UK. There after he held the positions of Chief Manager ICT at Commercial Bank of Ceylon, the Head of ICT and Banking Operations (Deputy General Manager/CIO) at Hatton National Bank in Sri Lanka and the Head of ICT (CIO) at CfCStanbic Bank, the East African Headquarters of Standard Bank Africa in Nairobi, Kenya.

He is also a Board Director and Member of the Board Integrated Risk Management Committee of National Savings Bank, Sri Lanka.

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

COMPANY PROFILE
SENIOR MANAGEMENT TEAM

Kelvin Loke Cheong Hian

Senior Vice-President - Finance

Kelvin, a Malaysian, 41, male, joined Scicom on 20 September 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 17 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.

Brenda Lisabeth Marshall

Senior Vice President – Centre for English Studies

Brenda, a Malaysian, 62, female, rejoined Scicom on 1 August 2014 spearheading Academy's business opportunities and the development of customized training solutions and services for both internal and external clientele for English Studies.

Brenda left the Academy in 2009, after 3 years as Vice President of Scicom (Academy) Sdn Bhd and joined AirAsia Academy as Head of Studies. Subsequently in 2012, she was moved to head up the Training and Development department of AirAsia Berhad where she was responsible for the learning and development initiatives across the company. In this role, she also worked on rolling out AirAsia's project to implement e-learning across the Group.

Prior to assuming her current position as Senior Vice President, Centre for English Studies in August 2014, Brenda completed a University of Cambridge CELTA Program in English Teaching at RMIT, Melbourne Australia.

Brenda holds a B.A in Mass Communications, an LLB (University of London) and LLM (University of New South Wales, Australia). She has also garnered extensive experience in marketing, advertising and management from her 25 years of service with the New Straits Times Press (Malaysia) Berhad prior to first joining Scicom in 2006.

COMPANY PROFILE
SENIOR MANAGEMENT TEAM

Shanti Jacqueline Jeya Raj

Senior Vice-President - Human Resources, Learning & Development and Total Quality Management

Shanti, a Malaysian, 51, female, joined Scicom on 3 January 2000 as a Customer Relationship Executive, and within one year, was spearheading the Group's Training Department for both internal and external clients. She was subsequently appointed 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 multi-national corporations over a 13-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

Head & Vice-President - Scicom Marketing

Jerry, a Malaysian, 55, male, joined Scicom on 6 January 2003. In his capacity as the Head & 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 to its base of clients. He is also responsible for the Group's internal and external marketing communications and public relations initiatives.

He has over 23 years of practical experience in advertising, having previously hailed from J.Walter Thompson(JWT), Dentsu, Young & Rubicam (DYR) and DraftWorldwide (DWW). Jerry has managed a list of global and regional brands such as Kraft General Foods, Nestle, Salem, Ford, Citroen, Citibank, ASTRO, Kellogs and HSBC. He has won numerous advertising awards regionally and locally. During the last 8 years of his time in advertising, he was involved in the setting up of various integrated marketing arms for JWT, as Associate General Manager and DYR, as General Manager, specialising in relationship marketing.

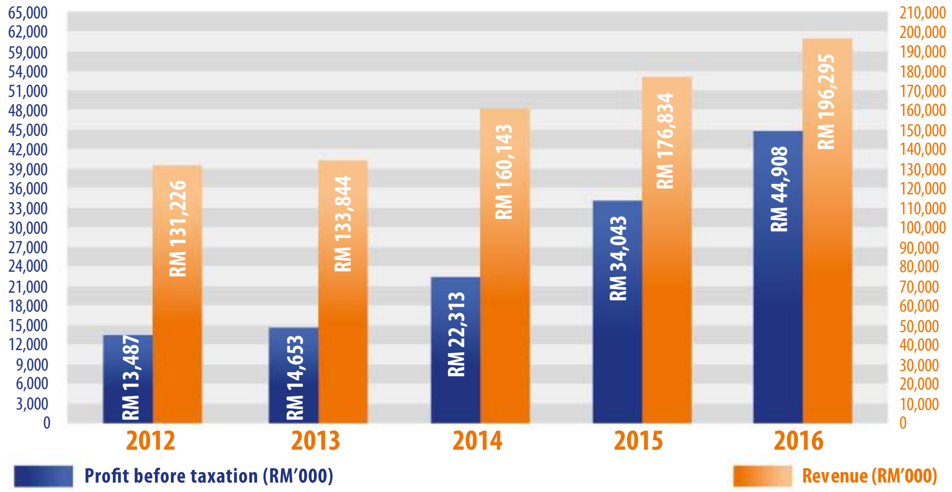
Prior to joining Scicom, he was the Regional Managing Director of DraftWorldwide. His core responsibility was to re-structure its 11 offices in South East Asia (SEA), transforming them from a direct marketing agency to a main stream advertising group. He was also a member of the Board of Directors for DWW SEA.

Jerry holds a Masters of Science and Bachelor of Science Honour's Degree respectively in Behavioural Science. He also holds an Associate of Arts Degree in Social Sciences and is a life member of UNICEF since 1979.

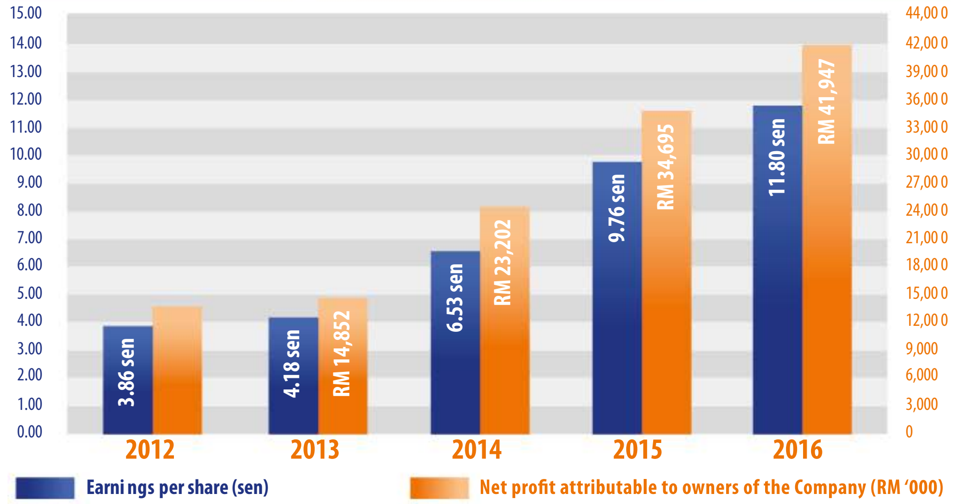
None of the Senior Management Team members have :
- Any family relationship with any Director and/or substantial shareholder of the Company
- Any conflict of interest with the Company
- Any conviction for offences within the past 5 (five) years (other than traffic offences, if any), and
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
PROFITABILITY (RM'000)				
Operating revenue	196,295	176,834	194,023	174,335
Profit before taxation ("PBT")	44,908	34,043	39,961	26,967
Net profit for the financial year	41,602	34,166	36,601	27,096
Net profit attributable to the owners of the Company	41,947	34,695	36,601	27,096
KEY BALANCE SHEET DATA (RM'000)				
Total assets	110,265	94,539	103,349	92,144
Total liabilities	17,604	14,340	15,375	12,335
Capital and reserves attributable to Owners of the Company	92,661	80,199	87,974	79,809
Net cash position	37,003	24,077	36,076	23,272
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	11.0%	10.4%	11.3%	10.6%
- PBT growth (%)	31.9%	52.6%	48.2%	7.9%
- Net profit growth (%)	21.8%	52.5%	35.1%	8.9%
- Basic earnings per share (sen)	11.80	9.76	N/A	N/A
- Diluted earnings per share (sen)	N/A	N/A	N/A	N/A
- Asset turnover (times)	1.78	1.87	1.88	1.89
- Net return on equity (times)	0.45	0.43	0.42	0.34
Liquidity				
- Current (times)	5.02	5.27	5.51	5.97
- Cash over total assets (%)	33.6%	25.5%	34.9%	25.3%
- Trade receivables turnover (months)	2.64	2.98	2.64	2.99
Financing				
- Debt over equity (times)	—	—	—	—
- Gearing (times)	—	—	—	—
Market Based (as at 30 June) :				
Market capitalisation (RM'000)	806,880	725,125		
Price-earning ratio (times)	19.24	20.90		
Dividend Yield (%)	3.5%	3.7%		
Net Asset Per Share (sen)	26.07	22.56		

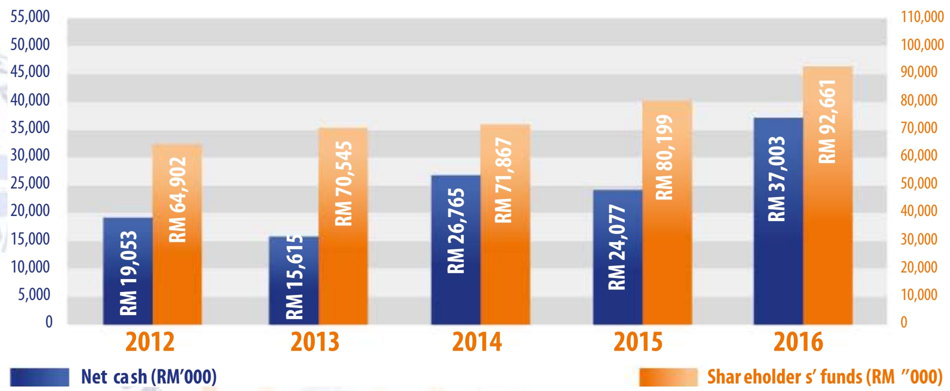
REVENUE AND PROFIT BEFORE TAXATION

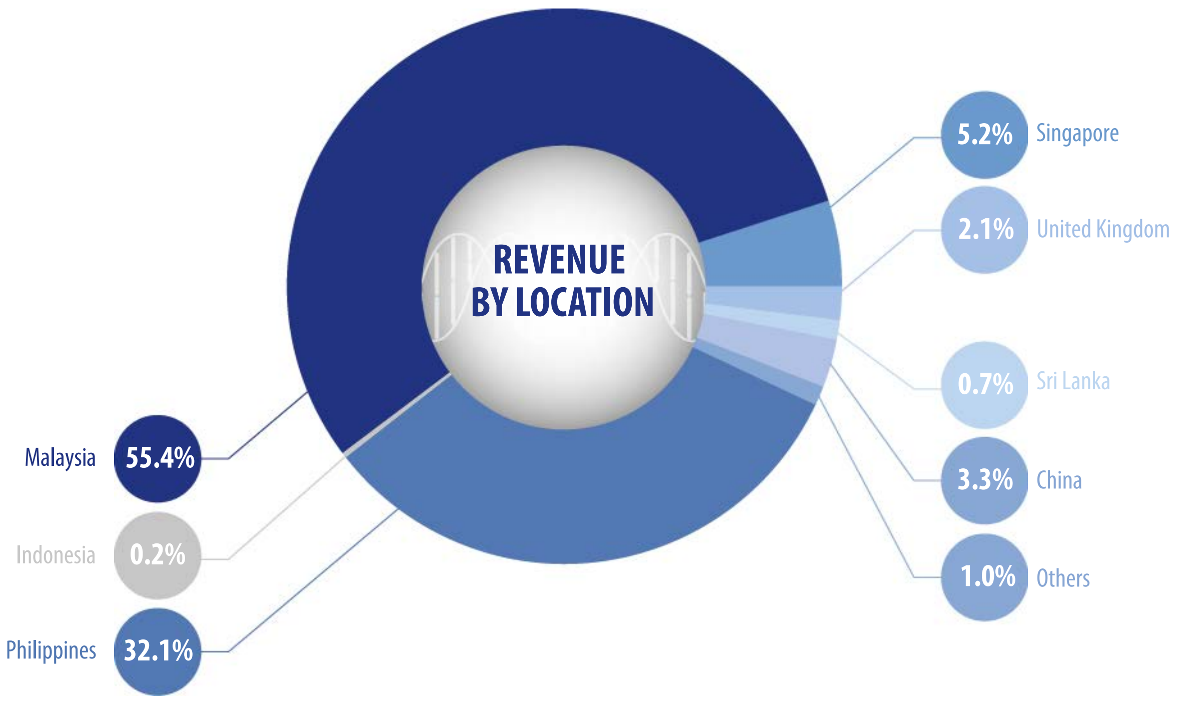


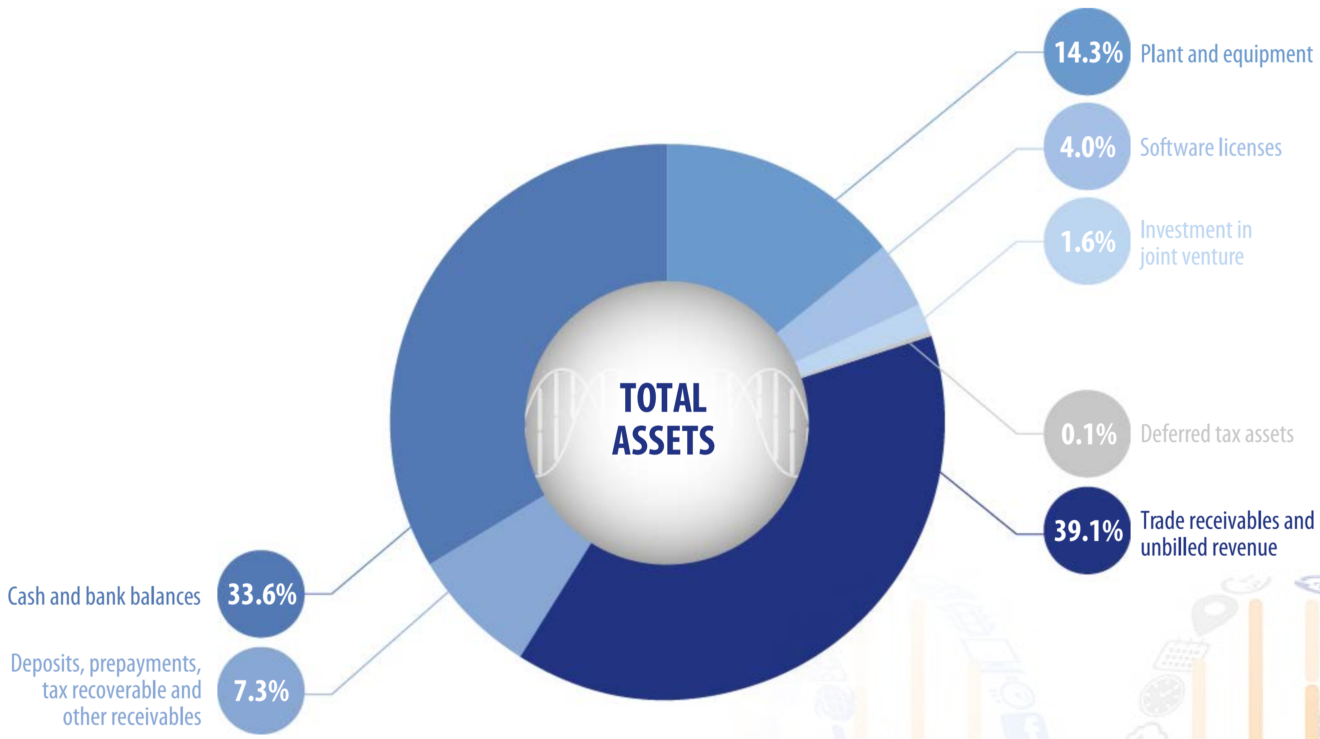
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE



SHAREHOLDERS' FUNDS AND NET CASH

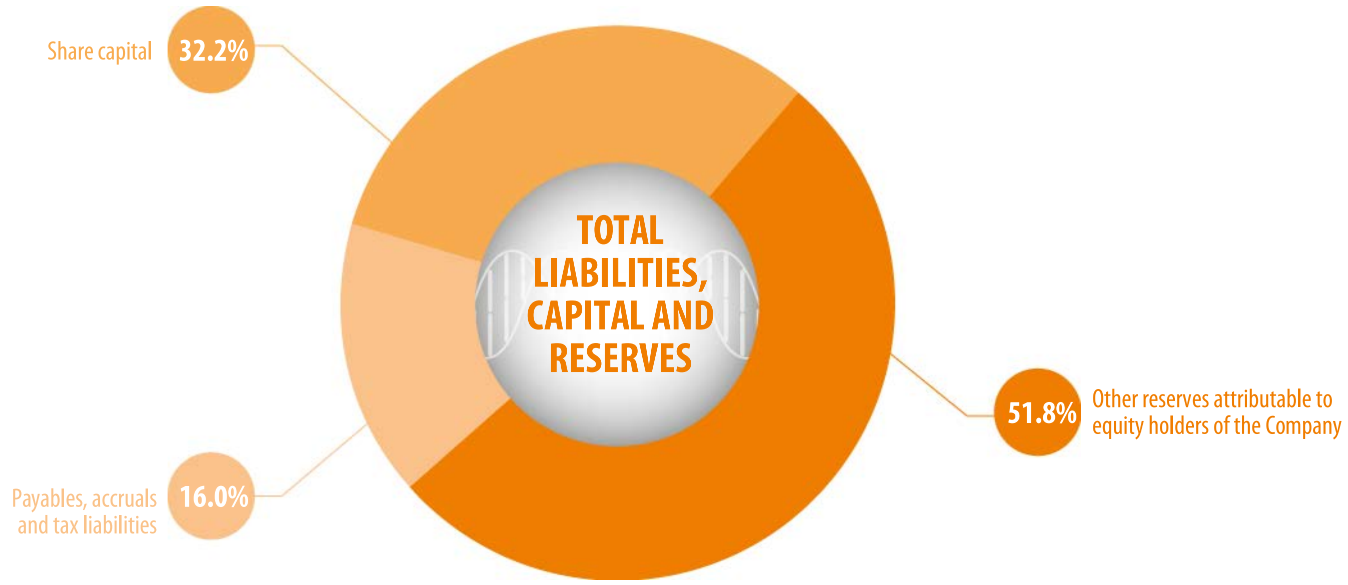


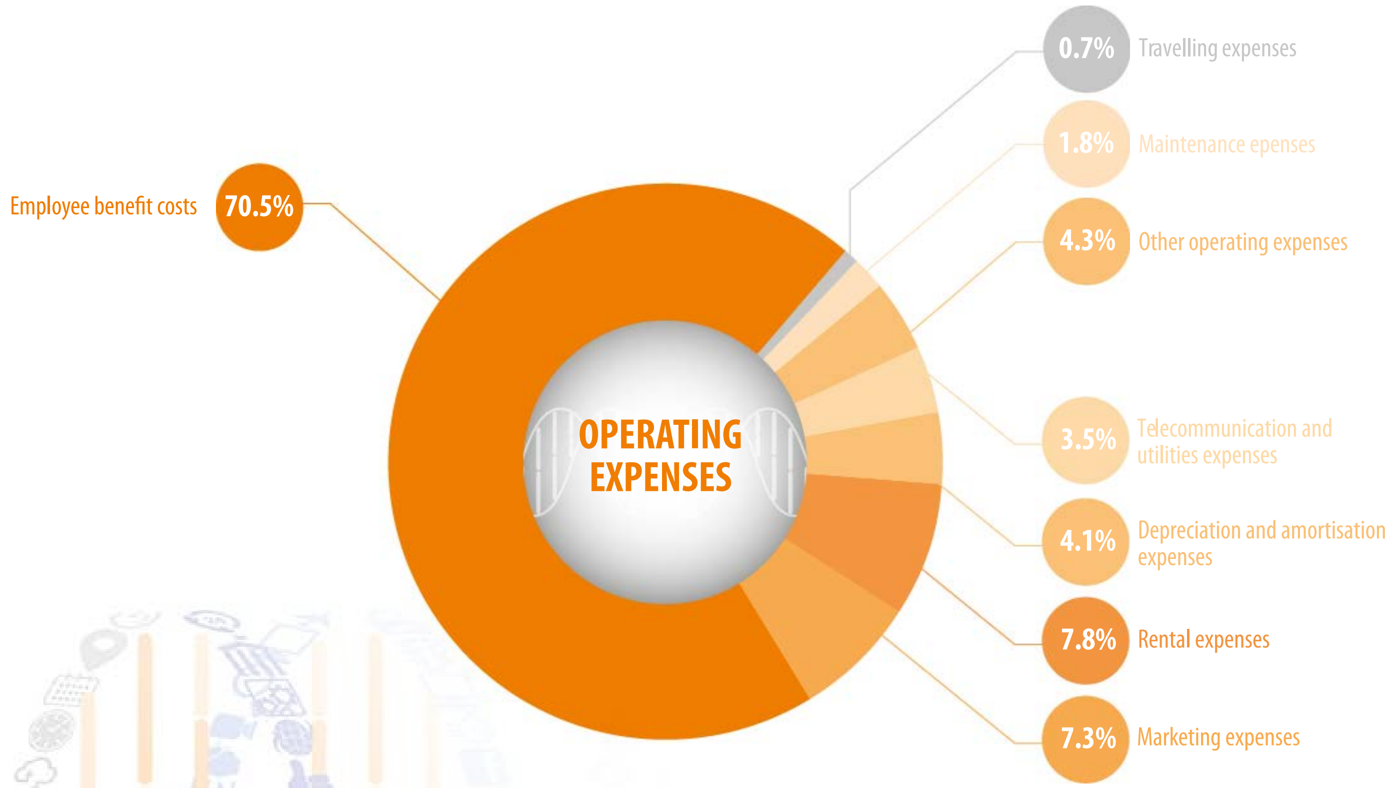




scicom
TOTAL CUSTOMER DELIGHT

KEY FACT 8
We have been winning **International & Local Industry Awards** since **1998**





> **"Improving Scicom's ability to drive continuous growth requires rethinking its business strategy, organisation, capabilities, and culture. The Board's role is to shape the strategy, set performance targets, monitor risks and ensure that the Senior Management Team invests to build capabilities that is aligned with the growth strategy."**

DEAR SHAREHOLDERS,

Scicom delivered record revenues and net profits for the financial year ended 30 June 2016. Revenue increased by 11.00% to RM196.29 million, and net profit increased by 21.76% to RM41.60 million , as compared to the previous financial year. The exceptional financial performance validates our strategy to focus on key clients and services and our decision to expand into the digital government services market.

Scicom has been a trusted partner for innovating the customer experience and service delivery platforms for Fortune 500 companies for almost two decades. Three years ago, we started working with government clients to architect and deliver digital government transformation projects to better serve and enable all relevant stakeholders with efficient and cost effective solutions.

Governments in emerging countries are in the early days of their digital government journey and are now focused on building technology platforms in order to deliver convenient services to citizens and businesses. We believe federal, state and local governments will be an attractive market for digital technologies as governments move to offer digitized services to their citizenry in a world that is being rapidly connected and Omni-channel in nature.

Across the entire digital services value chain, Scicom is creating digital government platforms that provide consistent long term revenue streams amidst a challenging global economic environment.

During the financial year, the Group also executed on its plan to grow its digital government business to emerging countries. Scicom set up a wholly owned subsidiary, Scicom E Solutions Sdn Bhd, on the 30th December 2015 to focus on growing our digital government services revenue and are in the process of applying for MSC status for the company to leverage on the incentives offered by the Malaysian government in this rapidly growing field. On the 8th April 2016, Scicom set up a wholly-owned subsidiary, Scicom (Cambodia) Co., Ltd. in the Kingdom of Cambodia to tap into emerging markets in Indochina.

IMPROVING RETURNS FOR OUR SHAREHOLDERS

FY2016 has been another year of excellent returns for shareholders. The Board declared a total dividend of 9.0 sen per ordinary share that is tax exempt for the financial year ended 30 June 2016. Total dividends declared amounted to 76.27% of total net profit attributable to the owners of the Group which reflects the Board's continuing commitment towardsmaintaining a consistent dividend payout ratio for its shareholders.

Taking into account dividends and share issuances, the Group delivered a compounded growth rate of 969.12%, since the IPO in 2005 (assuming all dividends are reinvested at spot prices). We completed FY 2016 with RM37.00 million in cash and a zero debt position. A strong balance sheet and solid cash flows will continue to provide us with the operating flexibility to fund organic growth and explore new business initiatives.

GOVERNANCE AND THE BOARD

Improving Scicom's ability to drive continuous growth requires rethinking its business strategy, organisation, capabilities, and culture. The Board's role is to shape the strategy, set performance targets, monitor risks and ensure that the Senior Management Team invests to build capabilities that is aligned with the growth strategy.

The Board consists of 7 members, who collectively have the knowledge and experience to drive the Group's growth agenda and to monitor the business and financial risks. Scicom's Board of Directors are leaders in their respective fields—IT, Finance, Consulting, Legal, and Corporate Governance.

OUTLOOK AND FUTURE PROSPECTS

Scicom will continue to pursue new and better ways to serve its clients. The Group strives to anticipate our client's future needs and prioritises investments that builds capabilities that will enable us to be competitive in the Customer Lifecycle Management, Education and Digital Government Services marketplace.

Customer Lifecycle Management: The focus will be on improving Scicom's dominant position in the ASEAN region and to grow the domestic market in Sri Lanka. Riding on our success over the years, Scicom will continue to provide a distinctive experience for our client's customers, seeing the world through their customer's eyes to improve customer experience and satisfaction. Creating value through transforming customer journeys will drive top line growth for our clients and enable Scicom to lead the marketplace for multi-lingual and multi-channel services in the Asia Pacific region.

Education: Scicom's Education business unit provides both corporates and governments with vocational training in the Services Management sector. In FY2017, the focus will be on designing a learning solution that will close the critical skills gap that employers face in the services industry. Scicom Academy creates tailored learning programmes for clients that have a variety of approaches, from hands-on experience in simulated environments to online professional development and one-on-one coaching.

We plan to pilot additional experiential learning programmes that are designed for an organisation's unique requirements. This enables participants to practice and refine new skills and to positively impact organisational performance.

Digital Government Services: Scicom has been at the forefront of designing customer centric processes and shaping successful customer journeys. We are now taking that to the public sector to make government services, citizen and business centric, addressing the whole experience from start to finish, making the process clear, simple, and logical. There is sizeable business opportunity for Scicom to implement citizen centric solutions for delivering government services and to accelerate the digital government journey for clients. Our focus here is to build highly scalable digital government platforms and solutions that will enable governments to use technology to serve citizens and businesses better.

Scicom after almost two decades in business has evolved from offering basic call centre services to providing complex solutions to a discerning client base comprising of MNCs, local conglomerates and governments. Our continued diversification enables us the flexibility to offer complex integrated solutions across the entire supply chain to our clients. Today, we have proven capabilities in process re-engineering, software development, online portal development, social media support, application and systems integration, payment gateways, CRM applications, biometric solutions, customer contact management, backend processing and fulfillment, big data and analytics, e-commerce, education solutions and customer facing services. We believe that Scicom is well positioned with a compelling strategy and an implementation capability that will enable it to conduct the businesses of the future, today.

APPRECIATION

My heartfelt thanks goes to entire Scicom staff for their commitment and passion to deliver value for our clients and our company. I wish to thank the Government of Malaysia, our shareholders, and our loyal clients for their continued support. As always, I would also like to express my gratitude to my fellow Board members for their dedication and guidance in shaping the Group's strategic direction. In closing, I would like to congratulate the entire Scicom team for a truly exceptional year.

Thank you.

Krishnan Menon
Chairman

"The diversification of our business from that of a pure play contact centre outsourcing proposition to that of an integrated solutions player in Customer Life cycle Management, Education, e-Government associated e-Commerce has provided Scicom with an opportunity to leverage on typically higher margins for these solution sets."

DEAR FELLOW SHAREHOLDERS,

DELIVERING IN FINANCIAL YEAR 2016

In fiscal year 2016 SCICOM, again; delivered profitable growth, increased revenues, achieved double-digit EPS growth, generated solid cash flow and significantly increased dividend payments to shareholders.

Here are some highlights:

- We delivered record annual revenues of RM196.29 million. Revenue increased by RM19.46 million or 11.00% in comparison to the preceding financial year.
- We delivered RM41.60 million in net profit - an all-time high representing an increase of RM7.44 million or 21.76% as compared to the preceding financial year.
- Our net profit margin improved to 21.19% for this financial year as compared to 19.32% in FY 2015.
- Basic Earnings Per Share (EPS) was at a record 11.80 sen, as compared with 9.76 sen in the preceding financial year, representing an increase of 20.90%. Compound Annual Growth Rate for the Group's EPS over the last 5 years is 25.84%.
- We generated free cash flows of RM41.44 million and maintained a very strong balance sheet, ending the year with RM37.00 million in cash and a zero debt position.
- We continued to return cash to shareholders through our consistent dividend policy. Total dividend declared during the financial year 2016 was 9.0 sen per ordinary share, tax exempt; resulting in a dividend payout ratio of 76.27% of FY 2016's net profit attributable to the owners of the Company.
- Shareholders also saw an increase in their return on investment value as Scicom's share price increased from RM2.04 per share on 1 July 2015 to RM2.27 on 30 June 2016. As a result, market capitalisation for Scicom increased by 11.275% to RM806.88 million by the end of FY 2016.
- Since our IPO in 2005, Scicom shares have delivered a compound annual total return to shareholders (including dividends reinvested at spot prices) of 969.12%.

We continue to show solid earnings growth, combined with our focus on returning cash to shareholders. We extended our track record of creating exceptional shareholder value through the provision of a high dividend payout and by the capital appreciation in the value of our shares.

EVOLUTION OF SERVICES, RISK AND MARGIN DIVERSIFICATION

We operate in three distinct yet integrated business segments:

Customer Lifecycle Management Solutions (BPO solutions)

We provide premier customer care and technical support services along with associated fulfillment via our multi-lingual and multi-channel customer contact management centres.
Our understanding of all aspects of the customer life cycle across every touch point and our experience in delivering quality services coupled with our domain expertise in multiple industry verticals positions us well in our target markets. Our target clients include conglomerates and multi-nationals that have a customer base in Asia Pacific and beyond.

Education Solutions

Our education solutions are centred on vocational and corporate training primarily in the Services Management sector. The ability to conduct large scale customised training engagements for large corporations and governments sets us apart from other providers. We have plans to enhance our suite of offerings in the markets we operate in and step up business development for opportunities in selected emerging markets around the world.

e-Government Solutions

Governments around the world are embarking on ambitious e-government programs, and the benefits of these are well known, enabling stakeholders to exchange information and the public to access services electronically such as tax, land management, business registration, e-health, e-procurement, border management and electronic payment etc. Bringing these programs and stakeholders together is a complex challenge that requires experience, local knowledge, and technological expertise.

Our focus markets are that of emerging markets around the world who are increasingly becoming cognizant of the value of outsourcing in providing efficiencies as well as offering an innovative product suite to their citizens. Our integrated approach to this challenge has generated much interest from governments in emerging markets around the region. Government digital services have evolved into a highly mobile and transactional online environment, therefore our suite of services invariably must include an e-Commerce component. To that end we have invested in an in-house capability to provide a comprehensive suite of e-Commerce platforms to enable through the provision of payment gateways etc the collection of government revenue in the digital age. Global clients and governments expect us to provide on-line services, payment options and support and we are now in a position to do this from both a transactional and social media perspective.

The diversification of our business from that of a pure play contact centre outsourcing proposition to that of an integrated solutions player in Customer Life cycle Management, Education, e-Government associated e-Commerce has provided Scicom with an opportunity to leverage on typically higher margins for these solution sets. This is evidenced by our increase in profit margin from 19.32% in financial year 2015 to 21.19% in financial year 2016.

We have diversified significantly over the last two decades and today provide solutions that are complex and integrated. These solution sets offer a high barrier of entry to our traditional competition and augers well for our traditional business in Customer Lifecycle Management. Our transition to also that of a software and services solutions company for our government clients allows us to participate in the e solutions space. The flexibility to provide such solutions provide us with the ability to mitigate risk through diversification of service offerings, margin differentiation and enhanced market penetration.

In FY 2016, 44.57% of our revenue was derived from outside Malaysia and this is expected to rise as we enter into projects in the markets that we operate in.

Malaysia continues to be at the heart of our service propositions and is our operational HQ. We have consolidated Treasury, Human Resources and some IT functions in Kuala Lumpur. The associated applications used by these shared services are delivered via our internal cloud infrastructure. This gives us the advantage of being able to deploy rapidly at a lower cost for our clients and future prospects.

INVESTING IN OUR PEOPLE

Our people are our most important asset, and we are deeply committed to their ongoing development.

With 2,825 employees as of 30th June 2016, Scicom is strongly positioned as one of Malaysia's largest and most experienced providers of integrated solutions. Our service offerings remain centred on the principles of customer acquisition, customer retention and customer value across multi-lingual touch points and channels for our clients.

We have a strong foundation reinforced by comprehensive delivery capabilities, breadth and depth of service offerings, a diverse vertical mix, a low-risk profile and a solid balance sheet. Coupled with the continued success of our operational optimization efforts and sustained investments in our service offerings we are confident that we will be able to seize opportunities and continue to drive value creation for our shareholders.

In closing, I want to thank our people around the world for their continued commitment and dedication to serving our clients. I am convinced that we are executing the right strategy and making the right investments to win in the marketplace. I am confident that by working together and making a difference, the Scicom way, we will continue to deliver value for our clients and our shareholders in the coming financial year.

Thank you for your continued support.

DATO' LEO ARIYANAYAKAM
Group Chief Executive Officer

2015

OCTOBER
Scicom wins the Gold Award from the Malaysian Institute of Human Resource Management

DECEMBER
Scicom pays first interim dividend of 2 sens for financial year 2016

Scicom E Solutions Sdn Bhd is incorporated

SEPTEMBER
Scicom pays 4th Interim Dividend of 2 sens for finanical year 2015

NOVEMBER
Scicom held its 13th AGM Eastin Hotel, Petaling Jaya

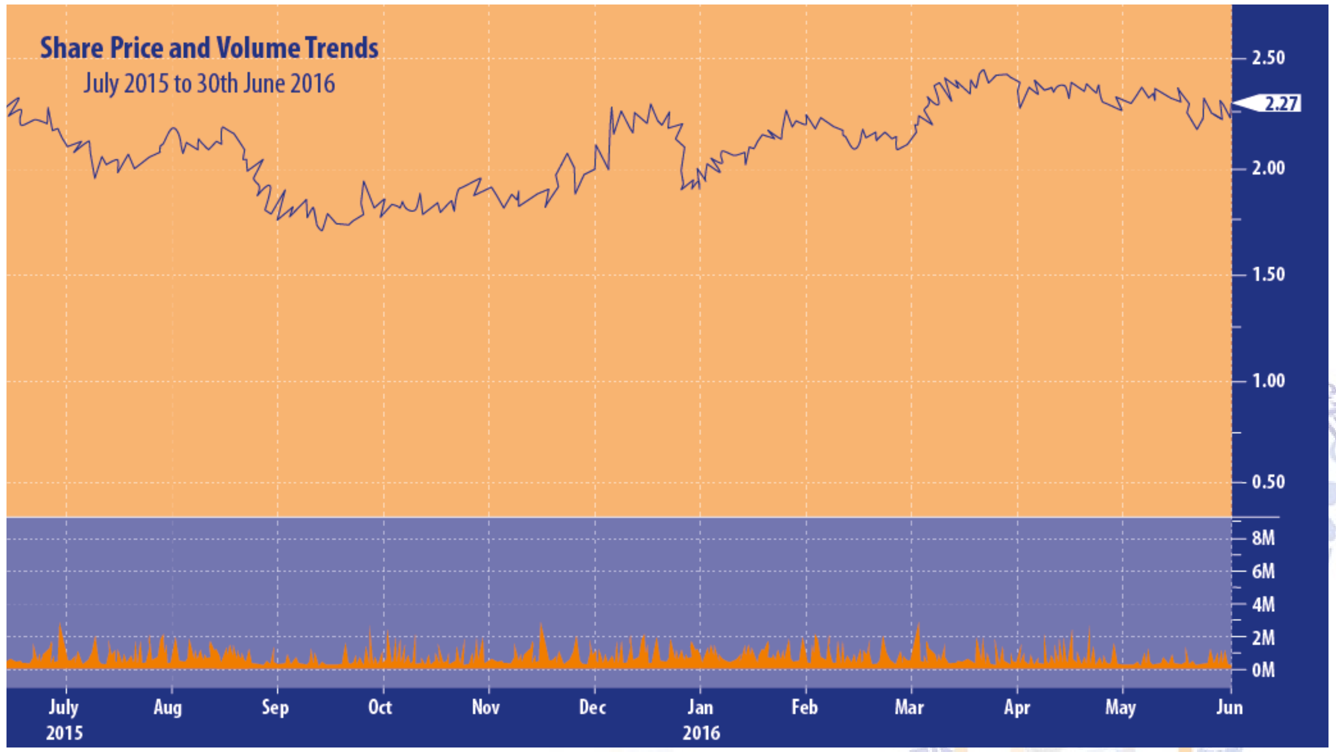
2016

APRIL
Scicom was included in the 2016 Global Outsourcing 100 list managed by IAOP and published annually by Fortune Content Marketing & Strategies. Scicom was acknowledged by IAOP to be the "Leader" in the Customer Reference category.

Scicom (Cambodia) Co, Ltd is incorporated

MARCH
Scicom pays second Interim Dividend of 2 sens for financial year 2016

JUNE
Scicom pays third Interim Dividend of 2 sens for financial year 2016



As a responsible corporate citizen, Scicom believes that we have a duty to create positive outcomes for all our stakeholders. This involves delivering value not only for our shareholders, but also to communities we serve while protecting the environment we live and work in. Towards this end, we actively engage in various Corporate Responsibility ("CR") initiatives which aim ultimately to balance our business performance with social and environmental considerations.

Scicom's business is based on human capital. Our employees drive our operations and are key to our success. As such, we are committed to attracting and retaining the best talent and creating a work environment that promotes a high level of performance. We believe, that having sound CR policies embedded in the way we conduct our business is the best way to motivate our key resource, our employees, and thereby to take care of our customers. If our employees feel safe, satisfied and engaged, our customers will experience the service we deliver in a more positive way.

Furthermore, CR is becoming increasingly important for our customers as they strive to improve their own business performance and make a positive impact on society. Leading global companies require a consistent CR performance from their partners, which is increasingly becoming a key factor in winning and retaining contracts with most customers. It is therefore important for us to be able to demonstrate that we understand their CSR goals and are capable of addressing them.

With each year, we intend to strengthen our CR initiatives by creating better and more meaningful staff efforts and events. Our various efforts during the year 2016 in serving the community and safeguarding the environment are:

Charity Food Sale

The Charity Food Sale was held on 11th May 2016, selling breakfast and lunch to the employees. This was a company wide event, allowing all employees to interact and contribute towards the charity food sale.

Fund Drive Date:	11th May 2016
Fund Drive Duration:	1 day
Participation:	2,500 Scicom Employees
Fund Total:	RM 5145

With the overwhelming response and support from all employees, the event successfully raised a reasonable amount of money to help the Rumah Caring in Kajang. The event organising committee proceeded to contact the home to check on how they wanted the funds spent (for example: in purchasing the groceries, medication, furniture, clothing etc.).

At the end of May 2016, a group of employees visited the home with the goods as requested. Time spent at the home gave our employees an opportunity to spread some cheer as well as to better understand the plight of the less fortunate.

Blood Donation Drive 2016

Fund Drive Starting Date:	9th March 2016
Fund Drive Duration	1 day
Participation:	154 Scicom Employee Donors

In collaboration with Pusat Darah Negara, Scicom conducted the yearly Blood Donation Drive on the 9th of March 2016.

This donation drive was opened to all Scicomers. The event ran from 10am until 4pm and saw more than 200 employees walk through the doors to donate blood.

Unfortunately, some were turned away due to various reasons but we managed to meet the blood bank's target at the end of the event.

Organ Donation Campaign

Scicom has embarked on an organ donation drive in collaboration with the Organ Life Association (OLA) Malaysia, to educate and encourage the staff force at Scicom to pledge their organs to meet this noble cause.

OLA together with Scicom has come up with awareness initiatives and programs in enhancing the donation of organs and the efficiency of organ harvests in Malaysia. The movement aims to increase organ donation awareness in Malaysia through structured communication campaigns aimed at creating a sustainable community of organ donors and to create a pipeline of new donors through their efforts.

As part of the company-wide DELIGHT campaign for all members of Scicom, a special committee was formed to carry out an awareness campaign about organ donations in Malaysia. Activities in this area included talks to our staff by the Malaysian National Organ Transplantation Council, organ donation exhibitions held at Scicom by the Organ Life Association of Malaysia, a Scicom initiated interactive social media campaign and also a specific campaign to encourage the staff of Scicom to make an organ pledge, so that other lives may be saved from their act of kindness. The campaign was successfully executed throughout the entire year, with social media presence and engagement with the targeted audience group running regularly throughout the year.

scicom
TOTAL CUSTOMER DELIGHT

KEY FACT 9
Over 44% of our revenues are derived from outside Malaysia

Scicom is committed to instilling innovation in the minds of our staff in order to drive new strategies and improvements to productivity in our service delivery and business operations. The company's Learning and Development department has played an instrumental role in driving excellence in our workforce by emphasizing on competency, leadership development and high performance. Scicom has successfully, with in-house 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'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. In September 2015 , efforts to provide best in class HR practices to our employees saw Scicom named as the Gold Award Winner for the Employer of Choice category in the 15th Malaysia HR Awards.

Scicom's recruitment of young talent initiatives involves active participation at local career fairs and campus recruitment events.

Scicom believes that open dialogue is an important avenue to promote effective communication, as well as to foster closer bonds between the Management and employees. The Company regularly conducts employee engagement activities throughout the year.

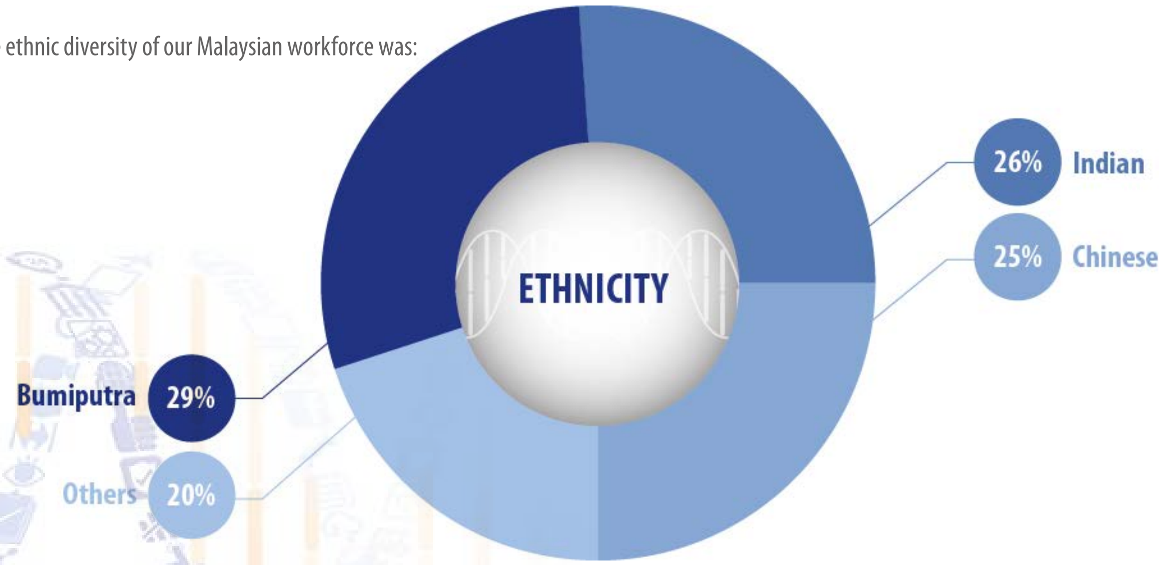
Employee Satisfaction Survey "SPEAK" is conducted once in a year. This annual survey examines employee-immediate manager relationship and gauges employee satisfaction with senior and performance management, employee's perception to their career growth, compensation and welfare, work environment as well as their perception of the Company. The survey results are tabled at management meetings and action plans are devised to address areas that need improvement.

Diversity

As a company with international reach serving multinational customers, Scicom has harnessed the elements of diversity and inclusions across its workforce, customers, suppliers and other stakeholders. We recognize that diversity plays a vital role in allowing our employees to fulfill their potential and maximize their contribution to the company. Scicom recognises the value of a diverse workforce in rendering services of our multinational customer base.

Ethnic Diversity

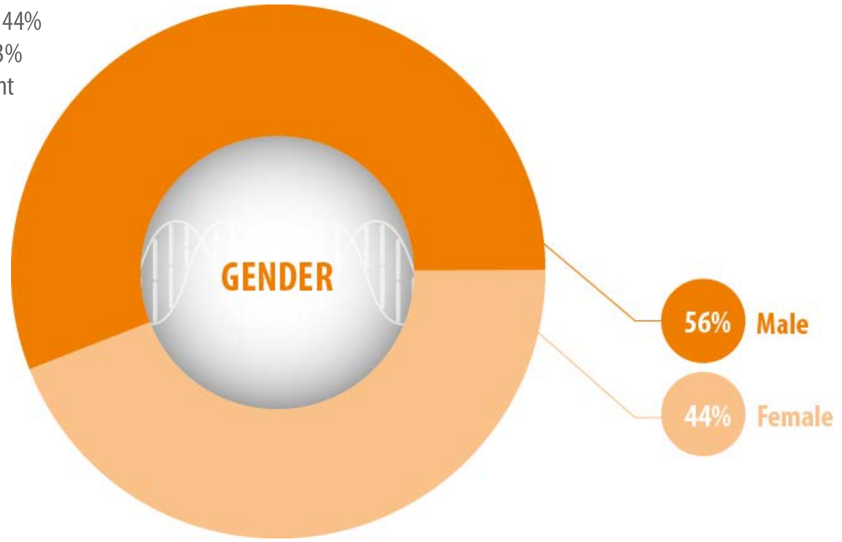
In 2016 the ethnic diversity of our Malaysian workforce was:



Scicom maintains a balanced ethnicity of its workforce reflecting the multiracial ethnicity of the country.

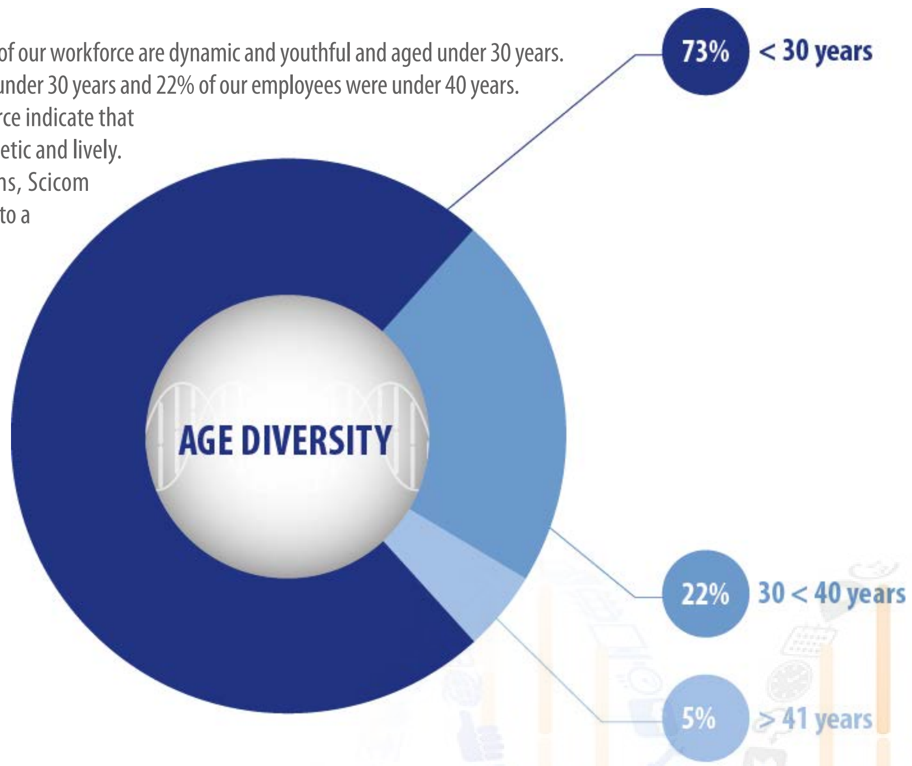
Gender Diversity

In 2016, female employees made up 44% of our Malaysian workforce with 43% female representation in management positions. In an effort to encourage and attract greater female participation in our workforce, the company has been paying greater attention in providing facilities for the benefit of our female employees.



Age Diversity

The age profile reflects that majority of our workforce are dynamic and youthful and aged under 30 years. In 2016, 73% of our employees were under 30 years and 22% of our employees were under 40 years. The young age profile of our workforce indicate that majority of our employees are energetic and lively. Due to the nature of our Operations, Scicom provides employment opportunity to a vast majority of fresh graduates.



scicom
TOTAL CUSTOMER DELIGHT

KEY FACT 10
We support customers from over **37 COUNTRIES** from our centres in Kuala Lumpur and Colombo

At Scicom, staffs are mindful of eco- friendly and the importance of environmental preservation. The company constantly engages with staff in proactive measures in environmental conservation which involves efficient use of energy, water, use of biodegradable and eco-friendly products in the office, reuse and use of recycled paper and measures to reduce carbon footprints. Various initiatives have been implemented to conserve and reduce utilisation of paper, electricity, water and office supplies in our daily operations. Employees are encouraged through periodic dialogue sessions to suggest innovative ideas that can generate more savings of resources. This has resulted in savings not only from a financial standpoint but also in cultivating a culture of environmental awareness and conservation amongst our employees.

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 subsidiaries, Scicom (Academy) Sdn Bhd and Scicom International College 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 2,825 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.

Scicom remains committed towards process excellence and in efficiently managing resources and reducing waste as well as ensuring and safe working environment in the workplace.

Sustainability is evolving to be embedded in Scicom's working culture. Scicom remains committed to advancing our sustainability activities to greater heights. As the company grows, we remain committed to conducting our business in a more responsible manner by upholding good environmental and social values.

The Board of Directors (the "Board") of Scicom (MSC) Berhad (the "Company") subscribes to and supports the Principles and Best Practices as set out in the Malaysian Code of Corporate Governance 2012 (the "Code") and the governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 30 June 2016.

The Board recognises the importance of corporate governance and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its group of companies (the "Group"), so as to safeguard and enhance shareholder's value, which includes protecting the interests of all stakeholders.

The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

The Board is pleased to set below the Corporate Governance Statement (the "Statement") on how the Group has applied the Principles of the Code and the extent of compliance with the Principles and Best Practices advocated therein.

1. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board comprises of competent individuals with specialised skills and knowledge providing 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, risk management 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 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 Group Chief Executive Officer ("Group CEO"). All approved stragies will then be communicated down to respective Heads of Departments for implementation;
- Reviewing the adequacy of significant risks presented by the Audit and Risk Management Committee ("ARMC") and in ensuring the implementation of appropriate measures to manage these risks;
- Reviewing the adequacy and integrity of the Group's systems of internal control and management information, including ensuring that a sound risk management framework, reporting framework and systems for compliance with applicable laws, regulations, directives and guidelines are in place;
- Reviewing, approving and monitoring the implementation of the Group's strategic business plans;
- Assessing and evaluating the Group's business and operational performance so as to ensure that the Group is on track with the strategic direction as approved by the Board;
- Approving significant policies that may have a material impact on the Group's business activities;
- Approving the Group's annual budget which includes all major capital expenditure and all new investment activities;
- 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.
- Reviewing succession planning including appointments, determination of compensation levels and replacement of senior management staff
- Reviewing strategies promoting sustainability in ensuring that the Group operates its business through good processes and policies which are applied by competent and responsible employees.

2. BOARD COMPOSITION AND BALANCE

The Board currently has seven (7) members, comprising one (1) Non-Independent Non-Executive Director, one (1) Non-Independent Executive Director and five (5) Independent Non-Executive Directors. This is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities (the "Listing Requirements") which requires at least one-third (1/3) of the Board to comprise of Independent Directors.

The independent Non-Executive Directors provides the necessary checks and balances in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decisions and decision making process.

The Board believes that both genders are to be given fair and equal treatment and any new appointments to the Board shall be based solely on merit, experience, qualifications and other attributes. Currently, there is a female Director on the Board.

The Board is satisfied with the level of independence demonstrated by the Directors during the financial year and their ability to act in the best interest of the Group.

Recommendations of the Code provide that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board subject to the Independent Director's re-designation as Non-Independent Non-Executive Director. In the event the Board intend to retain the Director as independent after a cumulative term of 9 years, justification from the Board and shareholders' approval at the general meeting are required. Dato' Mohd Salleh Bin Hj Harun, Dr. Nikolai Dobberstein and Mr. Loh Lee Soon, all being Independent Non-Executive Directors had exceeded the term of 9 years during the financial year. In compliance with the Code, the shareholders of the Company during the Thirteenth (13th) Annual General Meeting held on 30th November 2015 re-elected the named Directors to continue in office as Independent Non-Executive Director until the conclusion of the next Annual General Meeting. A brief profile of the Directors is included in the Board of Directors – Profiles as set out on pages 14 to 20 of the Annual Report. 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 Group CEO, via the appointment of separate Board members to hold 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 Group 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 Senior Management Team ("SMT").

3. BOARD CHARTER AND RESPONSIBILITIES

The Company has in place a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluation and structure of the Board and Board Committees as well as relationship between the Board with its management and shareholders. The Board Charter is reviewed and updated periodically.

To enhance accountability, the Board Charter also sets out specific functions reserved for the Board and those delegated to the Management.

The principal functions of the Board are as follows:
(a) Ensuring that the Company's goals are clearly established and strategies are in place for achieving them;
(b) Reviewing and approving major corporate strategies, plans and annual budget;
(c) Monitoring the performance of the corporate strategies;
(d) Approving capital expenditure, capital management and acquisitions/divestments;
(e) Monitoring the performance of management in the implementation of strategies and policies.

To facilitate efficient management, the Board has approved authority to the management for certain specified activities through a clear and formally defined Limits of Authority ("LOA"), which is the primary instrument which governs and manages the business and operations decisions in the Group. Whilst the objective of the LOA is to empower Management, the key principle adhered to the formulation of the LOA is to ensure that a system of internal controls and checks and balances are incorporated therein. The LOA is implemented in accordance with the Group's policies and procedures and in compliance with the statutory and regulatory requirements. The LOA is periodically reviewed and updated to ensure relevance to the Group's operations.

4. BOARD MEETINGS

The Board meets at least quarterly to, inter alia, 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. Additional meetings are convened as and when necessary to deliberate on urgent matters.

Board meetings are scheduled in advance to facilitate Directors to plan ahead and to maximise participation. The agenda and a full set of Board papers are distributed prior to Board meetings to ensure that Directors have sufficient time to read and prepare for discussion at the meetings.

During the current financial year, four (4) Board meetings were held at the following venue and all the Directors attended the four (4) meetings.

Minutes of Board meetings which include a record of the decisions and resolutions of the Board meetings are maintained by the Company Secretary. The Directors have full access to the advice and services of the Company Secretary who is responsible for ensuring that Board meetings procedures are adhered to. The Company Secretary also advises the Board on matters relating to corporate compliance with relevant laws and regulations affecting the Board and the Group, as well as best practices on governance.

5. RETIREMENT AND RE-ELECTION OF DIRECTORS

The Company's Articles of Association require at least one-third (1/3) of the Board members to retire by rotation at the Annual General Meeting (the "AGM"), and also for all the Directors to retire once every three (3) years, of which the Directors will then be eligible to offer themselves for re-election.

6. DIRECTORS' TRAININGS

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:

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Name	Trainings Attended
Krishnan Menon	• Board Chairman Series Part 2 "Leadership Excellence from the Chair" • 2015 In-House Training Programme for Board of Directors of Petronas Group of Companies: New Companies Bill 2015 • Board of Directors Development: Inception Programme – Best Practices of Board Effectiveness • Petronas Directors' Training: Audit Committee Conference 2016 – Setting The Right Tone
Dato' Mohd Salleh Bin Hj Harun	• Directors Remuneration comparing practices in Australia, UK, USA and Malaysia
Dr. Nikolai Dobberstein	• World Wide Partners Meeting • Expanding Horizons (Advanced Training for Partners)
Loh Lee Soon	• Anti-Money Laundering, Terrorism Financing and Proceeds of Unlawful Activities Act 2001: The Law and Compliance • Resolving Conflict in the Boardroom • The New and Revised Auditor Reporting Standards: Implications to Financial Institutions • Cyber-Risk Oversight • Future of Auditor Reporting – The Game Changer for Boardroom • Avoiding Financial Myopia • The Importance of Sustainability Reporting and Business Disruption
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	• Corporate Governance Breakfast Series with Directors – Bringing The Best Out in Boardrooms • Corporate Governance Breakfast Series with Directors – The Board's Response in Light of Rising Shareholder Engagements • Global IERP Conference 2015: Enterprise Risk Management – The Next Generation • Board Chairman Series Part 2: Leadership Excellence from the Chair • Governance, Director Duties and Listing Requirements Updates for Directors of PLC 2015 • Advanced Corporate Governance • 5th Distinguished Board Leadership Series: "Beyond Compliance to Growth – Board's Strategy in Cultivating Real Growth within a Conducive Governance Environment" • Directors Register Focus Group Sessions • Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom • The New and Revised Auditor Reporting Standards: Implications to Financial Institutions • FIDE Forum: Directors Register • FIDE Forum: Directors' Remuneration Report 2015 – Briefing Session for Directors • FIDE Forum: Focus Group Discussion in Preparation for Dialogue with BNM's Senior Management • "Ring the Bell for Gender Equality" • BNM-FIDE FORUM Dialogue with the Governor: Economic and Financial Services Sector – Trends and Challenges Moving Forward • MSWG-Institutional Investor Council Governance Week 2016: Stewardship Matters – For Long Term Sustainability • FIDE Forum: 2nd Distinguished Board Leadership Series – Avoiding Financial Myopia • IERP's Global Conference 2016: Enterprise Risk Management and Power of Disruption • Hong Leong Bank Berhad: Annual In-House Directors' Training: Anti Money Laundering and Counter Financing of Terrorism

7. SUPPLY OF INFORMATION

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

- The Group's operational performance for the quarter and year-to-date, as compared to the pre-set budget and operational targets, including a detailed explanation of material variances between the actual and budgeted results. Performance is analysed at project and company-level;
- A revised profitability budget based on latest events and changes in assumptions due to the prevailing environment;
- The Group's profitability, liquidity, financing and market-based ratios for the financial period;
- The listing of significant planned capital expenditure and their appropriate justifications, to be tabled for approval by the Board;
- The annual business plan and strategic initiatives are tabled for approval by the Board;
- The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Director's duties and responsibilities on the discharge of their duties as Directors of the Company. The Directors have unrestricted access to the advice and services of the Company Secretary and SMT of the Group; and
- All the Directors, whether collectively as a Board or in their individual capacity, have access to advice and services of the Group's Company Secretary. The Group permits an individual director or the Board as a whole to seek independent professional advice in carrying out his or their duties respectively.

8. COMMITTEES

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

- Audit and Risk Management Committee
  The Audit and Risk Management Committee ("ARMC") composition and summary of activities is included in the Audit and Risk Management Committee Report as set out on pages 57 to 60 of this Annual Report.

- Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was formed on 12 May 2010 and is responsible for proposing candidates for directorship and assessing the directors on an ongoing basis. The composition of the NRC complies with the requirements of paragraph 15.08A of the Main Market Listing Requirements ("MMLR"). In addition, the NRC assesses the contribution of individual Board members, the effectiveness of the Board and the Board Committees.

YEAR IN REVIEW
CORPORATE GOVERNANCE STATEMENT

The NRC is responsible in determining the remuneration of the Directors and senior management staff so as to ensure that the Company attracts, retains and motivates the Directors and senior management staff of the quality needed to manage the business of the Group effectively. The remuneration scheme is reflective of the individual Director's and senior management staff's experience and level of responsibilities. In addition, the remuneration for the Executive Director and senior management staff is structured to link remuneration and rewards to corporate and individual performance.

The members of the NRC are as follows:

- Dr. Nikolai Dobberstien – Independent Non-Executive Director
- Dato' Mohd Salleh Bin Hj Harun – Independent Non-Executive Director
- Loh Lee Soon – Independent Non-Executive Director
- Karen Goonting - Independent Non-Executive Director

The NRC met once during the financial year to review the Board's structure, evaluation of Director's performances and to review the remuneration of the Executive Director and senior management staff. The members attended all the meetings,

The Executive Director does not participate in any way in determining the individual remuneration package of the other Directors. 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.

9. DIRECTORS' REMUNERATION

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

A summary of the Directors' remuneration for the financial year ended 30 June 2016, distinguishing between the Executive and Non-Executive Directors is as shown below:

Range of Remuneration	Executive	Non-Executive	Total
Below RM50,000	-	-	-
RM50,000 to RM100,000	-	6	6
RM1,500,000 to RM1,600,000	1	-	1
Total	1	6	7

The amount of remuneration received by each Director of the Company during the financial year was as follows:

	Director's Fee RM	Audit & Risk Management Committee Meeting Allowance RM	Nomination & Remuneration Committee Meeting Allowance RM	Total RM
Executive Director Dato' Leo Suresh Ariyanayakam	n/a	n/a	n/a	n/a
Non-Executive Directors Krishnan a/l C. K. Menon	90,000	n/a	n/a	90,000
Dato' Mohd Salleh bin Hj. Harun	60,000	10,000	5,000	75,000
Dr. Nikolai Dobberstein	60,000	5,000	10,000	75,000
Loh Lee Soon	60,000	5,000	5,000	70,000
Karen Judith Goonting	60,000	n/a	5,000	65,000
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	60,000	5,000	n/a	65,000
Total	**390,000**	**25,000**	**25,000**	**440,000**

Range	Executive	Non-Executive
RM50,000 to RM100,000	-	6
Over RM1,000,000	1	-
Total	**1**	**6**

	Executive	Non-Executive
	RM	**RM**
Salary and Bonuses	1,389,942	-
Benefits in kind	148,085	-
Fees	-	440,000
Total	**1,538,027**	**440,000**

10. ACCOUNTABILITY AND AUDIT

(i) 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 Company's financial statements. The Directors are required by the Companies Act, 1965 to prepare the Group's 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 ARMC assists the Board in over-seeing the Group's financial reporting process and the quality of its financial reporting.

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 131 of the Annual Report.

(ii) Risk Management and Internal Controls

The Board continues to maintain and review its risk management process and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholder's investments and the assets of the Company and the Group. In discharging its duties in ensuring the effectiveness of the Group's systems of risk management and internal control, the Board has entrusted this responsibility to the ARMC. The scope and results of the ARMC's review are detailed in the Internal Control Statement as set out on pages 53 to 56 of the Annual Report.

(iii) Relationship with Auditors

The Board, through the ARMC, has a professional and transparent relationship with both the Group's internal and external auditors. The internal auditors attend all ARMC meetings held on a quarterly basis and the external auditors attend the ARMC meeting twice during the financial year. Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 134 of the Annual Report. Other facets of the relationship between the ARMC and both the internal and external auditors are elaborated in the Audit and Risk Management Committee Report as set out on pages 57 to 60 of the Annual Report.

11. QUALIFIED AND COMPETENT COMPANY SECRETARY

The Company Secretaries are appointed by the Board and attend all Board and Board Committee meetings. They are responsible for providing Directors with advice on compliance and corporate governance issues.

The Board has unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries plan an advisory role to the Board in relation to the Company's constitution, Board's policies, procedures and compliance with the relevant regulatory requirements including codes or guidance and legislations.

12. SHAREHOLDERS AND OTHER STAKEHOLDERS

(i) Communication between the Company and its Investors and Other Stakeholders

The Group CEO and the Chairman regularly engages in meeting with institutional investors and analyst. The objective of these meetings is to provide updates on the Group's financial performances, corporate and regulatory developments and to address issues that the institutional investors and analyst may have with respect to the business or operations of the Group. Information on the Group's financial performance, corporate and other matters is disseminated through press releases, press conferences, announcements made via Bursa Securities' website, including quarterly announcements and annual reports. The Company has in place policies and procedures for compliance with the MMLR andensures that all material information are announced immediately to Bursa Malaysia Securities Berhad as required. Scicom also maintains a website at www.scicom-intl.com, 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 via e-mail at corpinfo@scicom.com.my.

(ii) The Annual General Meeting and Communication with Stakeholders

The Annual General Meeting ("AGM") is the principal forum for dialogue and communications, and also offers an opportunity for the Board and the Senior Management Team ("SMT") to interact with the shareholders. 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 any significant questions which cannot be readily answered during the AGM.

Shareholders are encouraged to participate in the proceedings and pose questions about the resolutions proposed and the Group's business operations and to raise questions with regards to the Group as a whole as well as to discuss any other important matters with the Board. During the AGM there is a presentation by the Group CEO on the Group's financial presentation. During the AGM the Chairman will invite shareholders to raise questions pertaining to the audited financials and other items for adoption at the meeting before putting the resolution to vote.

The Annual Report also plays an important part in disseminating information related to the Group's financial performance, and operations and activities throughout the financial year.

This Statement is made in accordance with the resolution adopted by the Board at its meeting held on 26 August 2016.

The Board of Directors (the "Board") of Scicom (MSC) Berhad (the "Company") is responsible and accountable for maintaining a sound process of risk management and internal control practices to safeguard shareholders' investments and the assets of the Company and its group of companies (the "Group"). The Board is pleased to provide the following risk management and internal control statement which has been prepared in compliance and in accordance with the guidelines for Directors – Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, as issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The risk management and internal control statement outlines the nature and features of risk management and internal controls within the Group to safeguard the Group's shareholder investment and assets for the financial year ended 30 June 2016.

The Board has received assurance from the Group Chief Executive Officer ("Group CEO") and the Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.

BOARD RESPONSIBILITY

The Board is ultimately responsible for the Group's risk management and internal control systems, 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 system of risk management and internal controls, which includes the establishment of an appropriate control environment and framework, covering risk management, 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
- Reviewing the adequacy and integrity of the internal control systems and management information systems, as well as systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group's system of risk management and internal control applies principally to the Company and its subsidiaries. Jointly controlled entity has been excluded because the Group does not have full management control and/or majority Board representation.

The Senior Management Team ("SMT") is responsible for implementing the Board's policies on risks and controls, whereas the remaining human capital is made responsible for internal controls through their accountability in achieving the Group's overall objectives.

In view of the limitations that are inherent in any system of risk management and 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

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 significant risks faced, or that the Group may potentially be exposed to 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 in accordance with the Group's risk 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 Audit and Risk Management Committee ("ARMC") through the SMT is also responsible for creating and promoting a risk aware culture amongst the Group's human capital, via a readily accessible knowledge framework for risk management. The Risk Officer 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 the Risk Officer to ensure compliance and that risks are adequately identified and addressed in a timely manner. 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 ARMC as appropriate.

CONTROL ENVIRONMENT AND STRUCTURE

In addition to the risk management process, the Board and SMT have established numerous processes to ensure the effectiveness and integrity of the internal control system, taking into consideration changes to the business environment and/or regulatory guidelines. The key elements of the Group's control environment include the following:

Organisation Structure

The Board is supported by established Committees in the execution of some of the Group's fiduciary responsibilities, namely the ARMC and the Nomination and Remuneration Committee. Each Committee has clearly defined terms of reference.

The Group has in place an organisation structure with defined scope of responsibility and clear lines of accountability. A process of hierarchical reporting is in place which provides for a 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 and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises of four (4) Non-Executive Directors all of whom are Independent Directors.

The Board has empowered the ARMC, which meets at least on four (4) occasions each financial year, to review the adequacy and integrity of the Group's system of risk management and internal controls. The ARMC assumes the overall duties of reviewing the external auditors' annual audit plan and audit reports, as well as findings and recommendations on internal controls, governance and efficiency matters, if any, as highlighted annually in their Internal Control Memorandum. In addition, the ARMC 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 ARMC obtains assurance on the Group's system of risk management and internal controls via quarterly updates from the Group CEO, the CFO, the Risk Officer and both the internal and external auditors.

The details of activities carried out by the ARMC are set out in the Audit and Risk Management Committee Report on pages 57 to 60.

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 controls. Total cost of the internal audit function in respect of the current financial year is RM74,000.

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 out by the internal auditors based on the audit plan presented to and approved by the ARMC. The audit area focuses on areas of high risk to ensure that adequate action plans are in place to mitigate the risk. On a quarterly basis or earlier as required, the internal auditors report to the ARMC and subsequently follow up to determine the extent of their recommendations that have been implemented.

Policies and Procedures

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 and guidelines, which are made readily available to the Group's human capital via written manuals and also via the Group's intranet website.

Code of Business Conduct

The Board has in place a written Code of Business Conduct and Ethics ("Code") available on the Group's intranet website (accessible by all the Group's human capital), which summarises many of the laws that the Group and all its employees are required to live by. All of the Group's respective managers are required to be diligent in looking for indications of unethical or illegal conduct (including fraudulent activities), and in the event of such occurrences, 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 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 books and records.

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

The Group has in place a 'Whistle-Blowing' policy that outlines the Group's commitment to promote high standards of governance, ethics and integrity in all aspects of business dealings. The policy provides assurance on the preservation of identity, confidentiality of information and protection of whistle – blowers from possible retaliation.

The Group has put in place the "No Gifts and Entertainment" policy applicable to all staff. The purpose of this policy is to uphold ethical and responsible behavior by all employees and to avoid conflict of interest situation in any ongoing or potential business dealings with various suppliers and service providers.

The Board and the ARMC respectively, communicate their views on the controls procedures to the SMT in the following manner:

- On an ad-hoc basis during the Board and the ARMC meetings respectively; and/or
- As and when updates to both the Code or current internal control policies and procedures are tabled to both the Board and the ARMC, for their approval.

Limits of Authority

The Limits of Authority ("LOA") manual sets out the authorisation limits for various levels and also those matters requiring Board approval to ensure segregation of duties, accountability and control over the Group's financial commitments. The LOA manual is reviewed and updated periodically to reflect business, operational and structural changes as appropriate.

Strategic Business Plan and Annual Budget

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 financial year which are approved both at operating unit level and by the CFO and the 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.

Upon approval of the annual budget by the Board, the Group's performance is tracked and measured against the approved budget on a monthly basis, with explanation 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 Malaysia, to enable them to gauge the Group's financial performance and position, in comparison with prior periods as well as the approved annual budget.

Business Continuity Planning

The Group's Business Continuity Planning ("BCP") function is headed by the SMT, which is responsible for identifying activities and operations which are critical to the sustainability and continuity of business in the event of a disaster or other adverse circumstances. The SMT's BCP-related activities include the establishment of succession planning, put in place additional redundancies in network infrastructure and the establishment of a secondary 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. During the financial year, selected critical areas as identified by the risk priority were tested to assess the effectiveness of the implemented BCP initiatives and these tests were successfully executed. BCP is an on-going project which will require continuous updating and testing.

External Certifications

The Group's operations are periodically monitored, reviewed and evaluated so as to maintain its annual International Organization for Standardisation ("ISO") 9001 on Quality Management Systems and Service Capability & Performance ("SCP") Standards accreditation status. The Group is currently preparing for ISO 27001 certification on Information Security Management Systems and targets to obtain accreditation status by end of year 2016.

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 may carry out a review of certain internal control systems as significant to the Group, and issues any internal control deficiencies, together with their respective recommendations for improvement, if any, will be highlighted to the ARMC in the form of an Internal Control Memorandum.

Human Capital Competency and Talent Management

The competencies of staff are enhanced through structured development programs and potential candidates are subject to a stringent recruitment process. A Performance Management Process is established with performance indicators to measure staff performance and performance reviews are conducted on a regular basis. Action plans to address staff development needs are prepared and implemented timely so as to ensure that staff are able to deliver expected performance and therefore contribute to meeting the Group's business objectives, plans and targets.

As part of the human capital management process, the Group has also put in place an annual Employee Satisfaction Survey involving all employees of the Group, namely 'SPEAK'. The results of SPEAK, including a compilation of verbatim feedback and comments from participated employees is used by the SMT to assess the adequacy and effectiveness of existing human capital management dealings as well as to identify employees' areas of concern to facilitate formulation of remediation plans and/or improvement measures.

Review of this Statement by External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the external auditors as required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia for inclusion in the Annual Report for the year ended 30 June 2016. The limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External auditors to perform an opinion on the adequacy and effectiveness of the risk management and internal control of the Group. The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal controls of the Group.

CONCLUSION

The Board is satisfied that the Group's system of risk management and internal controls are adequate and effective for the financial year under review and up to the date of issuance of the Annual Report and that the financial statements are sound to safeguard shareholders' interest in the Group. There were no material losses incurred during the financial year under review up to the date of the Annual Report as a result of weaknesses in internal control.

The Board believes that the development of the system of risk management and internal controls is an on-going process, and has taken steps throughout the financial year to improve on the existing risk management and 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.

The Board is therefore pleased to disclose that the system of internal control and risk management of the Group is sufficient, appropriate, effective and is in line with the Malaysian Code of Corporate Governance and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

This Statement is made in accordance with the resolution adopted by the Board at its meeting held on 26 August 2016.

The Board of Directors (the "Board") of Scicom (MSC) Berhad (the "Company") is pleased to present the Audit and Risk Management Committee (the "Committee") Report for the financial year ended 30 June 2016.

A. COMPOSITION AND MEETINGS

During the financial year under review, the Committee comprised of the following members:

1. Dato' Mohd Salleh bin Hj. Harun	Chairperson/ Independent Non-Executive Director
2. Dr. Nikolai Dobberstein	Independent Non-Executive Director
3. Loh Lee Soon	Independent Non-Executive Director
4. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	Independent Non-Executive Director

During the financial year, the Committee met four (4) times in discharging its duties and responsibilities in accordance with the Committee's terms of reference. The members attended all the meetings. The Company Secretary acts as the Secretary in all the committee meetings. The external auditors attended two (2) out of the four (4) meetings. A separate private session was conducted without the Management's presence in both the meetings.

A brief profile of the individual Committee members is included in the Board of Directors – Profiles as set out on pages 14 to 20.

The Committee was established by the Board on 30 August 2005 in compliance with the Main Market Listing Requirements (the "Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and governed by the following terms of reference:

1. Composition

The Committee members shall be appointed by the Board from amongst their members and shall consist of at least three members with the majority being Independent Directors.

At least one member of the Committee shall be a member of the Malaysian Institute of Accountants, or shall possess at least three years' working experience and have passed the examinations set out in Part II of the First Schedule of the Accountants Act 1967.

No alternate Director/s shall be appointed to be member/s of the Committee.

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

The Board must ensure that the Group Chief Executive Officer ("Group CEO") shall not be a member of the Committee.

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

2. Meetings

(a) Frequency

The Committee shall meet at least quarterly and as many times as the Committee deems necessary with due notice of issues to be discussed.

(b) Proceedings

At least four (4) meetings are held in a financial 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 Committee meeting shall be two (2) members and majority of the members present must be Independent Non-Executive Directors.

The agenda of the Committee meetings shall be circulated to the members of the Committee before each meeting. The 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 Committee is not present within 15 minutes of the time appointed for holding the same, the members of the 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 Committee.

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

(c) Attendance

The presence of the external and internal auditors (if any) respectively at any Committee meeting, can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting) upon invitation of the Committee.

(d) Keeping and inspection of minutes

The Company shall keep the minutes of all proceedings of the Committee meetings to be entered in books kept for that purpose within fourteen (14) days of the date upon when the relevant meeting was held.

Those minutes to be signed by the Chairman of the 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 Committee meeting shall be kept by the Company at the place to be determined by the Board, and shall be open to the inspection by any members of the Board or Committee respectively, without any charge.

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

3. Authority

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

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

4. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the following and other duties as may be determined by the Board from time to time:

(a) Review, appraise, report and make recommendations to the Board on the following:

- The adequacy of the risk management framework and the appropriateness of processes in place for the identification and management of significant risks;

- The quality and effectiveness of the accounting and internal control system of the Group;
- The nomination and appointment of internal and external auditors, including audit fee payable;
- The adequacy of the nature, scope and quality of the external audit plan/ arrangements;
- The adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority and capability to carry out its work. The internal audit function is outsourced to an external professional firm which reports directly to the Committee;
- The adequacy of co-operation and assistance provided by the employees of the Group to the internal and external auditors;
- Issues and/or reservations arising from the interim and final audits on any significant audit findings, reservations and difficulties encountered or material weakness reported;
- The appropriateness of accounting policies adopted by the Group and the effects of any change in accounting principles or of any development emanating from the accounting profession or any statutory authority;
- Compliance with accounting standards and regulatory requirements, any change in accounting policies and practices, significant issues arising from the audit and major judgment issues;
- Review of the quarterly and annual audited financial statements of 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;
- Review the management representation letter provided to the external auditors in relation to the audited financial statements of the Company and the Group; and
- The adequacy of disclosure of information essential for a fair presentation of the financial affairs of the Group.

(b) Retirement and resignation of the Committee Member

A member of the 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.

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

B. SUMMARY OF ACTIVITIES

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

a. Risk Management and Internal Control

- Reviewed and endorsed the Group's risk management framework, risk management policy and the Group's risk profile.
- Reviewed and monitored the progress of on-going risk management activities for identifying, evaluating, monitoring and managing risks.
- Reviewed quarterly reports on changes in the Group's risk profile to ensure significant risks are managed effectively in a timely manner.
- Reviewed the Group's internal control system and practices to ensure that they are operating adequately and effectively.
- Received assurance from the Group CEO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

b. Internal Audit

- Reviewed the internal auditor's terms of engagement, proposed remuneration and internal audit plan to ensure adequacy of scope and coverage on auditable entities or areas, taking into consideration the changes in the Group's risk profile, before recommending the same to the Board for approval.

- Reviewed the adequacy of resources and competencies of internal audit functions.
- Reviewed internal audit reports and recommendations by the internal auditors, the representations made and the corrective actions taken by Management in addressing and resolving issues and ensured that all issues were adequately addressed on a timely basis.
- Reviewed the results of ad-hoc investigations performed by the internal auditors and the actions taken relating to those investigations.
- Held private meetings with the internal auditors without the presence of Management to discuss matters that they may wish to present.

c. External Audit

- Reviewed the external auditor's terms of engagement, proposed remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group, before recommending the same to the Board for approval.
- Reviewed audit reports and recommendations by the external auditors, the presentations made and the corrective actions taken by Management in addressing and resolving issues and ensure that all issues were adequately addressed on a timely basis.
- Reviewed management representation letter provided to the external auditors.
- Reviewed the independence and objectivity of the External Auditors and their services including non-audit services
- Met with the External Auditors without the presence of Management to discuss matters that they may wish to present.

d. Financial Reporting

- Reviewed the quarterly financial results and annual audited financial statements of the Group and the Company, including the announcements pertaining thereto, before submission to the Board for consideration and approval.

e. Corporate Governance

- Reviewed the related party transactions entered into by the Group and ensured that proper disclosures are made in line with the Listing Requirements.
- Reviewed any conflict of interest situation that arises within the Group including any transaction, procedure or course of conduct that raises issues on integrity.

f. Others

- Reviewed Statement on Risk Management and Internal Control, Corporate Governance Statement and Audit and Risk Management Committee Report, prior to their inclusion in the annual report.
- Considered other matters as the Committee considers appropriate or as authorised by the Board.

C. 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 Committee to conduct independent scheduled audits to ensure there are effective risk monitoring, internal controls, governance process and compliance procedures to provide the level of assurance required by the Board. The internal auditors also conduct additional assurance assignments and/or special reviews upon request by the Committee and/or the Board.

The internal auditors present their reports to the Committee on a quarterly basis. The report provides results of the audit conducted are submitted to the Committee for review and deliberation. Key control issues, significant risk and recommendations are highlighted, along with Management's responses and actions for improvement and/or rectification, where applicable. This enables the Committee to execute its oversight function by reviewing and deliberating the audit issues and recommendations as well as Management's responses. Where applicable, the Committee will direct the Management to take cognizance of the issues raised and establish necessary steps to strengthen the system of internal control based on the Internal Audit's recommendations.

During the financial year, the internal auditors carried out audits in accordance with the internal audit plan approved by the Committee.

The Directors are responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2016.

In preparing the financial statements for the financial year ended 30 June 2016, 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 the applicable Financial Reporting Standards in Malaysia 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 131 of the Audited Financial Statements.

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

SCICOM (MSC) BERHAD
(Incorporated in Malaysia)

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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 2016.

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 BPO services which offers multi-lingual, multi-channel customer care, technical support help desk, consultative sales and associated fulfilment and education which includes educational and industrial training services primarily focused on customer care in the service industry. Details of the principal activities of the subsidiaries and joint venture are shown in Note 16 and Note 17 respectively to the financial statements.

There have been no significant changes in the principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM	RM
Total comprehensive income for the financial year attributable to:		
- Owners of the Company	41,243,791	36,601,301
- Non-controlling interest	(344,877)	-
Total comprehensive income for the financial year	40,898,914	36,601,301

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2015 were as follows:

		RM
(a)	In respect of the financial year ended 30 June 2015, a fourth interim dividend of 2 sen, tax exempt, per ordinary share, paid on 22 September 2015	7,109,071
(b)	In respect of the financial year ended 30 June 2016, a first interim dividend of 2 sen, tax exempt, per ordinary share, paid on 30 December 2015	7,109,071
(c)	In respect of the financial year ended 30 June 2016, a second interim dividend of 2 sen, tax exempt, per ordinary share, paid on 24 March 2016	7,109,071
(d)	In respect of the financial year ended 30 June 2016, a third interim dividend of 2 sen, tax exempt, per ordinary share, paid on 21 June 2016	7,109,071
		28,436,284

On 26 August 2016, the Board of Directors declared a fourth interim dividend of 3 sen, tax exempt, per ordinary share of RM10,663,607 which is to be paid on 28 September 2016.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Leo Suresh Ariyanayakam
Dr. Nikolai Dobberstein
Loh Lee Soon
Karen Judith Goonting
Nicholas John Lough @ Sharif Lough bin Abdullah

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement 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 year, no Director has received or become entitled to receive a benefit (other than as disclosed in Note 7 to the financial statements) by reason of a contract made by the Group and 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 2015	Bought	Disposed	At 30 June 2016
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	2,985	250	-	**3,235**
Dato' Mohd Salleh bin Hj. Harun	1,836	-	-	**1,836**
Leo Suresh Ariyanayakam	85,294	665	-	**85,959**
Dr. Nikolai Dobberstein	1,320	-	-	**1,320**
Loh Lee Soon	357	-	-	**357**
Nicholas John Lough @ Sharif Lough bin Abdullah	250	750	-	**1,000**

	Number of ordinary shares of RM0.10 each in the Company			
	At 1 July 2015	Bought	Disposed	At 30 June 2016
	'000	'000	'000	'000
Deemed interest in shareholdings				
Krishnan a/l C. K. Menon [1]	68,519	-	-	**68,519**
Nicholas John Lough @ Sharif Lough bin Abdullah [2]	250	763	-	**1,013**

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

2 Deemed interest by virtue of his shareholdings in Melewar Leisure 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 other than the impairment loss on investment in subsidiaries and amounts due from subsidiaries as disclosed in Note 16 and Note 20 to the financial statements; 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.

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 26 August 2016.

LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN A/L C. K. MENON
DIRECTOR

Kuala Lumpur

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		RM	**RM**	**RM**	**RM**
REVENUE	6	**196,294,768**	176,833,670	**194,023,450**	174,334,956
OTHER OPERATING INCOME		**-**	832	**-**	832
		196,294,768	176,834,502	**194,023,450**	174,335,788
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(6,310,315)**	(5,522,457)	**(5,391,504)**	(4,470,120)
- Employee benefit costs	7	**(107,245,356)**	(102,819,637)	**(103,010,626)**	(97,550,331)
- Reversal of impairment loss/(impairment loss)		**732,658**	(841,770)	**(10,390,106)**	(16,191,479)
- Maintenance expenses		**(2,738,851)**	(2,394,072)	**(2,362,144)**	(2,205,840)
- Rental expenses	8	**(11,937,832)**	(10,785,421)	**(9,441,756)**	(8,402,859)
- Telecommunication and utilities expenses		**(5,355,288)**	(4,532,704)	**(4,833,072)**	(3,941,695)
- Travelling expenses		**(1,105,536)**	(876,828)	**(796,092)**	(725,051)
- Marketing expenses		**(11,117,343)**	(11,126,758)	**(11,116,503)**	(11,104,805)
- Other operating expenses		**(7,078,420)**	(4,519,591)	**(7,495,687)**	(3,312,377)
		(152,156,283)	(143,419,238)	**(154,837,490)**	(147,904,557)
PROFIT FROM OPERATIONS		**44,138,485**	33,415,264	**39,185,960**	26,431,231
NET FINANCE INCOME					
Finance income		**776,946**	575,886	**775,233**	535,598
Finance costs		**(3,970)**	(331)	**-**	-
	9	**772,976**	575,555	**775,233**	535,598
SHARE OF (LOSS)/PROFIT OF THE JOINT VENTURE	17	**(3,478)**	52,132	**-**	-
PROFIT BEFORE TAXATION	10	**44,907,983**	34,042,951	**39,961,193**	26,966,829
TAXATION	11	**(3,306,293)**	123,406	**(3,359,892)**	128,733
NET PROFIT FOR THE FINANCIAL YEAR		**41,601,690**	34,166,357	**36,601,301**	27,095,562

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
OTHER COMPREHENSIVE (LOSS)/INCOME					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(702,776)**	111,133	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**40,898,914**	34,277,490	**36,601,301**	27,095,562
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**41,946,567**	34,694,662	**36,601,301**	27,095,562
- Non-controlling interest		**(344,877)**	(528,305)	**-**	-
		41,601,690	34,166,357	**36,601,301**	27,095,562
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**41,243,791**	34,824,919	**36,601,301**	27,095,562
- Non-controlling interest		**(344,877)**	(547,429)	**-**	-
		40,898,914	34,277,490	**36,601,301**	27,095,562
Earnings per share:					
- Basic (sen)	12	**11.80**	9.76		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 79 to 130.

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
NON-CURRENT ASSETS					
Plant and equipment	14	**15,807,512**	14,249,501	**12,859,110**	11,417,548
Software licences	15	**4,372,173**	2,279,756	**3,824,180**	1,653,077
Investment in subsidiaries	16	**-**	-	**1,892,612**	4,855,718
Investment in joint venture	17	**1,746,017**	1,749,495	**1**	1
Deferred tax assets	23	**119,957**	627,344	**119,957**	627,344
Tax recoverable		**-**	557,970	**-**	-
		22,045,659	19,464,066	**18,695,860**	18,553,688
CURRENT ASSETS					
Trade receivables	18	**43,162,201**	43,957,643	**42,681,860**	43,432,717
Other receivables	19	**7,715,314**	6,865,563	**5,395,986**	5,910,678
Amounts due from subsidiaries	20	**-**	-	**498,876**	974,468
Tax recoverable		**338,390**	174,796	**-**	-
Cash and cash equivalents	21	**37,003,149**	24,076,565	**36,076,213**	23,272,138
		88,219,054	75,074,567	**84,652,935**	73,590,001
LESS: CURRENT LIABILITIES					
Trade and other payables	22	**14,853,279**	14,240,872	**12,656,030**	12,329,108
Tax liabilities		**2,718,842**	5,677	**2,718,844**	5,677
		17,572,121	14,246,549	**15,374,874**	12,334,785
NET CURRENT ASSETS		**70,646,933**	60,828,018	**69,278,061**	61,255,216
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	23	**31,477**	93,599	**-**	-
		31,477	93,599	**-**	-
NET ASSETS		**92,661,115**	80,198,485	**87,973,921**	79,808,904

	Note	Group 2016	Group 2015	Company 2016	Company 2015
		RM	RM	RM	RM
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	24	**35,545,356**	35,545,356	**35,545,356**	35,545,356
Currency translation reserve	26	**(1,624,007)**	(921,231)	**-**	-
Retained earnings	26	**59,542,653**	46,032,370	**52,428,565**	44,263,548
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**93,464,002**	80,656,495	**87,973,921**	79,808,904
NON-CONTROLLING INTEREST		**(802,887)**	(458,010)	**-**	-
TOTAL EQUITY		**92,661,115**	80,198,485	**87,973,921**	79,808,904

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 79 to 130.

		Attributable to owners of the Company						
		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
		unit	RM	RM	RM	RM	RM	RM
Group								
Balance as at 1 July 2015		355,453,560	35,545,356	-	(921,231)	46,032,370	(458,010)	80,198,485
Currency translation differences, representing total income and expense recognised directly in equity		-	-	-	(702,776)	-	-	(702,776)
Net profit for the financial year		-	-	-	-	41,946,567	(344,877)	41,601,690
Total comprehensive income for the financial year		-	-	-	*(702,776)*	*41,946,567*	*(344,877)*	*40,898,914*
Transactions with owners:								
Dividends for financial year ended:								
- 30 June 2015	13	-	-	-	-	(7,109,071)	-	(7,109,071)
- 30 June 2016	13	-	-	-	-	(21,327,213)	-	(21,327,213)
Total transactions with owners, recognised directly in equity		-	-	-	-	*(28,436,284)*	-	*(28,436,284)*
Balance as at 30 June 2016		355,453,560	35,545,356	-	(1,624,007)	59,542,653	(802,887)	92,661,115

		Attributable to owners of the Company						
		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
		unit	RM	RM	RM	RM	RM	RM
Group								
Balance as at 1 July 2014		296,211,300	29,621,130	1,982,994	(1,051,488)	41,853,260	(539,196)	71,866,700
Currency translation differences, representing total income and expense recognised directly in equity		-	-	-	130,257	-	(19,124)	111,133
Net profit for the financial year		-	-	-	-	34,694,662	(528,305)	34,166,357
Total comprehensive income for the financial year		-	-	-	*130,257*	*34,694,662*	*(547,429)*	*34,277,490*
Transactions with owners:								
Additional acquisition of a subsidiary	16	-	-	-	-	(1,023,940)	628,615	(395,325)
Issuance of bonus issue	24	59,242,260	5,924,226	(1,906,785)	-	(4,017,441)	-	-
Bonus issuance expense		-	-	(76,209)	-	-	-	(76,209)
Dividends for financial year ended:								
- 30 June 2014	13	-	-	-	-	(5,924,226)	-	(5,924,226)
- 30 June 2015	13	-	-	-	-	(19,549,945)	-	(19,549,945)
Total transactions with owners, recognised directly in equity		*59,242,260*	*5,924,226*	*(1,982,994)*	-	*(30,515,552)*	*628,615*	*(25,945,705)*
Balance as at 30 June 2015		355,453,560	35,545,356	-	(921,231)	46,032,370	(458,010)	80,198,485

		Attributable to owners of the Company				
		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
		unit	RM	RM	RM	RM
Company						
Balance as at 1 July 2015		355,453,560	35,545,356	-	44,263,548	79,808,904
Net profit for the financial year		-	-	-	36,601,301	36,601,301
Total comprehensive income for the financial year		-	-	-	*36,601,301*	*36,601,301*
Transactions with owners:						
Dividends for financial year ended:						
- 30 June 2015	13	-	-	-	(7,109,071)	(7,109,071)
- 30 June 2016	13	-	-	-	(21,327,213)	(21,327,213)
Total transactions with owners, recognised directly in equity		-	-	-	*(28,436,284)*	*(28,436,284)*
Balance as at 30 June 2016		355,453,560	35,545,356	-	52,428,565	87,973,921

	Note	Number of shares	Nominal value	Share premium reserve	Retained earnings	Total equity
		Attributable to owners of the Company				
		Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable	
		unit	RM	RM	RM	RM
Company						
Balance as at 1 July 2014		296,211,300	29,621,130	1,982,994	46,659,598	78,263,722
Net profit for the financial year		-	-	-	27,095,562	27,095,562
Total comprehensive income for the financial year		-	-	-	*27,095,562*	*27,095,562*
Transactions with owners:						
Issuance of bonus issues	24	59,242,260	5,924,226	(1,906,785)	(4,017,441)	-
Bonus issuance expense		-	-	(76,209)	-	(76,209)
Dividends for financial year ended:						
- 30 June 2014	13	-	-	-	(5,924,226)	(5,924,226)
- 30 June 2015	13	-	-	-	(19,549,945)	(19,549,945)
Total transactions with owners, recognised directly in equity		*59,242,260*	*5,924,226*	*(1,982,994)*	*(29,491,612)*	*(25,550,380)*
Balance as at 30 June 2015		355,453,560	35,545,356	-	44,263,548	79,808,904

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 79 to 130.

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**41,601,690**	34,166,357	**36,601,301**	27,095,562
Adjustments for:				
(Reversal of impairment loss)/ impairment loss:				
- investment in subsidiary	**-**	-	**7,579,722**	7,980,361
- amounts due from subsidiaries	**-**	-	**3,543,042**	7,478,460
- trade receivables	**(732,658)**	732,658	**(732,658)**	732,658
- plant and equipment	**-**	109,112	**-**	-
Amortisation of software licences	**695,376**	381,108	**552,149**	327,243
Bad debts written off	**240,000**	623,194	**240,000**	387,100
Depreciation of plant and equipment	**5,614,939**	5,141,349	**4,839,355**	4,142,877
Gain on disposal of plant and equipment	**(117,925)**	(15)	**(117,925)**	(15)
Plant and equipment written off	**3,936**	22,293	**3,936**	22,293
Finance costs	**3,970**	331	**-**	-
Finance income	**(776,946)**	(575,886)	**(775,233)**	(535,598)
Share of loss/(profit) of the joint venture	**3,478**	(52,132)	**-**	-
Unrealised foreign exchange gain	**(419,126)**	(464,458)	**(276,022)**	(1,612,684)
Taxation	**3,306,293**	(123,406)	**3,359,892**	(128,733)
Operating profit before changes in working capital	**49,423,027**	39,960,505	**54,817,559**	45,889,524
Changes in working capital:				
Trade and other receivables	**1,143,607**	(8,323,964)	**1,786,033**	(8,754,675)
Trade and other payables	**389,687**	1,191,880	**98,420**	25,136
Intercompany balances	**-**	-	**1,520,561**	398,174
Cash generated from operating activities	**50,956,321**	32,828,421	**58,222,573**	37,558,159
Interest received	**776,945**	575,886	**775,235**	535,598
Net tax refund	**(303,392)**	(87,419)	**(139,340)**	(116,190)
Net cash generated from operating activities	**51,429,874**	33,316,888	**58,858,468**	37,977,567

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in investment in subsidiary		**-**	(395,325)	**-**	-
Proceeds from disposal of plant and equipment		**117,925**	1,516	**117,925**	1,516
Purchase of software licences	15	**(2,795,107)**	(2,049,997)	**(2,667,106)**	(1,368,021)
Purchase of plant and equipment	14	**(7,193,163)**	(7,988,842)	**(5,446,234)**	(6,848,774)
Advances to subsidiaries		**-**	-	**(9,521,411)**	(6,982,585)
Repayment of advances to subsidiaries		**-**	-	**-**	663,712
Net cash used in investing activities		**(9,870,345)**	(10,432,648)	**(17,516,826)**	(14,534,152)
CASH FLOWS FROM FINANCING ACTIVITIES					
Bonus issue transaction costs		**-**	(76,209)	**-**	(76,209)
Interest paid		**(3,970)**	(331)	**-**	-
Payment of dividends		**(28,436,284)**	(25,474,171)	**(28,436,284)**	(25,474,171)
Net cash used in financing activities		**(28,440,254)**	(25,550,711)	**(28,436,284)**	(25,550,380)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**13,119,275**	(2,666,471)	**12,905,358**	(2,106,965)
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**(192,691)**	(21,978)	**(101,283)**	20,942
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**24,076,565**	26,765,014	**23,272,138**	25,358,161
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21	**37,003,149**	24,076,565	**36,076,213**	23,272,138

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 79 to 130.

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 education which includes educational and industrial training services primarily focused on customer care in the service industry. Details of the principal activities of the subsidiaries and joint venture are shown in Note 16 and Note 17 respectively 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:

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

There are no new accounting standards, amendments to published standards and interpretations that are effective for the first time for the financial year beginning on 1 July 2015.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2015. None of these are expected to have a significant effect on the consolidated financial statements of the Group or the separate financial statements of the Company, except the following set out below:

- Amendment to MFRS 11 'Joint Arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments that have been issued but not yet effective (continued)

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

  Key provisions of the new standard are as follows:
  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

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, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous year are not restated.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiaries (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss within 'impairment loss'.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Plant and equipment

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in 'other operating expenses' in profit or loss.

Plant and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts, 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%
Office renovations	33 1/3% - 50%
Motor vehicles	20%
Educational manuals	33 1/3%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the 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(g) on impairment of non-financial assets.

(f) Software Licenses

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised on the straight line method from the point at which the asset is ready for use over their estimated useful lives, which are between three to five years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(h) Financial assets

(i) Classification

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 and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. The Group and Company's financial assets are loans and receivables.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'other receivables', and 'cash and bank balances' in the statement of financial position. The Company's loans and receivables comprise 'trade receivables', 'other receivables', 'amounts due from other subsidiaries', and 'cash and bank balances' in the statement of financial position.

(ii) 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 that are directly attributable to the acquisition of the financial asset 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.

(iii) Subsequent measurement – gains and losses

Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(iv) Subsequent measurement - Impairment

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 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.

(v) 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.

(i) 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time. The Group and Company's leases are operating leases.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are 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 profit or loss on the straight line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(k) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, with the amount of goods and services tax ("GST") included. The net amount of GST recoverable from the government is presented as "trade and other payables" in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 3(h) on impairment of financial assets.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

(m) Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Share capital (continued)

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group and the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, with the amount of goods and services tax ("GST") included. The net amount of GST payable to the government is presented as 'trade and other payables' in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

Trade payables are subsequently measured at amortised cost using the effective interest method.

(o) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax (continued)

Deferred tax is provided 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 liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 is determined using tax rates (and tax laws) that have been enacted or substantively 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.

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

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the parent and joint venture and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the joint venturer is unable to control the reversal of the temporary difference for joint ventures. Only where there is an agreement in place that gives the joint venture the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'trade and other payables' in the statement of financial position.

(ii) Post-employment pension benefits

The Group has various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits plans are defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has 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 contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(r) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, 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 or non-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 case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(s) Revenue recognition

Revenue is measured at 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 goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Group.

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 Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

<u>Sales of services</u>

Revenue from the provision of customer contact centre services is recognised upon rendering of services.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

<u>Other operating income</u>

Other operating income comprises income earned on other services and is recognised upon rendering of services.

<u>Finance income</u>

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(t) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the 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. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in profit or loss on a net basis within 'other operating expenses'.

(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:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented 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
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Foreign currencies (continued)

(iii) Group companies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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.

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.

(b) Impairment of investments in subsidiaries

The Company assesses impairment of the investments in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable i.e. the carrying amount of the investment is more than the recoverable amount.

Projected future cash flows are based on the Company's judgements in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, margins, future inflationary figures, appropriate discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

During the year, the Company had undertaken an assessment of the recoverable amount of its investments in subsidiaries and recognised an impairment charge of RM7,579,722 (2015: RM7,980,361) to the statement of comprehensive income.

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.

The Group 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) Education 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 education.

(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, deferred tax assets, tax recoverable and plant and equipment of the dormant entities in the Group.

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

Segment capital expenditure comprises additions to plant and equipment and software licenses.

Significant non-cash expenses comprise mainly provision for impairment and unrealised foreign exchange gains or losses on settlement as disclosed in this Note.

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2016

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	195,782,931	511,837	-	196,294,768
Inter segment revenue	-	1,520,560	(1,520,560)	-
Total revenue	195,782,931	2,032,397	(1,520,560)	196,294,768
Segment results	52,614,548	(2,283,673)	-	50,330,875
Unallocated income/ other gains				117,925
Operating profit				50,448,800
Finance income				776,946
Finance costs				(3,970)
Depreciation and amortisation expenses				(6,310,315)
Share of profit of the joint venture (net of tax)				(3,478)
Profit before taxation				44,907,983
Taxation				(3,306,293)
Net profit for the financial year				41,601,690

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2016

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	72,698,969	665,842	(564,924)	72,799,887
Unallocated assets:				
- Deferred tax assets				119,957
- Tax recoverable				338,390
- Cash and cash equivalents				37,003,149
- Others				3,330
Total assets				110,264,713
Segment liabilities	36,132,800	10,476,584	(31,761,494)	14,847,890
Unallocated liabilities				2,755,708
Total liabilities				17,603,598

For the financial year ended 30 June 2016

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	9,988,270	-	-	9,988,270
Depreciation and amortisation expenses	6,179,593	52,298	78,424	6,310,315
Significant non-cash expenses:				
- Unrealised foreign exchange gain	(124,225)	(471)	(294,430)	(419,126)
- Impairment loss/ (Reversal of impairment loss)	10,390,106	-	(11,122,764)	(732,658)

** In relation to consolidation adjustments.

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2015

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	175,972,883	860,787	-	176,833,670
Inter segment revenue	-	739,500	(739,500)	-
Total revenue	175,972,883	1,600,287	(739,500)	176,833,670
Segment results	42,728,796	(3,791,907)	-	38,936,889
Unallocated income/ other gains				832
Operating profit				38,937,721
Finance income				575,886
Finance costs				(331)
Depreciation and amortisation expenses				(5,522,457)
Share of profit of the joint venture (net of tax)				52,132
Profit before taxation				34,042,951
Taxation				123,406
Net profit for the financial year				34,166,357

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2015

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	72,701,982	318,371	(3,921,718)	69,098,635
Unallocated assets:				
- Deferred tax assets				627,344
- Tax recoverable				732,766
- Cash and cash equivalents				24,076,565
- Others				3,323
Total assets				94,538,633
Segment liabilities	29,697,968	7,782,339	(23,245,353)	14,234,954
Unallocated liabilities				105,194
Total liabilities				14,340,148

For the financial year ended 30 June 2015

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	10,029,119	9,720	-	10,038,839
Depreciation and amortisation expenses	5,647,597	71,816	(196,956)	5,522,457
Significant non-cash expenses:				
- Impairment loss	16,300,592	-	(15,458,822)	841,770
- Unrealised foreign exchange loss/(gain)	(1,714,977)	-	1,250,519	(464,458)

** In relation to consolidation adjustments.

5 SEGMENT REPORTING (CONTINUED)

(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 **	
	2016	2015	2016	2015
	RM	RM	RM	RM
Malaysia *	**108,796,494**	101,904,450	**18,541,920**	15,063,454
Singapore	**10,244,720**	21,014,922	**-**	-
Philippines	**62,962,042**	46,330,572	**-**	-
United Kingdom	**4,161,985**	5,284,466	**-**	-
Sri Lanka	**1,396,585**	1,388,252	**3,383,782**	2,403,345
Indonesia	**273,616**	249,675	**-**	811,733
China	**6,500,142**	-	**-**	**-**
Others	**1,959,184**	661,333	**-**	220
	196,294,768	176,833,670	**21,925,702**	18,278,752

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

6 REVENUE

Revenue represents the following types of services rendered:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Outsourcing services	**195,782,931**	175,972,883	**194,023,450**	174,334,956
Education	**511,837**	860,787	**-**	-
	196,294,768	176,833,670	**194,023,450**	174,334,956

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 *(CONTINUED)*

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries and bonuses	**89,957,016**	86,575,225	**86,365,731**	82,046,606
Defined contribution plans	**7,490,247**	7,200,985	**7,079,283**	6,737,879
Other employee benefits	**7,377,867**	6,557,290	**7,154,562**	6,282,294
Staff welfare	**590,284**	642,203	**581,108**	639,618
	105,415,414	100,975,703	**101,180,684**	95,706,397
Directors' remuneration:				
- Salaries and bonuses	**1,389,942**	1,413,934	**1,389,942**	1,413,934
- Fees	**440,000**	430,000	**440,000**	430,000
	107,245,356	102,819,637	**103,010,626**	97,550,331

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

Executive Director

Leo Suresh Ariyanayakam

Non-executive Directors

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Dr. Nikolai Dobberstein
Loh Lee Soon
Karen Judith Goonting
Nicholas John Lough @ Sharif Lough bin Abdullah

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive Director:				
- Salaries and bonuses	**1,389,942**	1,413,934	**1,389,942**	1,413,934
- Estimated monetary value of benefits-in-kind	**148,085**	107,339	**148,085**	107,339
	1,538,027	1,521,273	**1,538,027**	1,521,273
Non-executive Directors:				
- Fees	**440,000**	430,000	**440,000**	430,000
	1,978,027	1,951,273	**1,978,027**	1,951,273

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 are the Directors and the Chief Executive Officer of the Company.

8 RENTAL EXPENSES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental:				
- Apartments	**1,024,509**	731,256	**1,024,509**	723,537
- Offices	**10,732,276**	9,918,520	**8,241,382**	7,584,004
- Office equipment	**48,898**	40,166	**45,809**	35,722
- Others	**132,149**	95,479	**130,056**	59,596
	11,937,832	10,785,421	**9,441,756**	8,402,859

9 NET FINANCE INCOME

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Finance income:				
- Fixed deposit	**776,946**	575,886	**775,233**	535,598
Finance costs:				
- Others	**(3,970)**	(331)	**-**	-
	772,976	575,555	**775,233**	535,598

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers, Malaysia	**198,000**	190,000	**166,000**	163,373
- Other auditors	**4,560**	1,141	**-**	-
- Fees for other services				
- PricewaterhouseCoopers, Malaysia	**249,512**	18,500	**227,700**	9,500
Bad debts written off	**240,000**	623,194	**240,000**	387,100
Depreciation of plant and equipment	**5,614,939**	5,141,349	**4,839,355**	4,142,877
Amortisation of software licences	**695,376**	381,108	**552,149**	327,243
Employee benefit costs (Note 7)	**107,245,356**	102,819,637	**103,010,626**	97,550,331
Foreign exchange gain:				
- Realised	**(24,176)**	(454,492)	**(35,515)**	(433,064)
- Unrealised	**(419,126)**	(464,458)	**(276,022)**	(1,612,684)
Gain on disposal of plant and equipment	**(117,925)**	(15)	**(117,925)**	(15)
Immigration expenses	**1,326,340**	819,186	**1,319,857**	813,680
Impairment loss/(reversal) of impairment on:				
- investment in subsidiary	**-**	-	**7,579,722**	7,980,361
- amounts due from subsidiaries	**-**	-	**3,543,042**	7,478,460
- plant and equipment	**-**	109,112	**-**	-
- trade receivables	**(732,658)**	732,658	**(732,658)**	732,658
Marketing expenses	**11,117,343**	11,126,758	**11,116,503**	11,104,805
Office supplies expenses	**1,119,023**	991,763	**1,040,255**	899,494
Other professional fees	**538,498**	355,703	**335,158**	145,932
Plant and equipment written off	**3,936**	22,293	**3,936**	22,293
Recruitment expenses	**137,043**	187,099	**135,755**	186,979
Security service	**552,253**	417,830	**516,204**	397,521
Software integration and support services	**1,374,274**	584,376	**1,351,694**	584,376
Staff training expenses	**14,646**	33,253	**1,535,206**	772,198

11 TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax:				
Current financial year:				
- Malaysian tax	**2,854,005**	121,867	**2,854,005**	121,867
- Foreign tax	**8,523**	-	**-**	-
Overprovision of tax in prior financial years				
- Malaysian tax	**(1,500)**	-	**(1,500)**	-
- Foreign tax	**-**	(2,072)	**-**	-
	2,861,028	119,795	**2,852,505**	121,867
Deferred taxation (Note 23):				
Relating to origination and reversal of temporary differences	**445,265**	(243,201)	**507,387**	(250,600)
	3,306,293	(123,406)	**3,359,892**	(128,733)

The Company was first awarded the Multimedia Super Corridor ("MSC") status on 7 November 2002 and the latest renewal was renewed for a further five years term expiring on 6 November 2017. In association with the MSC status, the Company was awarded pioneer status which accords the Company with five years of income tax exemption on a portion of the Company's statutory income. During the financial year, the income tax exemption on the Company's statutory business income was revised down from 100% to 70% for the remainder of its MSC status term beginning 7 November 2015. The provision for tax expense has been made with the application of the income tax exemption as the Company has met the conditions stipulated by the Ministry of Finance.

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

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

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

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate:				
Malaysian statutory tax rate	**24**	25	**24**	25
Tax effects of:				
- Expenses not deductible for tax purposes	**3**	5	**8**	15
- Income not subject to tax	**(23)**	(32)	**(26)**	(40)
- Deferred tax on current year losses not recognised	**1**	2	**-**	-
- Under provision of tax in prior financial years	**2**	-	**2**	-
Average effective tax rate	**7**	-	**8**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 *(CONTINUED)*

12 EARNINGS PER SHARE

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	
	2016	2015
Net profit for the financial year attributable to owners of the Company (RM'000)	**41,947**	34,695
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**11.80**	9.76

There is no dilutive potential ordinary share outstanding during the financial year.

13 DIVIDENDS

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

	2016		2015	
	Gross dividend per share	Amount of dividend, tax exempt	Gross dividend per share	Amount of dividend, tax exempt
	sen	RM	sen	RM
First interim dividends paid in respect of the financial years ended:				
- 30 June 2016	**2.0**	**7,109,071**	-	-
- 30 June 2015	**-**	**-**	1.5	5,331,803
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2016	**2.0**	**7,109,071**	-	-
- 30 June 2015	**-**	**-**	2.0	7,109,071
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2016	**2.0**	**7,109,071**	-	-
- 30 June 2015	**-**	**-**	2.0	7,109,071
Fourth interim dividends paid in respect of the financial years ended:				
- 30 June 2015	**2.0**	**7,109,071**	-	-
- 30 June 2014	**-**	**-**	2.0	5,924,226
	8.0	**28,436,284**	7.5	25,474,171

Subsequent to the financial year, on 26 August 2016, the Board of Directors declared a fourth interim dividend of 3 sen, tax exempt, per ordinary share of RM10,663,607 which is to be paid on 28 September 2016.

14 PLANT AND EQUIPMENT

	As at 1 July 2015	Additions	Write offs	Disposals	Currency translation differences	As at 30 June 2016
	RM	RM	RM	RM	RM	RM
2016						
Group						
At cost						
Furniture and fittings	5,701,128	537,024	(35,938)	-	(18,575)	**6,183,639**
Office equipment and computers	42,459,940	3,294,248	(438,065)	(1,293)	(34,562)	**45,280,268**
Telecommunications equipment	8,822,079	131,695	-	-	-	**8,953,774**
Office renovations	8,411,596	1,196,861	(759,795)	-	(30,495)	**8,818,167**
Motor vehicles	934,646	680,000	-	(480,460)	-	**1,134,186**
Work in progress	-	1,353,335	-	-	-	**1,353,335**
	66,329,389	7,193,163	(1,233,798)	(481,753)	(83,632)	**71,723,369**

	As at 1 July 2015	Charge for the financial year	Write offs	Disposals	Currency translation differences	As at 30 June 2016
	RM	RM	RM	RM	RM	RM
2016						
Group						
Accumulated depreciation						
Furniture and fittings	3,694,428	624,804	(24,793)	-	(18,097)	**4,276,342**
Office equipment and computers	31,824,587	3,797,289	(344,762)	(1,293)	(18,763)	**35,257,058**
Telecommunications equipment	8,563,919	82,963	-	-	-	**8,646,882**
Office renovations	6,966,046	991,868	(749,897)	-	(30,495)	**7,177,522**
Motor vehicles	920,498	118,015	-	(480,460)	-	**558,053**
	51,969,478	5,614,939	(1,119,452)	(481,753)	(67,355)	**55,915,857**

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2015	Charge for the financial year	Write offs	Disposals	Currency translation differences	As at 30 June 2016
	RM	RM	RM	RM	RM	RM
2016						
Group						
Accumulated impairment						
Furniture and fittings	10,579	-	(10,579)	-	-	**-**
Office equipment and computers	89,932	-	(89,932)	-	-	**-**
Office renovations	9,899	-	(9,899)	-	-	**-**
	110,410	-	(110,410)	-	-	**-**
Accumulated depreciation and impairment	52,079,888	5,614,939	(1,229,862)	(481,753)	(67,355)	**55,915,857**

	As at 1 July 2014	Additions	Write offs	Disposals	Currency translation differences	As at 30 June 2015
	RM	RM	RM	RM	RM	RM
2015						
Group						
At cost						
Furniture and fittings	4,922,862	789,829	(120,627)	(16,865)	125,929	**5,701,128**
Office equipment and computers	39,360,602	5,825,719	(2,863,279)	(3,296)	140,194	**42,459,940**
Telecommunications equipment	8,859,334	42,060	(81,214)	-	1,899	**8,822,079**
Office renovations	9,378,140	1,331,234	(2,490,277)	-	192,499	**8,411,596**
Motor vehicles	934,646	-	-	-	-	**934,646**
Educational manuals	1,392,013	-	(1,392,013)	-	-	**-**
	64,847,597	7,988,842	(6,947,410)	(20,161)	460,521	**66,329,389**

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2014	Charge for the financial year	Write offs	Disposals	Currency translation differences	As at 30 June 2015
	RM	RM	RM	RM	RM	RM
2015						
Group						
Accumulated depreciation						
Furniture and fittings	3,198,702	583,263	(120,179)	(16,055)	48,697	**3,694,428**
Office equipment and computers	31,325,906	3,293,855	(2,841,929)	(2,605)	49,360	**31,824,587**
Telecommunications equipment	8,532,265	111,706	(80,720)	-	668	**8,563,919**
Office renovations	8,228,888	1,056,433	(2,490,276)	-	171,001	**6,966,046**
Motor vehicles	824,406	96,092	-	-	-	**920,498**
Educational manuals	1,392,013	-	(1,392,013)	-	-	**-**
	53,502,180	5,141,349	(6,925,117)	(18,660)	269,726	**51,969,478**

	As at 1 July 2014	Charge for the financial year	Write offs	Disposals	Currency translation differences	As at 30 June 2015
	RM	RM	RM	RM	RM	RM
2015						
Group						
Accumulated impairment						
Furniture and fittings	-	10,455	-	-	124	**10,579**
Office equipment and computers	-	88,875	-	-	1,057	**89,932**
Office renovations	-	9,782	-	-	117	**9,899**
	-	109,112	-	-	1,298	**110,410**
Accumulated depreciation and impairment	53,502,180	5,250,461	(6,925,117)	(18,660)	271,024	**52,079,888**

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2015	Additions	Write offs	Disposals	As at 30 June 2016
	RM	RM	RM	RM	RM
2016					
Company					
At cost					
Furniture and fittings	3,503,143	860,312	(23,245)	-	**4,340,210**
Office equipment and computers	32,891,452	3,270,961	(288,133)	-	**35,874,280**
Telecommunications equipment	5,303,907	146,719	-	-	**5,450,626**
Office renovations	4,777,678	1,196,861	-	-	**5,974,539**
Motor vehicles	865,621	680,000	-	(480,460)	**1,065,161**
Work-in-progress	-	130,000	-	-	**130,000**
	47,341,801	6,284,853	(311,378)	(480,460)	**52,834,816**

Total additions of RM6,284,853 include non-cash transfers of plant and equipment from PT Scicom Indonesia amounting to RM838,619.

	As at 1 July 2015	Charge for the financial year	Write offs	Disposals	As at 30 June 2016
	RM	RM	RM	RM	RM
2016					
Company					
Accumulated depreciation					
Furniture and fittings	2,452,178	394,469	(22,680)	-	**2,823,967**
Office equipment and computers	23,923,645	3,252,604	(284,762)	-	**26,891,487**
Telecommunications equipment	5,151,347	82,399	-	-	**5,233,746**
Office renovations	3,545,610	991,868	-	-	**4,537,478**
Motor vehicles	851,473	118,015	-	(480,460)	**489,028**
	35,924,253	4,839,355	(307,442)	(480,460)	**39,975,706**

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2014	Additions	Write offs	Disposals	As at 30 June 2015
	RM	RM	RM	RM	RM
2015					
Company					
At cost					
Furniture and fittings	2,858,513	782,122	(120,627)	(16,865)	**3,503,143**
Office equipment and computers	31,047,452	4,693,358	(2,846,062)	(3,296)	**32,891,452**
Telecommunications equipment	5,343,061	42,060	(81,214)	-	**5,303,907**
Office renovations	5,936,721	1,331,234	(2,490,277)	-	**4,777,678**
Motor vehicles	865,621	-	-	-	**865,621**
	46,051,368	6,848,774	(5,538,180)	(20,161)	**47,341,801**

	As at 1 July 2014	Charge for the financial year	Write offs	Disposals	As at 30 June 2015
	RM	RM	RM	RM	RM
2015					
Company					
Accumulated depreciation					
Furniture and fittings	2,292,756	295,656	(120,179)	(16,055)	**2,452,178**
Office equipment and computers	23,671,761	3,079,201	(2,824,712)	(2,605)	**23,923,645**
Telecommunications equipment	5,126,444	105,623	(80,720)	-	**5,151,347**
Office renovations	5,469,581	566,305	(2,490,276)	-	**3,545,610**
Motor vehicles	755,381	96,092	-	-	**851,473**
	37,315,923	4,142,877	(5,515,887)	(18,660)	**35,924,253**

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**1,907,297**	1,996,121	**1,516,243**	1,050,965
Office equipment and computers	**10,023,210**	10,545,421	**8,982,793**	8,967,807
Telecommunications equipment	**306,892**	258,160	**216,880**	152,560
Office renovations	**1,640,645**	1,435,651	**1,437,061**	1,232,068
Motor vehicles	**576,133**	14,148	**576,133**	14,148
Work-in-progress	**1,353,335**	-	**130,000**	-
	15,807,512	14,249,501	**12,859,110**	11,417,548

15 SOFTWARE LICENCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cost				
As at 1 July	**2,718,752**	668,755	**2,036,776**	668,755
Addition	**1,865,035**	2,049,997	**1,793,180**	1,368,021
Work-in-progress	**930,072**	-	**930,072**	-
Currency translation differences	**(16,805)**	-	**-**	-
As at 30 June	**5,497,054**	2,718,752	**4,760,028**	2,036,776
Accumulated amortisation				
As at 1 July	**438,996**	56,456	**383,699**	56,456
Charge for the financial year	**695,376**	381,108	**552,149**	327,243
Currency translation	**(9,491)**	1,432	**-**	-
As at 30 June	**1,124,881**	438,996	**935,848**	383,699
Net book value	**4,372,173**	2,279,756	**3,824,180**	1,653,077

(i) Software licences relates to licences purchased that are not integral to any plant and equipment.
(ii) Total Company's additions of RM2,723,252 include a non-cash transfer of software license from PT Scicom Indonesia amounting to RM56,146.

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares at cost	**3,077,382**	3,073,380
Advances to subsidiaries	**16,503,642**	11,891,028
	19,581,024	14,964,408
Less: Impairment loss	**(17,688,412)**	(10,108,690)
	1,892,612	4,855,718

The advances are unsecured and are non-interest bearing with no fixed terms of repayment. The Company does not currently anticipate any repayment of the advances. These advances have been treated as extensions of its investments in subsidiaries.

Impairment assessment of investment in subsidiaries

During the financial year, the Company had undertaken the test of impairment of the carrying value of its investment in subsidiaries following an impairment indicator arising from accumulated losses reported by the subsidiaries. The recoverable amounts of the Company's subsidiaries for assessment of impairment were determined based on the higher of fair value less costs of disposal ("FVLCOD") or value-in-use ("VIU").

The fair value of the investment in subsidiaries was determined based on the fair value of the net assets of the respective subsidiaries.

Projected future cash flows are based on the Company's judgements in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, margins, future inflationary figures, appropriate discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

Based on the impairment test performed, the investment in the subsidiary has been impaired by RM7,579,722. The impairment charge is included as part of impairment loss in the statement of comprehensive income.

Details of the subsidiaries are as follows:

Name	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries 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.

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries of the Company (continued)			
Incorporated in Malaysia (continued)			
Scicom International College Sdn. Bhd. *	**70**	70	Provides higher educational courses and academic training certification.
Scicom E Solutions Sdn. Bhd. *#	**100**	-	Provides electronic solutions and applications for payment on-line processing, border security services, digital platforms and software solutions.
Incorporated in India			
Scicom Contact Centre Services Private Limited^	**100**	100	Dormant.
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**	100	Provides customer contact centre outsourcing services.

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Group's effective interest		Principal activities
	2016	2015	
	%	%	
Subsidiaries of the Company (continued)			
Incorporated in Sri Lanka			
Scicom Lanka (Private) Limited**	**100**	100	Provides customer contact centre outsourcing services.
Incorporated in Cambodia			
Scicom (Cambodia) Co., Ltd. #	**100**	-	- Provision of information technology. - Software solution and integration services.

* Audited by PricewaterhouseCoopers, Malaysia.
** Audited by a firm other than PricewaterhouseCoopers, Malaysia.
^ Not required by their local laws to appoint statutory auditors.
\# Incorporated during the financial year and have not commenced operations.

Non-controlling interests are not material to the Group.

17 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares at cost	**1**	1	**1**	1
Share of net assets of the joint venture	**1,746,016**	1,749,494	-	-
	1,746,017	1,749,495	**1**	1

	Group	
	2016	2015
	RM	RM
At 1 July	**1,749,495**	1,697,363
Share of (loss)/profit	**(3,478)**	52,132
At 30 June	**1,746,017**	1,749,495

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group.

Name	Group's effective interest		Principal activities
	2016	2015	
	%	%	
Incorporated in Malaysia			
Asian Contact Centres Sdn. Bhd. ("ACCS")*	**50**	50	Managing customer contact centre outsourcing services.

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

ACCS is a private company and there is no quoted market price available for its shares. There are no commitments and contingent liabilities relating to the Group's interest in the joint venture.

Summarised financial information for joint venture

Set out below are the summarised financial information for ACCS which is accounted for using the equity method:

	Group	
	2016	2015
	RM	RM
Current		
Cash and cash equivalents	**3,398,800**	3,151,101
Other current assets (excluding cash)	**673,983**	1,600,174
Total current assets	**4,072,783**	4,751,275
Financial liabilities (excluding trade payables)	**(189,770)**	(353,374)
Other current liabilities (including trade payables)	**(391,043)**	(1,045,747)
Total current liabilities	**(580,813)**	(1,399,121)
Non-current		
Assets	**64**	146,835
Net assets	**3,492,034**	3,498,989

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (continued)

	Group	
	2016	2015
	RM	RM
Summarised statement of comprehensive income		
Revenue	**2,062,318**	2,150,506
Profit from continuing operations	**45,235**	133,077
Finance income	**44,290**	-
Income tax expense	**(96,480)**	(28,813)
Net (loss)/profit for the financial year/ Total comprehensive (loss)/income	**(6,955)**	104,264

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	Group	
	2016	2015
	RM	RM
Summarised financial information		
Opening net assets 1 July	**3,498,989**	3,394,725
(Loss)/Profit for the financial year	**(6,955)**	104,264
Closing net assets	**3,492,034**	3,498,989
Interest in joint venture @ 50%	**1,746,017**	1,749,495
Carrying value	**1,746,017**	1,749,495

During the financial year ended 30 June 2016, the Group and the Company rendered services to the Joint Venture ("JV") totalling RM1,904,268 (2015: RM1,986,037). The amount due from the JV to the Group and Company as at 30 June 2016 amounted to RM387,669 (2015: RM903,071).

18 TRADE RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables				
Third parties	**28,654,224**	32,064,803	**28,342,169**	31,682,276
Unbilled receivables	**14,120,459**	11,722,578	**13,952,022**	11,580,028
Joint venture	**387,669**	903,071	**387,669**	903,071
	43,162,352	44,690,452	**42,681,860**	44,165,375
Less: Impairment loss				
- Third parties	**(151)**	(732,809)	**-**	(732,658)
	43,162,201	43,957,643	**42,681,860**	43,432,717

Credit terms of trade receivables range from 25 to 90 days (2015: 30 to 120 days) except for a debtor where an extended credit period of 12 months has been agreed.

The Group's and the 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 the Company's trade receivables.

18 TRADE RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	**23,245,594**	24,061,989	**22,934,821**	23,938,853
Past due but not impaired:				
- 1 to 30 days past due not impaired	**3,787,123**	4,192,001	**3,787,123**	4,028,325
- 31 to 60 days past due not impaired	**1,186,207**	2,208,019	**1,186,207**	2,185,688
- 61 to 90 days past due not impaired	**237,986**	1,072,832	**237,986**	1,047,039
- More than 90 days past due not impaired	**584,832**	700,224	**583,701**	652,784
Impaired:				
- More than 90 days	**151**	732,809	**-**	732,658
	29,041,893	32,967,874	**28,729,838**	32,585,347
Less: Impairment loss	**(151)**	(732,809)	**-**	(732,658)
	29,041,742	32,235,065	**28,729,838**	31,852,689
Unbilled receivables	**14,120,459**	11,722,578	**13,952,022**	11,580,028
	43,162,201	43,957,643	**42,681,860**	43,432,717

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Existing customers with no history of defaults	**21,792,560**	22,666,190	**21,642,845**	22,592,432
New customers within the last 6 months	**1,453,034**	1,395,799	**1,291,976**	1,346,421
	23,245,594	24,061,989	**22,934,821**	23,938,853

A significant number of these receivables comprise of multinational organisations and Malaysian government agencies. These receivables account for RM22,041,274 (2015: RM23,906,579) and RM21,605,969 (2015: RM23,788,214) of the Group's and Company's trade receivables as at 30 June 2016.

18 TRADE RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables of RM5,796,148 (2015: RM8,173,076) and RM5,795,017 (2015: RM7,913,836) 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 movements in impairment loss are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 July	**732,809**	151	**732,658**	-
Charge for the financial year	**-**	732,658	**-**	732,658
Reversal during the financial year	**(732,658)**	-	**(732,658)**	-
At 30 June	**151**	732,809	**-**	732,658

The impairment of trade receivables are individually determined. The impairment loss recognised during the financial year ended 30 June 2015 is in relation to customers with indication of impairment estimated based on the timing of the expected cash flows to be secured from the customers. This impairment loss is reversed during the financial year as a result of unwinding of discount.

The fair value of trade receivables approximates its carrying value.

19 OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets				
Other receivables	**853,211**	1,608,143	**853,211**	1,218,878
Deposits	**5,708,930**	3,852,176	**3,488,282**	3,456,024
Less: Impairment loss	**(159,200)**	(159,200)	**(159,200)**	(159,200)
	5,549,730	3,692,976	**3,329,082**	3,296,824
	6,402,941	5,301,119	**4,182,293**	4,515,702
Non-financial assets				
Prepayments	**1,213,683**	1,520,012	**1,213,693**	1,394,976
Other receivables	**98,690**	44,432	**-**	-
	7,715,314	6,865,563	**5,395,986**	5,910,678

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

The credit quality of the Group's and the Company's other receivables can be assessed by historical information of counterparty defaults. Other receivables of the Group and the Company are due from counterparties with no history of defaults.

Impairment loss

The movement in impairment loss are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 July	**159,200**	159,200	**159,200**	159,200
Charge for the financial year	**240,000**	-	**240,000**	-
Written off during the financial year	**(240,000)**	-	**(240,000)**	-
At 30 June	**159,200**	159,200	**159,200**	159,200

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

20 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Amounts due from subsidiaries	**15,532,853**	12,465,403
Less: Impairment loss	**(15,033,977)**	(11,490,935)
	498,876	974,468

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

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

	Company	
	2016	2015
	RM	RM
Neither past due nor impaired	**498,876**	974,468
Impaired:		
- More than 90 days	**15,033,977**	11,490,935
	15,532,853	12,465,403
Less: Impairment loss	**(15,033,977)**	(11,490,935)
	498,876	974,468

Impairment loss

The movement in impairment loss is as follows:

At 1 July	**11,490,935**	4,012,475
Charge for the financial year	**3,543,042**	7,478,460
At 30 June	**15,033,977**	11,490,935

All impaired amounts due from subsidiaries are individually determined. These receivables are not secured by collateral or credit enhancements.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	**7,619,648**	2,815,386	**6,761,828**	2,171,963
Deposits with licensed banks	**29,383,501**	21,261,179	**29,314,385**	21,100,175
	37,003,149	24,076,565	**36,076,213**	23,272,138

The weighted average interest rates of deposits with licensed banks as at the reporting period for the Group and the Company are 2% (2015: 2%) per annum. The Group and the Company's deposits have weighted average maturity period of 24 days (2015: 34 days).

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash in-hand	**794,989**	191,845	**688,729**	191,845
Cash at bank and deposits with licensed banks				
AAA	**29,414,735**	18,284,545	**28,594,060**	17,480,118
AA	**6,793,425**	5,600,175	**6,793,424**	5,600,175
	37,003,149	24,076,565	**36,076,213**	23,272,138

The credit quality of the above balances are assessed by reference to RAM Rating Services Berhad.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**95,546**	249,829	**95,546**	235,042
Accruals	**2,285,166**	2,099,014	**2,043,900**	1,838,049
Performance-related bonus	**6,627,484**	5,534,129	**6,348,687**	5,388,621
Other payroll-related liabilities	**833,668**	809,663	**801,155**	734,917
Other payables	**3,161,046**	3,648,296	**1,573,334**	2,330,803
	13,002,910	12,340,931	**10,862,622**	10,527,432
Non-financial liabilities				
Other payroll-related liabilities	**1,513,309**	1,430,757	**1,472,167**	1,384,809
Other payables	**337,060**	469,184	**321,241**	416,867
	14,853,279	14,240,872	**12,656,030**	12,329,108

Credit terms of trade payables range from 30 to 90 days (2015: 30 to 90 days).

23 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 are shown in the statements of financial position:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets:				
- Recoverable within 12 months	**(331,045)**	(627,344)	**(331,045)**	(627,344)
Deferred tax liabilities:				
- To be settled within 12 months	**202,416**	93,599	**170,939**	-
- To be settled after more than 12 months	**40,149**	-	**40,149**	-

23 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets				
- Plant and equipment	**-**	(627,344)	**-**	(627,344)
- Provisions	**(331,045)**	-	**(331,045)**	-
Offsetting	**211,088**	-	**211,088**	-
Deferred tax assets (after offsetting)	**(119,957)**	(627,344)	**(119,957)**	(627,344)
Deferred tax liabilities				
- Plant and equipment	**222,691**	93,599	**191,214**	-
- Others	**19,874**	-	**19,874**	-
Offsetting	**(211,088)**	-	**(211,088)**	-
Deferred tax liabilities (after offsetting)	**31,477**	93,599	**-**	-

The movements during the financial year relating to deferred taxation are as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At the beginning of the financial year	**(533,745)**	(290,544)	**(627,344)**	(376,744)
Charged to profit or loss (Note 11):				
- Plant and equipment	**756,436**	(243,201)	**818,558**	(250,600)
- Others	**19,874**	-	**19,874**	-
Credited to profit or loss (Note 11):				
- Provisions	**(331,045)**	-	**(331,045)**	-
At the end of the financial the year	**(88,480)**	(533,745)	**(119,957)**	(627,344)

The amount of unutilised capital allowances and unutilised tax losses (both of which have no expiry date) of the Company's subsidiaries, for which no deferred tax asset is recognised in the Statements of Financial Position as it is not probable that taxable profit will be available against which these temporary differences can be utilised as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unutilised capital allowances	**91,075**	65,152	**-**	-
Unutilised tax losses	**8,123,182**	6,048,932	**-**	-

24 SHARE CAPITAL

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

	The Group and the Company	
	2016	2015
	RM	RM
Authorised ordinary shares of RM0.10 each:		
At the beginning/end of the financial year	**100,000,000**	100,000,000
Issued and fully paid ordinary shares of RM0.10 each:		
At the beginning of the financial year	**35,545,356**	29,621,130
Issued during the financial year:		
- Bonus issue	**-**	5,924,226
At the end of the financial year	**35,545,356**	35,545,356

On 1 December 2014, the Company declared a bonus issue of 59,242,260 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of one (1) bonus share for every five (5) existing ordinary shares held. The ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

25 SHARE PREMIUM RESERVE

	The Group and the Company	
	2016	2015
	RM	RM
At the beginning of the financial year	**-**	1,982,994
Share premium on ordinary shares utilised pursuant to bonus issue	**-**	(1,982,994)
At the end of the financial year	**-**	-

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.

26 RESERVES

(a) Retained earnings

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

(b) 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.

27 COMMITMENTS

(a) Capital expenditure

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**2,499,851**	152,287	**1,122,439**	152,287

(b) Non-cancellable operating lease commitments

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
- Not later than one year	**7,335,095**	9,937,118	**5,936,853**	9,026,685
- Later than one year and not later than five years	**7,624,438**	8,132,890	**988,150**	5,516,496
- Later than five years	**185,530**	826,450	**-**	-
	15,145,063	18,896,458	**6,925,003**	14,543,181

28 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(i) The related parties and their relationships with the Group are as follows:

Related parties	Relationship
Scicom (Academy) Sdn. Bhd.	Subsidiary
Scicom International College Sdn. Bhd.	Subsidiary
Scicom E Solutions Sdn. Bhd.	Subsidiary
Scicom Contact Centre Services Private Limited	Subsidiary
Scicom International (UK) Ltd	Subsidiary
Scicom Inc.	Subsidiary
PT Scicom Indonesia	Subsidiary
Scicom Lanka (Private) Limited	Subsidiary
Scicom (Cambodia) Co., Ltd.	Subsidiary
Asian Contact Centres Sdn. Bhd.	Joint venture

28 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(ii) Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions agreed with related parties.

	Company	
	2016	2015
	RM	RM
Purchase of services from subsidiaries	**(1,520,560)**	(793,500)
Invoices billed and collected on behalf of subsidiaries	**-**	(633,712)
Expenses paid on behalf of subsidiaries	**4,204,097**	4,249,023
Advances to subsidiaries	**5,317,314**	2,733,562
Purchase of plant and equipment	**(838,619)**	-
Purchase of software license	**(56,145)**	-

(iii) Significant related party balances

Included in the Group's and the Company's statements of financial position are the following significant related party balances arising from normal business transactions:

	Company	
	2016	2015
	RM	RM
Amount due from subsidiaries	**498,876**	974,468
Amount due from joint venture	**387,669**	903,071

The transactions have been entered into in the normal course of business at terms mutually agreed between the parties.

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group and the Company's activities expose it to a variety of financial risks from its operations including market risk, credit risk, liquidity risk and capital management risk. The Group and the Company's overall financial risk management objectives are to ensure that the Group and the Company create value for its shareholders and to ensure that adequate financial resources are available for the development of the Group and the Company's businesses. The Group and the Company operate within clearly defined guidelines that are approved by the Board and seek 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 and the 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 and the 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 and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(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 and the Company's financial position and cash flows.

(i) Foreign currency exchange risk

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

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Impact on pre-tax profit for the financial year:				
USD				
5% increase in USD exchange rate	**338,368**	30,515	**338,139**	179,968
5% decrease in USD exchange rate	**(338,368)**	(30,515)	**(338,139)**	(179,968)
SGD				
5% increase in SGD exchange rate	**82,811**	152,855	**82,811**	152,855
5% decrease in SGD exchange rate	**(82,811)**	(152,855)	**(82,811)**	(152,855)
GBP				
5% increase in GBP exchange rate	**56,793**	96,879	**56,790**	123,011
5% decrease in GBP exchange rate	**(56,793)**	(96,879)	**(56,790)**	(123,011)

(ii) Interest rate risk

The Group's and the Company's exposure to interest rate risk are limited to their financing through the utilisation of an overdraft facility. It is the Group's and the Company's policy to source for the most favourable interest rate available. As at 30 June 2016, the Group and the Company have no outstanding borrowings.

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

(iii) Price risk

For key contracts, the Group and the Company establish price levels that the Group and the Company consider acceptable and also enter into supply agreements where necessary, to achieve these levels.

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

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Credit and counterparty 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 the Company.

At the reporting date, the Group and the Company's maximum exposure to credit risk are 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 and the Company's trade receivables as at 30 June 2016, where four customers contributed RM22.9 million (2015: RM26.7 million for the Group and the Company). The Group and the Company's historical experience in collection of trade receivables falls within recorded allowances. Management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group and the Company's trade receivables.

The Group and the Company's customers are mainly significant entities comprising multinational organisations and Malaysian government agencies. The Group and the Company consider 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) Intercompany balances

The Company maintains current accounts with subsidiaries. The current accounts include transactions relating to payments made on behalf of subsidiaries or vice versa as applicable. The Company monitors the results of the subsidiaries regularly. As at 30 June 2016, 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 recoverable amounts. As at 30 June 2016, there was no indication that the carrying value of the amounts due from the subsidiaries are not recoverable.

(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 statements 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 have sufficient cash and bank balances and maintain standby credit lines to ensure availability of funding to meet operational requirements. The Group and the Company's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
On demand or less than three months:				
Trade and other payables	**13,002,910**	12,340,931	**10,862,622**	10,527,432

(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. During the year, the Group and the Company's strategy for managing capital was unchanged from 2015.

As of 30 June 2016, the Group and the Company had no outstanding borrowings.

30 FINANCIAL INSTRUMENTS BY CATEGORY

	Group	
	2016	2015
	RM	RM
Loans and receivables		
Trade receivables	**43,162,201**	43,957,643
Other receivables excluding prepayments	**6,402,941**	5,301,119
Cash and cash equivalents	**37,003,149**	24,076,565
Total	**86,568,291**	73,335,327
Other financial liabilities at amortised cost		
Trade and other payables excluding statutory liabilities	**13,002,910**	12,340,931

	Company	
	2016	2015
	RM	RM
Loans and receivables		
Trade receivables	**42,681,860**	43,432,717
Other receivables excluding prepayments	**4,182,293**	4,515,702
Cash and cash equivalents	**36,076,213**	23,272,138
Amounts due from subsidiaries	**498,876**	974,468
Total	**83,439,242**	72,195,025
Other financial liabilities at amortised cost		
Trade and other payables excluding statutory liabilities	**10,862,622**	10,527,432

31 CONTINGENT LIABILITY

A subsidiary of the Company has received tax assessment notices of RM1.4 million, INR23.8 million (2015: RM1.4 million, INR23.8 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors have received expert advice on this matter from a tax agent. Based on the advice received, the Board of Directors are of the view that no significant liability will crystallise from these assessments.

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 August 2016.

33 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total retained earnings/ (accumulated losses):				
Realised	**22,460,233**	21,366,287	**52,824,545**	46,503,576
Unrealised	**(507,607)**	(1,185,131)	**(395,980)**	(2,240,028)
	21,952,626	20,181,156	**52,428,565**	44,263,548
Total share of retained earnings from joint venture:				
Realised	**1,746,017**	1,749,495	**-**	-
	23,698,643	21,930,651	**52,428,565**	44,263,548
Add: Consolidation adjustments	**35,844,010**	24,101,719	**-**	-
Total Group's and Company's retained earnings	**59,542,653**	46,032,370	**52,428,565**	44,263,548

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.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Leo Suresh Ariyanayakam and Krishnan a/l C. K. Menon, the Directors of Scicom (MSC) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 69 to 130 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 2016 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 33 on page 130 have been prepared in accordance with the 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.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 August 2016.

LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN A/L C. K. 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 69 to 130 are, in my opinion, 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 abovenamed Jayakumar a/l Narayana Pillai Sreedharan Nair at Kuala Lumpur in Malaysia on 26 August 2016, before me.

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

TO THE MEMBERS OF SCICOM (MSC) BERHAD
(Incorporated in Malaysia)
(Company No. 597426 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Scicom (MSC) Berhad on pages 69 to 130 which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 32.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 about 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 judgement, 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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 have 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' reports of all the 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 33 on page 130 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

SOO KWAI FONG
(No. 3144/07/17(J))
Chartered Accountant

Kuala Lumpur
26 August 2016

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 2016. The Company currently does not have any ESOS scheme.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 30 June 2016.

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 2016.

6. NON-AUDIT FEES

The amount of non-audit fees paid by the Group and the Company for the financial year ended 30 June 2016 were RM249,512 and RM227,700 respectively, representing fees for tax and advisory 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 2016. 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 2016.

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

For the financial year ended 30 June 2016, no contracts of a material in 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 2016.

11. CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility activities and/or practices undertaken during the financial year ended 30 June 2016 are set out on pages 41 to 45 of the Annual Report.

SHARE CAPITAL AS AT 26 SEPTEMBER 2016

	Amount
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	35,545,356
Class of Securities	Ordinary shares of RM0.10 each
Voting Rights	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS 26 SEPTEMBER 2016

No. of Shareholders	%	Size of Shareholdings	No. of Shares	%
86	5.44%	Less than 100 shares	3,558	0.00%
175	11.07%	100 to 1,000 shares	108,036	0.03%
595	37.63%	1,001 to 10,000 shares	2,796,990	0.79%
495	31.31%	10,001 to 100,000 shares	17,185,280	4.83%
225	14.23%	100,001 to less than 5% of issued shares	193,098,136	54.33%
5	0.32%	5% and above of issued shares	142,261,560	40.02%
1,581	**100.00%**		**355,453,560**	**100.00%**

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 26 SEPTEMBER 2016
(As shown in the record of Depositors)

No.	Name of Shareholder	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NETINSAT ASIA SDN BHD (PBCL-0G0024)	40,000,000	11.253
2	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	28,386,500	7.985
3	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	28,135,060	7.915
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NETINSAT ASIA SDN BHD (PB)	27,440,000	7.719
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	18,300,000	5.148
6	ALI BIN ABDUL KADIR	13,200,000	3.713
7	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MGN-LSA0005M)	11,000,000	3.094
8	SIEH KOK SWEE	7,953,600	2.237
9	LEO SURESH ARIYANAYAKAM	6,480,509	1.823
10	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR LEO SURESH ARIYANAYAKAM (MY2262)	6,000,000	1.687
11	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	5,920,000	1.665
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	5,413,600	1.523
13	KHOO LOON SEE	4,694,288	1.320
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	4,389,400	1.234
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	3,683,720	1.036
16	KRISHNAN A/L C K MENON	3,034,520	0.853

No.	Name of Shareholder	No. of Shares Held	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	2,976,600	0.837
18	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	2,951,400	0.830
19	MAYBANK INVESTMENT BANK BERHAD IVT (10)"	2,948,600	0.829
20	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	2,648,300	0.745
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMAR SHARIFF BIN MYDEEN	2,545,000	0.715
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BHD FOR LIBRA AMANAH SAHAM WANITA (N14011980040)	2,392,160	0.672
23	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD-LIBRA CONSUMER AND LEISURE ASIA FUND	2,359,000	0.663
24	GAN BOON AIK	2,346,400	0.660
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC DALI EQUITY FUND	2,331,900	0.656
26	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,135,052	0.600
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	2,000,000	0.562
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	1,971,040	0.554
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB-PRINCIPAL EQUITY FUND	1,931,400	0.543
30	HSBC NOMINEES (ASING) SDN BHD HSBC-FS G FOR BEST INVESTMENT CORPORATION (VICTORY CAP M)	1,884,600	0.530
	Total	**247,452,649**	**69.601**

SUBSTANTIAL SHAREHOLDERS AS AT 26 SEPTEMBER 2016

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Leo Suresh Ariyanayakam	86,170,963	24.24%	0	0.00%
2	Netinsat Asia Sdn Bhd	68,518,704	19.28%	0	0.00%
3	Krishnan A/L C K Menon	3,234,520	0.91%	68,518,704	19.28%
4	Sreekumar A/L P Narayana Pillai	-	0.00%	68,518,704	19.28%
5	Jaganath Derek Steven Sabapathy	18,726,472	5.27%	0	0.00%

DIRECTORS' SHAREHOLDING AS AT 26 SEPTEMBER 2016

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Leo Suresh Ariyanayakam	86,170,963	24.24%	0	0.00%
2	Krishnan A/L C K Menon [1]	3,234,520	0.91%	68,518,704	19.28%
3	Dato' Mohd Salleh Bin Hj. Harun	1,836,000	0.52%	0	0.00%
4	Dr. Nikolai Dobberstein	1,320,000	0.37%	0	0.00%
5	Loh Lee Soon	357,120	0.10%	0	0.00%
6	Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [2]	1,015,000	0.29%	1,063,000	0.30%
7	Karen Judith Goonting	-	-	0	0.00%

[1] Deemed interest by virtue of his shareholdings in Netinsat Asia Sdn Bhd
[2] Deemed interest by virtue of his shareholdings in Melewar Leisure Sdn Bhd

Act	Companies Act, 1965
ASEAN	Association of Southeast Asian Nations
AGM	Annual General Meeting
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process 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
FY	Financial Year
GBP	British Pound Sterling
HR	Human Resource
HQ	Head Quarters
ICM	Internal control memorandum
INR	Indian Rupee
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
KL	Kuala Lumpur
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board

MNCs	Multi-National Corporations
MSC	Multimedia Super Corridor
PBT	Profit Before Taxation
PIKOM	Association of the Computer and Multimedia Industry of Malaysia
PJ	Petaling Jaya, Malaysia
PTSI	PT Scicom Indonesia
RM	Ringgit Malaysia
ROI	Return on Investment
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
SLPL	Scicom Lanka (Private) Limited
SMT	Senior Management Team
SPEAK	Scicom Pulse of the Employee Acknowledged
SSPA	Service and Support Professionals Association
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

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

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

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

Scicom E Solutions Sdn Bhd
25th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur Malaysia
Tel : 603 2162 1088
Fax : 603 2164 9820

Scicom International College Sdn Bhd
25th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur Malaysia
Tel : 603 2162 1088
Fax : 603 2164 9820

Scicom Contact Centre Services Private Limited
Door No 2, No.1A
Venkateshwar Nilya
Anjenya Temple Road
RMV 2nd Stage Bangalore
560094 India
Tel : 99 86 374436

Scicom Inc
234, Waukegan Road Glenview
Illinois 60025 United States of America
Tel : 847 998 0557
Fax : 847 998 0561

Asian Contact Centres Sdn Bhd
25th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur Malaysia
Tel : 603 2162 1088
Fax : 603 2164 9820

Scicom Lanka (Private) Limited
466, Galle Road
Colombo 3
Sri Lanka
Tel : 94 11 5882885

PT Scicom Indonesia
Wisma GKBI, 17th Floor
Jl. Jendral Sudirman No.28
Jakarta 10210, Indonesia

Scicom (Cambodia) Co., Ltd
Level 6, Phnom Penh Tower
445, Monivong Boulevard
Phnom Penh, Cambodia

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Rafflesia 1, Lower Ground 1 Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on **Monday, 7 November 2016** 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 2016 together with the Reports of the Directors and Auditors thereon (See Note 2)

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   (i) Dato' Nicholas John Lough @ Sharif Lough bin Abdullah (Ordinary Resolution 1)

   (ii) Ms Karen Judith Goonting (Ordinary Resolution 2)

3. To approve the payment of Directors' Fees of RM440,000 for the financial year ended 30 June 2016. (Ordinary Resolution 3)

4. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)

B. Special Business

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

5. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

   "THAT Dato' Mohd Salleh Bin Hj Harun, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." (Ordinary Resolution 5)

6. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

(i) "THAT approval be and is hereby given to Mr Loh Lee Soon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." (Ordinary Resolution 6)

(ii) "THAT approval be and is hereby given to Dr Nikolai Dobberstein, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." (Ordinary Resolution 7)

7. PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the proposed amendment to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendment to the Articles of Association of the Company." (Special Resolution)

C. Other Business

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

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Kuala Lumpur
14 October 2016

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 or authorised nominee appoints two (2) or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.

(iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) 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.

(vi) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 60 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 1 November 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution 6 - Proposal for Mr Loh Lee Soon ("Mr Loh") to continue in office as Independent Non-Executive Director

The Board of Directors ("Board") had via the Nominating and Remuneration Committee conducted an annual performance evaluation and assessment of Mr Loh and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-

(a) He was appointed on 25 April 2007 as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit and Risk Management Committee, the Nominating and Remuneration Committee and the Board;

(b) His vast experiences as a fellow of the Institute of Chartered Accountants in England and Wales and also a member of the Malaysian Institute of Accountants would enable him to contribute effectively to the Board;

(c) He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board;

(d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders; and

(e) He has contributed sufficient time and efforts and attended all the meetings of the Audit and Risk Management Committee, the Nominating and Remuneration Committee and the Board held during the financial year ended 30 June 2016 as well as meeting the Management, as and when required, for informed and balanced decision making.

(ii) Ordinary Resolution 7 - Proposal for Dr Nikolai Dobberstein ("Dr Nikolai") to continue in office as Independent Non-Executive Director

The Board had via the Nominating and Remuneration Committee conducted an annual performance evaluation and assessment of Dr Nikolai and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-

(a) He was appointed on 22 August 2005 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit and Risk Management Committee, the Nominating and Remuneration Committee and the Board;

(b) His vast experiences in Technology, Innovation Management, Communication and High-Technology Practices would enable him to contribute effectively to the Board;

(c) He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board;

(d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders; and

(e) He has contributed sufficient time and efforts and attended all the meetings of the Audit and Risk Management Committee, the Nominating and Remuneration Committee and the Board held during the financial year ended 30 June 2016 as well as meeting the Management, as and when required, for informed and balanced decision making.

(iii) Special Resolution – Proposed Amendment to Articles of Association of The Company

The proposed Special Resolution, if passed, will give authority to amend its Articles of Association to be aligned with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Appendix A

PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLE	EXISTING ARTICLE	AMENDED ARTICLE
136	The Directors shall from time to time in accordance with ~~Section 169 of the Act~~ cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports ~~as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors and auditors reports shall not exceed four (4) months and within six (6) months after the expiry of its financial year end the Company must issue to its members an annual report.~~ A copy of each such document shall ~~not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article (154),~~ be sent to every Member of the Company under the provisions of the Act or of these Articles. ~~The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that~~ this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office	The Directors shall from time to time in accordance with **the provisions or requirements under the Act or these Articles or Listing Requirements of Bursa Securities** cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports. A copy of each such document shall be sent to every Member of the Company under the provisions of the Act or of these Articles or Listing Requirements of Bursa Securities. This Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office.

SCICOM (MSC) BERHAD (597426-H)
(Incorporated in Malaysia)

No. of ordinary shares held	*CDS Account No.*

TELEPHONE NO.

....
(DURING OFFICE HOURS)

I/We...
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New)/Company No. ....
of ....
(FULL ADDRESS)

being a member/members of **SCICOM (MSC) BERHAD** hereby appoint* ....
....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No. ....
of ....
....
(FULL ADDRESS)

or failing him ....
(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 Fourteenth Annual General Meeting of the Company to be held at Rafflesia 1, Lower Ground 1 Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on **Monday, 7 November 2016** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

Ordinary Business		*FOR*	*AGAINST*
Ordinary Resolution 1	Re-election of Dato' Nicholas John Lough @ Sharif Lough bin Abdullah as Director pursuant to Article 84 of the Company's Articles of Association.		
Ordinary Resolution 2	Re-election of Ms Karen Judith Goonting as Director pursuant to Article 84 of the Company's Articles of Association.		
Ordinary Resolution 3	Approval of Directors' Fees of RM440,000 for the financial year ended 30 June 2016.		
Ordinary Resolution 4	Re-appointment of Messrs Pricewaterhouse Coopers as Auditors.		
Special Business			
Ordinary Resolution 5	Re-appointment of Dato' Mohd Salleh Bin Hj Harun as Director in accordance with Section 129 of the Companies Act, 1965.		
Ordinary Resolution 6	Approval for Mr Loh Lee Soon to continue in office as an Independent Non-Executive Director		
Ordinary Resolution 7	Approval for Dr. Nikolai Dobberstein to continue in office as an Independent Non-Executive Director		
Special Resolution	Proposed Amendment to Articles of Association of the Company		

(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.)

The proportions of my/our shareholding to be represented by my/our proxy(ies) are as follows:

First named Proxy……………………………..%
Second named Proxy…………………………..%
100%

Dated this ____________ *day of* ____________________ *2016*

____
Signature of Member / Common Seal

NOTES:-

(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 or authorised nominee appoints two (2) or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

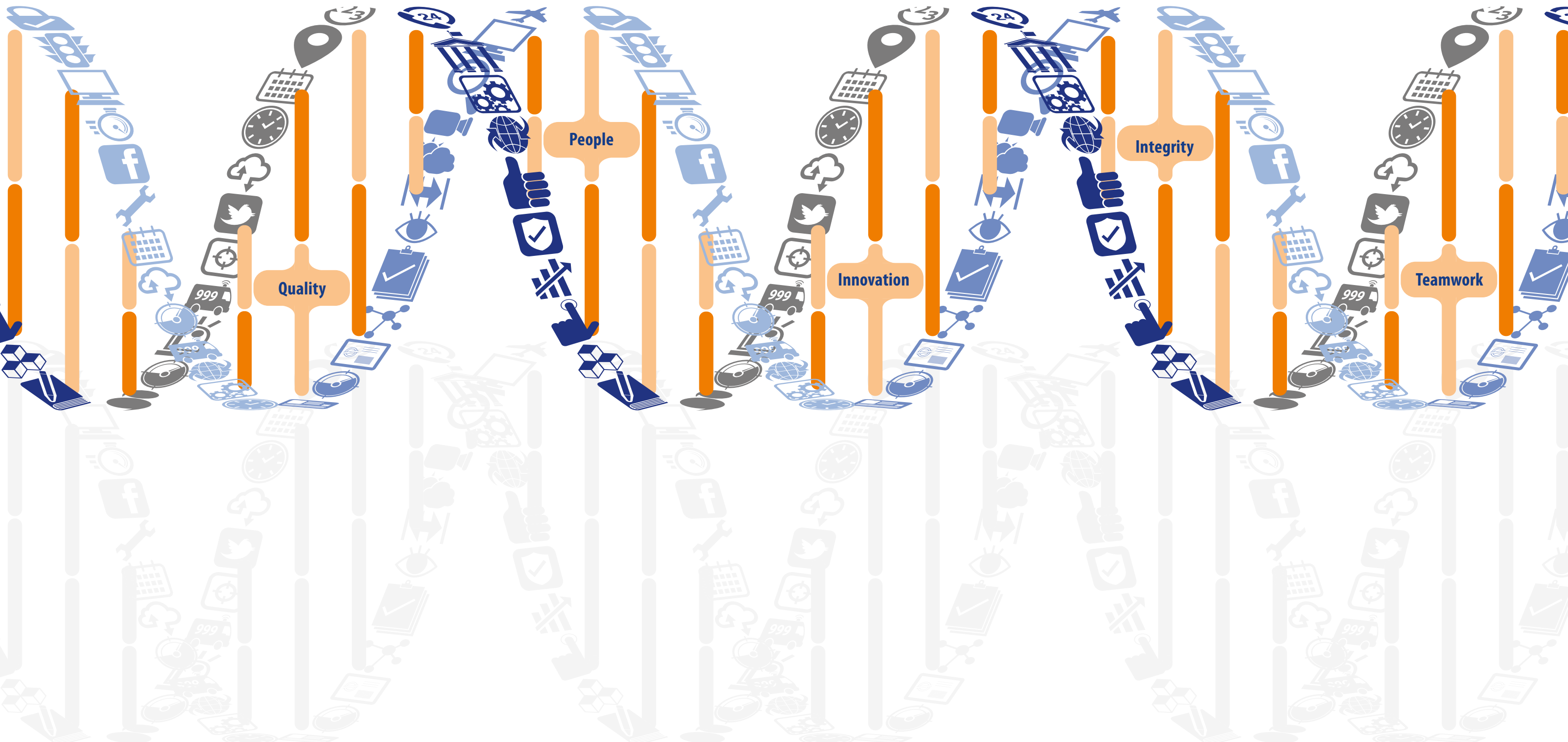
(iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.

(iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) 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.

(vi) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 60 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 1 November 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.



MSC - Status
Company

SCICOM (MSC) BERHAD (597426-H)
Incorporated in Malaysia under the Companies Act, 1965
www.scicom-intl.com