YEARS OF

TOTAL CUSTOMER DELIGHT

1997 - 2017

scicom

TOTAL CUSTOMER DELIGHT

The Science of Communication

ANNUAL REPORT 2017

TOTAL CUSTOMER DELIGHT

(sy-com)

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

GROUP & TEAM CONTENT ABOUT SCICOM

SCICOM (MSC) BERHAD

THE GROUP & TEAM

YEAR IN REVIEW

FINANCIAL RESULTS

CORPORATE INFORMATION

GROUP & TEAM COMPANY PROFILE ABOUT SCICOM

"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 200 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.

20

SINCE 1997

CUSTOMER LIFECYCLE MANAGEMENT

EDUCATION SOLUTIONS

E-COMMERCE SOLUTIONS

E-GOVERNMENT SOLUTIONS

KEY FACT 1

We are listed in the GLOBAL SERVICES TOP 100 COMPANIES consecutively for 7 years

GROUP & TEAM COMPANY PROFILE

CUSTOMER LIFECYCLE MANAGEMENT

"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.

20 SINCE 1997

CUSTOMER LIFECYCLE MANAGEMENT

KEY FACT 2 We have 20 YEARS of experience & track record

GROUP & TEAM
COMPANY PROFILE
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.

20
SINCE 1997

EDUCATION SOLUTIONS

KEY FACT 3
We support customers in over 30 LANGUAGES

GROUP & TEAM
COMPANY PROFILE
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 our customer's 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.

20
SINCE 1997

E-COMMERCE SOLUTIONS

KEY FACT 4
We offer 24 x 7 x 365 OPERATIONS

GROUP & TEAM COMPANY PROFILE 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

E-GOVERNMENT SOLUTIONS

KEY FACT 5
We handle over 200 MILLION customer interactions annually

GROUP & TEAM COMPANY PROFILE

E-GOVERNMENT SOLUTIONS

- 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:

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

- 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.

KEY FACT 7
We have over 50 nationalities working for us

GROUP & TEAM COMPANY PROFILE

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 inked 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.
- 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 do not 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:

KEY FACT 8
We are the BPO of the Year 2017 by Frost & Sullivan

GROUP & TEAM COMPANY PROFILE
E-GOVERNMENT SOLUTIONS

- 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.

KEY FACT 9
We are Malaysia Employer of Choice (Gold Award) by MIHRM – 5 times in a row

GROUP & TEAM
COMPANY PROFILE
E-GOVERNMENT SOLUTIONS

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

KEY FACT 10
We are in the Top on the list of SCP (Service Capability & Performance Standards) certified companies.

GROUP & TEAM

COMPANY PROFILE

OUR GLOBAL DELIVERY CAPABILITIES

SECTORS

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

20
SINCE 1997

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

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 Fulfillment
Big Data & Analytics

GROUP & TEAM COMPANY PROFILE OUR EDICTS

DELIVERING ON OUR PROMISE

WORLD-CLASS SERVICE

STRATEGIC LOCATIONS

TALENTED WORKFORCE

20

SINCE 1997

DELIGHT ME EACH TIME WE INTERACT

MAKE ME FEEL VALUED

CONVINCE ME TO TRUST YOU

RESPECT MY PRIVACY

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

PERSONALISE IT TO MY TASTES & NEEDS

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

GROUP & TEAM COMPANY PROFILE

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

Dato' Sri 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

Mahani Binti Amat
Independent Non-Executive Director

Mohd Rashid Bin Mohd Yusof
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

Mohd Rashid Bin Mohd Yusof
Member

NOMINATION & REMUNERATION COMMITTEE

Dr. Nikolai Dobberstein
Chairman

Dato' Mohd Salleh Bin Hj Harun
Member

Loh Lee Soon
Member

Karen Judith Goonting
Member

Mahani Binti Amat
Member

COMPANY SECRETARY

Wong Wai Foong
(MAICSA 7001358)

Lim Poh Yen
(MAICSA 7009745)

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

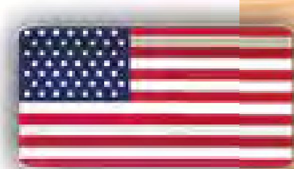
GROUP & TEAM
COMPANY PROFILE
GROUP STRUCTURE

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



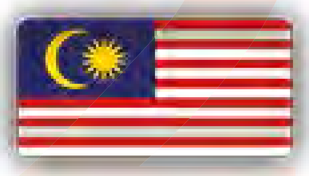
SCICOM INC
(Glenview, Illinois, USA)
100% owned

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

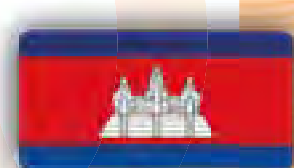
SCICOM INTERNATIONAL COLLEGE SDN BHD
(Kuala Lumpur, Malaysia)
70% owned

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

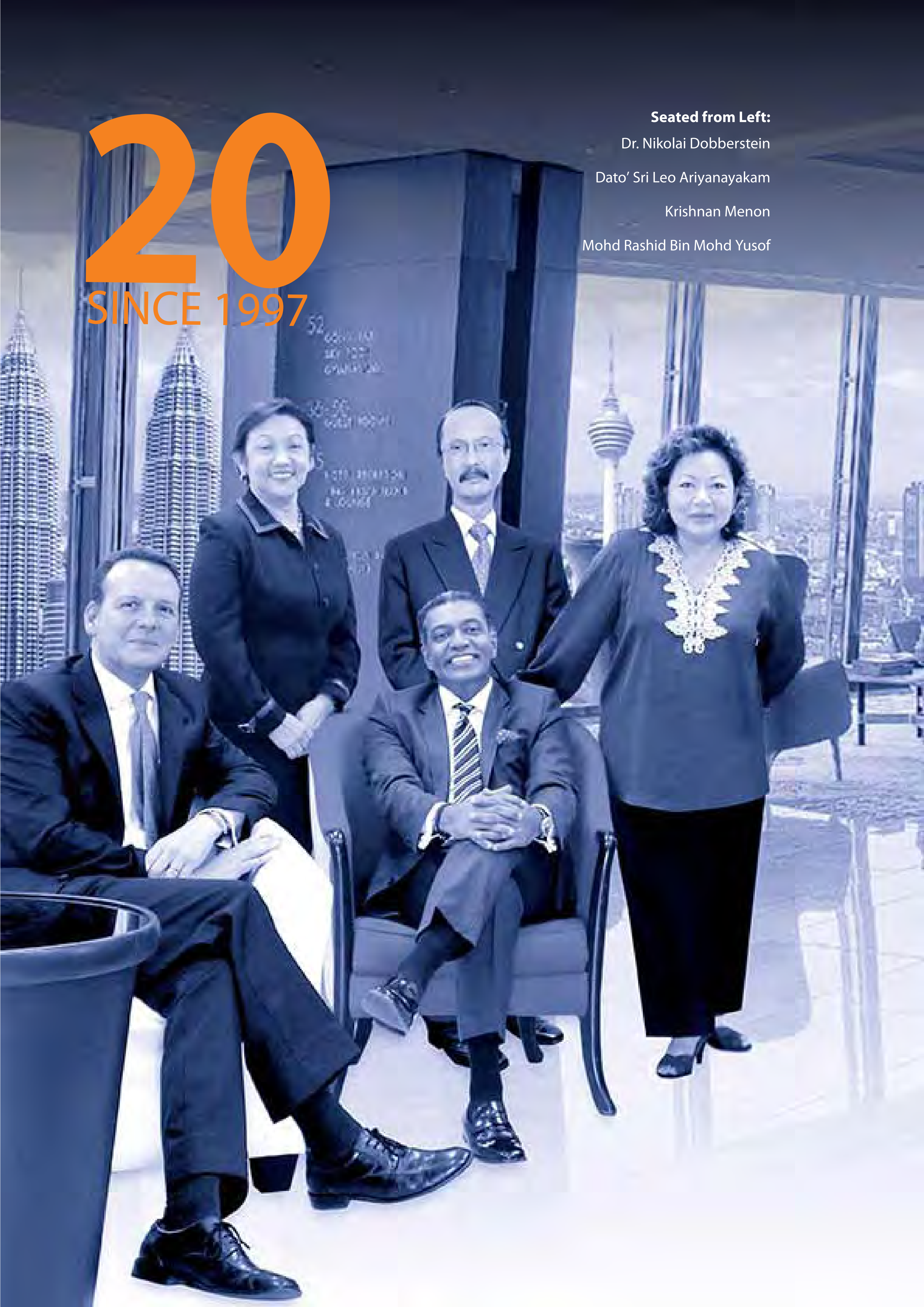
ASIAN CONTACT CENTRES SDN BHD
(Kuala Lumpur, Malaysia)
50% owned



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



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



Seated from Left:
Dr. Nikolai Dobberstein
Dato' Sri Leo Ariyanayakam
Krishnan Menon
Mohd Rashid Bin Mohd Yusof

GROUP & TEAM BOARD OF DIRECTORS

Standing from Left:

Mahani Binti Amat

Dato' Mohd Salleh bin Hj Harun

Karen Goonting

Dato' Nicholas John Lough
@ Sharif Lough bin Abdullah

Loh Lee Soon

GROUP & TEAM
PROFILE OF DIRECTORS

Krishnan Menon

Non-Independent Non-Executive Director & Chairman

Nationality	**Malaysian**
Age / Gender	**67 / Male**
Date of Appointment	**10 March 2004**

Krishnan Menon 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 Econpile Holdings Berhad. He is a non-executive director of Petroliam Nasional Berhad.

20

GROUP & TEAM PROFILE OF DIRECTORS

Dato ' Sri Leo Ariyanayakam

Non-Independent Executive Director

Nationality	**Sri Lankan**
Age / Gender	**54 / Male**
Date of Appointment	**30 October 2002**

Dato' Sri Leo Ariyanayakam is 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.

20

GROUP & TEAM
PROFILE OF DIRECTORS

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

Nationality	**Malaysian**
Age / Gender	**73 / Male**
Date of Appointment	**22 August 2005**

Dato' Mohd Salleh bin Hj Harun 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 the Chairman of Asia Capital Reinsurance Malaysia Sdn Bhd and Etiqa Insurance Pte Ltd.

GROUP & TEAM PROFILE OF DIRECTORS

Dr. Nikolai Dobberstein

Independent Non-Executive Director

Nationality	**German**
Age / Gender	**51 / Male**
Date of Appointment	**22 August 2005**

Dr. Nikolai Dobberstein is a member of the Audit and Risk Management Committee and the Chairman of the Nomination and Remuneration Committee. Dr. Nikolai is a Partner at A.T. Kearney in Malaysia, where he leads the Communications, Media & Technology Practice for Asia Pacific and the Malaysian Office. He returned to Malaysia in early 2017 after six years with A.T. Kearney in India. Previously, he was the Senior Vice President of New Businesses & Strategy at Maxis Communications Berhad, responsible for all data and internet businesses. Before Maxis, he was a Partner with McKinsey & Company in Malaysia, India and Italy. Nikolai holds a Ph.D. in Technology and Innovation Management from the University of Kiel, Germany.

20

GROUP & TEAM PROFILE OF DIRECTORS

Loh Lee Soon

Independent Non-Executive Director

Nationality	**Malaysian**
Age / Gender	**62 / Male**
Date of Appointment	**25 April 2007**

Loh Lee Soon 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, and Maybank Asset Management Singapore Pte Ltd.

GROUP & TEAM PROFILE OF DIRECTORS

Dato' Nicholas John Lough @ Sharif Lough bin Abdullah

Independent Non-Executive Director

Nationality	**British**
Age / Gender	**65 / Male**
Date of Appointment	**14 May 2014**

Dato' Nicholas John Lough, a Malaysian Permanent Resident, 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.

He 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.

20

GROUP & TEAM PROFILE OF DIRECTORS

Karen Goonting

Independent Non-Executive Director

Nationality	**Malaysian**
Age / Gender	**55 / Female**
Date of Appointment	**14 May 2014**

Karen Goonting is 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 30 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 11 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.

GROUP & TEAM

PROFILE OF DIRECTORS

Mahani Binti Amat

Independent Non-Executive Director

Nationality	**Malaysian**
Age / Gender	**63 / Female**
Date of Appointment	**15 June 2017**

Mahani Binti Amat was appointed on 4 September 2017 as a member of the Nomination and Remuneration Committee. Mahani holds a Bachelor of Economics (Majoring in Business Administration) from the University of Malaya.

She started her career in Bank Negara Malaysia in 1977 where she held various positions in Reserves Management. She then moved on to RHB Bank in Singapore in 1984 and thereafter Head Office Kuala Lumpur in 2001, a total of 20 years in commercial banking. In RHB she held various positions in Treasury and Offshore banking, Consumer banking, up to Executive Vice President of Operations and Services.

Puan Mahani is currently an Independent Director of Unisem (M) Bhd, which is listed on the Main Market of Bursa Malaysia Securities Berhad and a member of the Investment Committee of Opus Asset Management Sdn. Bhd.

20

GROUP & TEAM
PROFILE OF DIRECTORS

Mohd Rashid Bin Mohd Yusof

Independent Non-Executive Director

Nationality	**Malaysian**
Age / Gender	**62 / Male**
Date of Appointment	**15 June 2017**

Mohd Rashid Bin Mohd Yusof was appointed on 4 September 2017 as a member of the Audit and Risk Management Committee. Mohd Rashid is a member of the Association of Chartered Certified Accountant.

His working experience include being the Head of Group Accounting of Petrolium Nasional Berhad ("Petronas") (1996-1999), Head of Group Treasury of Petronas (2000-2001), Trustee of Petronas Retirement Benefit Fund (2000-2001), Financial Director of Engen Limited (2002-2004), Managing Director/Chief Executive Director of Engen Limited from 2006 to 2010, Head of Group Internal Audit of Petronas (2004-2006), Vice President of Supply Chain & Risk Management of Petronas (2010-2016).

His previous Directorship include being a Director of KLCC Holdings Sdn Bhd (2010-2016), Director and Chairman of Petronas-ICT Sdn Bhd (2010-2016), Director of Putrajaya Holdings Sdn Bhd (2004-2006), Energas Insurance (Labuan) Limited (2010-2016) and the Chairman of the South African Petroleum Industry Association (SAPIA) (2007).

Encik Mohd Rashid is currently a director of UMW Oil and Gas Corporation Bhd, which is listed on the Main Market of Bursa Malaysia Securities Bhd.

20

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

GROUP & TEAM SENIOR MANAGEMENT

From the Left

- Jayakumar
- Benny Philip
- Jude Mohan

GROUP & TEAM SENIOR MANAGEMENT

From the Left

- Chandima Hemachandra
- Jasim Puthucheary
- Kelvin Loke Cheong Hian
- Shanti Jacqueline Jeya Raj

20
SINCE 1997

From the Left
- Brenda Lisabeth Marshall
- Shereen Dyer
- Wong Yee Ling
- Jerry Rajendram

GROUP & TEAM PROFILE OF SENIOR MANAGEMENT

20 YEARS SINCE 1997

Jayakumar

Chief Financial Officer

Nationality	**Malaysian**
Age / Gender	**59 / Male**

Jayakumar 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 31 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.

Benny Philip

Chief Operating Officer - Outsourcing

Nationality	**Indian**
Age / Gender	**49 / Male**

Benny, a Malaysian permanent resident, 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 24 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.

Jude Mohan

Chief Operating Officer - Education

Nationality	**Malaysian**
Age / Gender	**52 / Male**

Jude joined Scicom 1st October 2007, he 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.

Chandima Hemachandra

Chief Technology Officer

Nationality	**Sri Lankan**
Age / Gender	**54 / Male**

Chandima joined Scicom on 20 January 2011. He is an information technology professional with over 27 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.

GROUP & TEAM PROFILE OF SENIOR MANAGEMENT

Jasim Puthucheary

Chief Operating Officer - CRM & Consulting

Nationality	**Malaysian**
Age / Gender	**47 / Male**

Jasim joined Scicom on 15 January 2009. As COO for CRM & Consulting, Jasim is responsible for Scicom's client focused internet and on-line marketing strategies, coupled with over 15 years of CRM and customer management consulting experience. He has P&L responsibility for the CRM & Consulting 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.

Kelvin Loke Cheong Hian

Senior Vice-President - Finance

Nationality	**Malaysian**
Age / Gender	**42 / Male**

Kelvin 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 18 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.

Shanti Jacqueline Jeya Raj

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

Nationality	**Malaysian**
Age / Gender	**52 / Female**

Shanti, 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.

Brenda Lisabeth Marshall

Senior Vice President – Centre for English Studies

Nationality	**Malaysian**
Age / Gender	**63 / Female**

Brenda 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.

GROUP & TEAM PROFILE OF SENIOR MANAGEMENT

Shereen Dyer

Senior Vice-President - Legal Affairs

Nationality	**British**
Age / Gender	**42 / Female**

Shereen joined Scicom on 1st November 2012 and in her role as Head of Legal Affairs she is responsible for reviewing and managing regulatory / legislative compliance (with the exception of matters relating to the corporate secretarial function) preparation and management of contracts and advising and assisting all internal departments.

Shereen was called to the Bar at Lincoln's Inn in 2003 and before joining Scicom, she was in independent practice for 9 years. Her experience both at the Bar and in outsourcing gives her the specialist skills required to provide legal support to Scicom.

Shereen is a member of the Association of Corporate Counsel and a student member of the Institute of Chartered Secretaries and Administrators.

Wong Yee Ling

Senior Vice-President - Internal Audit Risk and Governance

Nationality	**Malaysian**
Age / Gender	**44 / Female**

Yee Ling joined Scicom on 1st March 2011 and is responsible for the internal audit, risk and governance aspects for the Group. She also assumes the role of Risk Officer for the Group.

Prior to joining Scicom, Yee Ling was attached to PricewaterhouseCoopers LLP in the United Kingdom and PricewaterhouseCoopers Malaysia. She possesses over 15 years of working experience in the areas of auditing, financial, management accounting and reporting, operational functions effectiveness, risk management and governance and corporate transactions (mergers and acquisitions, in-country and cross borders funds raising and initial public offers).

Yee Ling holds a Bachelor of Arts (Hons) in Economic from the University of Manchester and she is a member of the Malaysian Institute of Accountants and an affiliate of the Association of Chartered Accountant (UK).

GROUP & TEAM
PROFILE OF SENIOR MANAGEMENT

20 YEARS SINCE 1997

Jerry Rajendram

Head & Vice-President - Scicom Marketing

Nationality	**Malaysian**
Age / Gender	**56 / Male**

Jerry, 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.

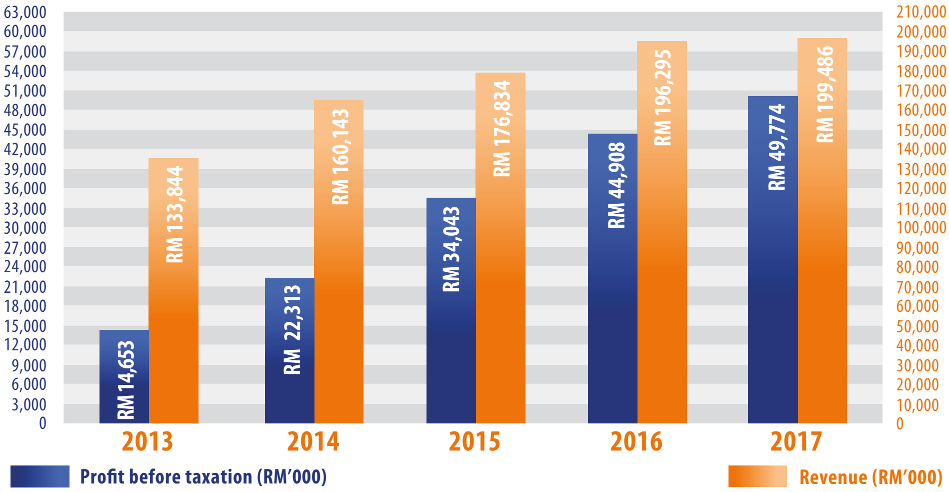
Jerry holds a Masters of Science and Bachelor of Science Honour's Degree respectively in Behavioural Science. He also holds an Associate of Arts Degree in Social Sciences and is a life member of UNICEF since 1979.

None of the Senior Management Staff have:

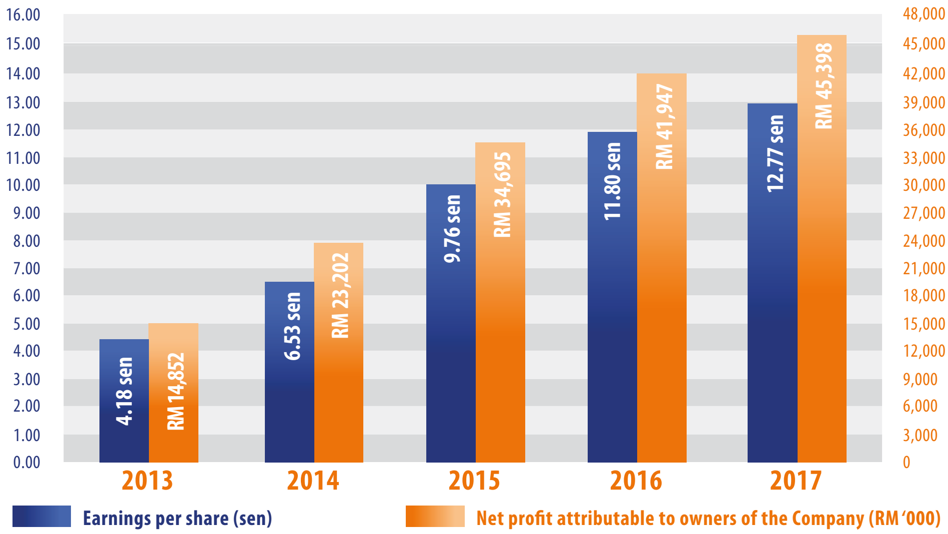
- Any family relationship with any Director and/or substantial shareholder of the Company
- Any conflict of interest with the Company
- Any conviction for offences within the past 5 (five) years (other than traffic offences, if any), and
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
PROFITABILITY (RM ' 000)				
Operating revenue	199,486	196,295	194,307	194,023
Profit before taxation ("PBT")	49,774	44,908	43,088	39,961
Net profit for the financial year	45,082	41,602	38,396	36,601
Net profit attributable to the equity holders of the Company	45,398	41,947	38,396	36,601
KEY BALANCE SHEET DATA (RM ' 000)				
Total assets	115,213	110,265	103,454	103,349
Total liabilities	9,933	17,604	9,075	15,375
Capital and reserves attributable to equity holders of the Company	105,280	92,661	94,379	87,974
Net cash position (Including investment in cash funds)	37,128	37,003	35,228	36,076
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	1.6%	11.0%	0.1%	11.3%
- PBT growth (%)	10.8%	31.9%	7.8%	48.2%
- Net profit growth (%)	8.4%	21.8%	4.9%	35.1%
- Basic earnings per share (sen)	12.77	11.80	N/A	N/A
- Diluted earnings per share (sen)	N/A	N/A	N/A	N/A
- Asset turnover (times)	1.73	1.78	1.88	1.88
- Net return on equity (times)	0.43	0.45	0.41	0.42
Liquidity				
- Current (times)	10.43	5.02	10.54	5.51
- Cash over total assets (%)	32.2%	33.6%	34.1%	34.9%
- Trade receivables turnover (months)	3.01	2.64	2.94	2.64
Financing:				
- Debt over equity (times)	–	–	–	–
- Gearing (times)	–	–	–	–
Market Based (as at 30 June) :				
Market capitalisation (RM'000)	817,543	806,880		
Price-earning ratio (times)	18.01	19.24		
Dividend Yield (%)	3.9%	3.5%		
Net Asset Per Share (sen)	29.62	26.07		

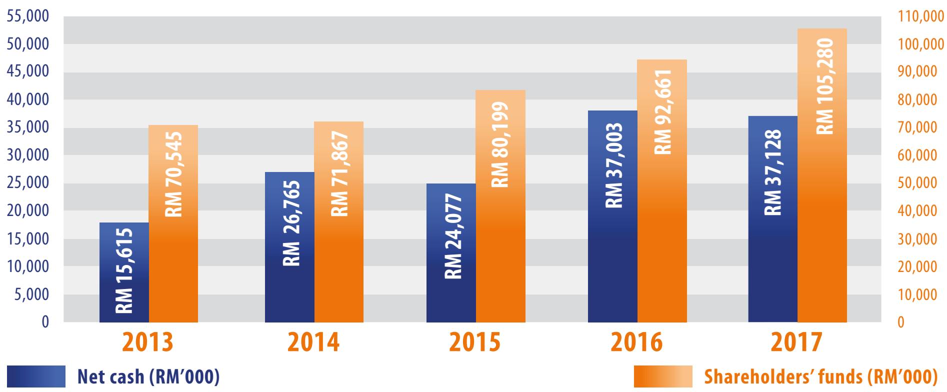
REVENUE AND PROFIT BEFORE TAXATION

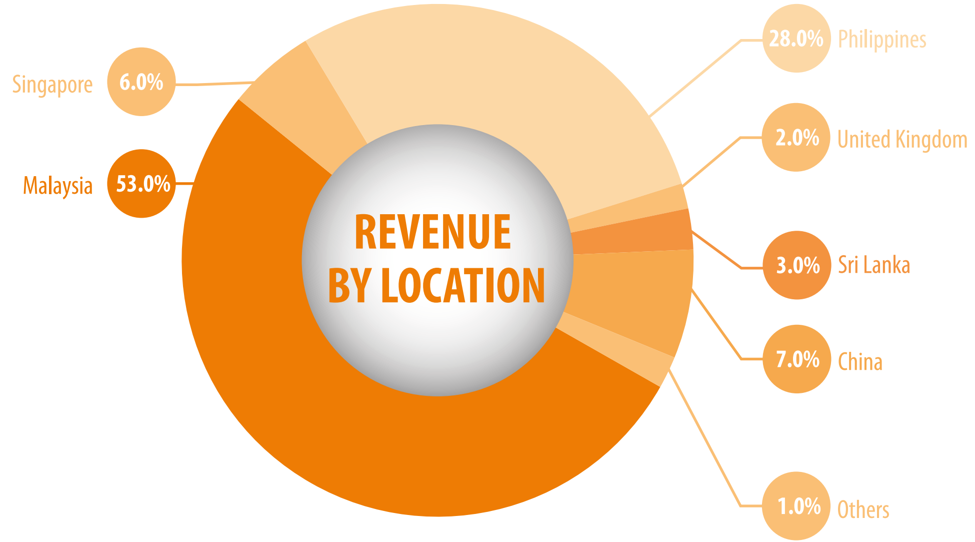


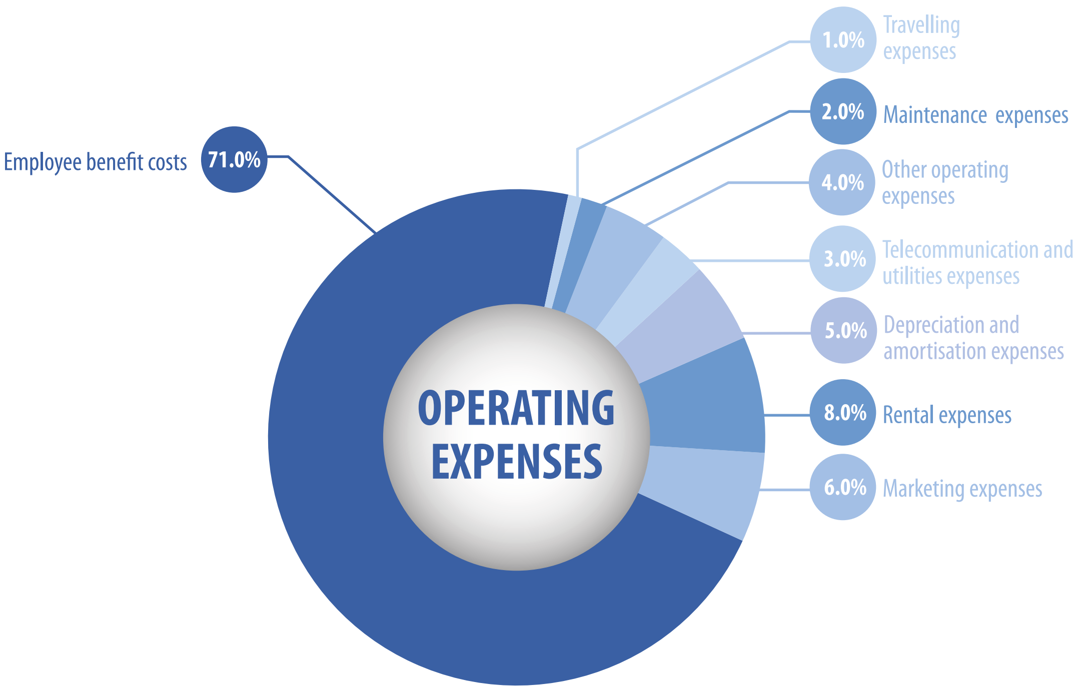
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE

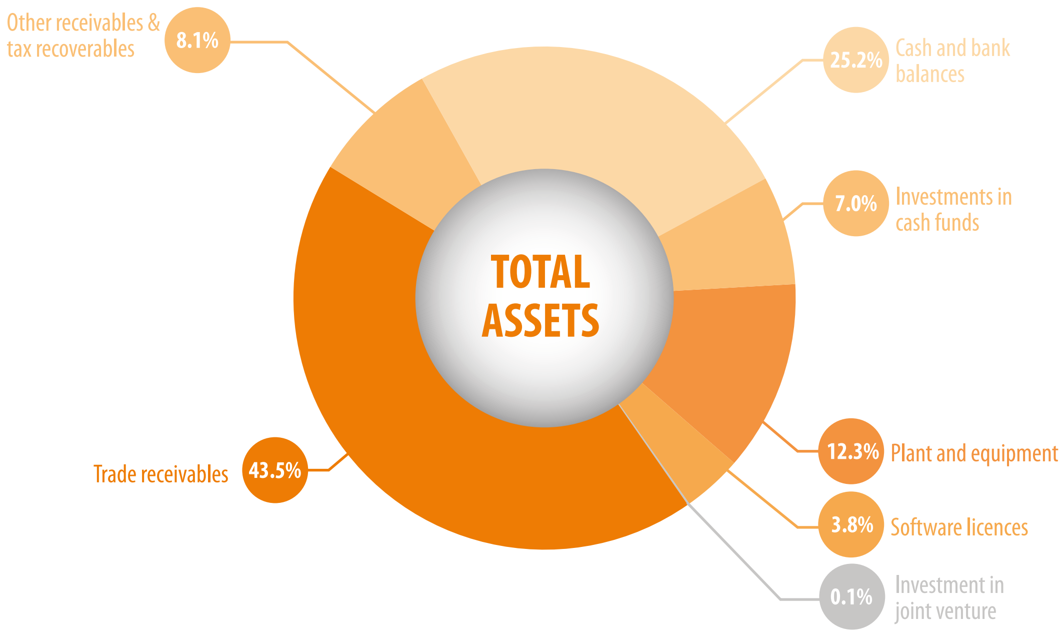


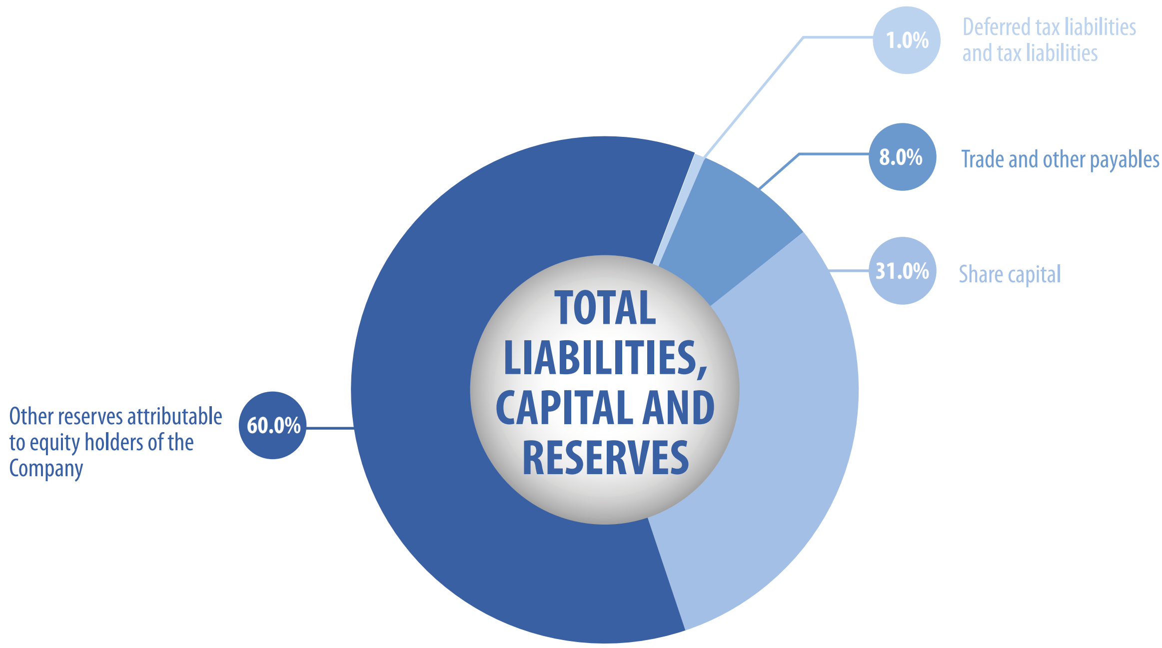
SHAREHOLDERS' FUNDS AND NET CASH




REVENUE BY LOCATION
Singapore 6.0%
Malaysia 53.0%
28.0% Philippines
2.0% United Kingdom
3.0% Sri Lanka
7.0% China
1.0% Others


OPERATING EXPENSES
Employee benefit costs 71.0%
1.0% Travelling expenses
2.0% Maintenance expenses
4.0% Other operating expenses
3.0% Telecommunication and utilities expenses
5.0% Depreciation and amortisation expenses
8.0% Rental expenses
6.0% Marketing expenses


Other receivables & tax recoverables
8.1%
25.2%
Cash and bank balances
7.0%
Investments in cash funds
TOTAL ASSETS
Trade receivables
43.5%
12.3%
Plant and equipment
3.8%
Software licences
0.1%
Investment in joint venture


1.0%
Deferred tax liabilities and tax liabilities
8.0%
Trade and other payables
31.0%
Share capital
TOTAL LIABILITIES, CAPITAL AND RESERVES
Other reserves attributable to equity holders of the Company
60.0%

We are Malaysia's leading provider of technology-enabled business process and customer management services. We have a consulting-led approach to implementation and we combine our experience and expertise with our own intellectual property and enabled technology to make processes smarter, organisations and governments more efficient and ultimately the customer experiences better. From the Group's operating centres in Malaysia and Sri Lanka, the Group is strategically located to serve its current and targeted clients in the Asia Pacific region.

Dear Shareholders,

Scicom (MSC) Berhad ("Scicom" or "the Company") and its group of companies ("the Group") has had a challenging year operating within an increasingly competitive environment. However, the Group consolidated its position over the financial year in terms of managing its cost base and set in place necessary measures to ensure sustained growth.

Notwithstanding the above, the Group achieved its highest revenue and profit after taxation of approximately RM199.5 million and RM45.1 million, respectively since incorporation 20 years ago. The Group generated free cash flows of approximately RM30.2 million and maintained a very strong balance sheet, ending the year with approximately RM37.1 million in cash and a zero-debt position.

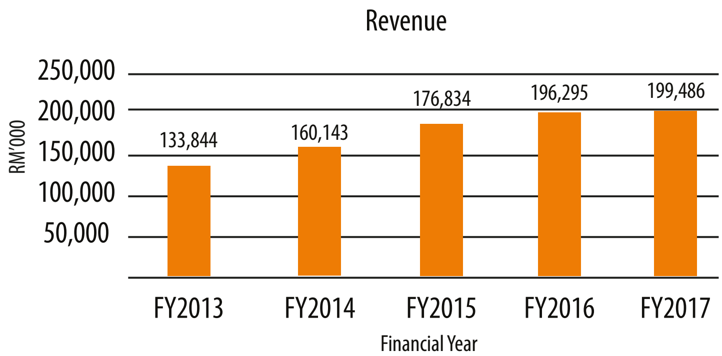
GROUP FINANCIAL PERFORMANCE

REVENUE RM199.5 million

EBITDA RM56.9 million

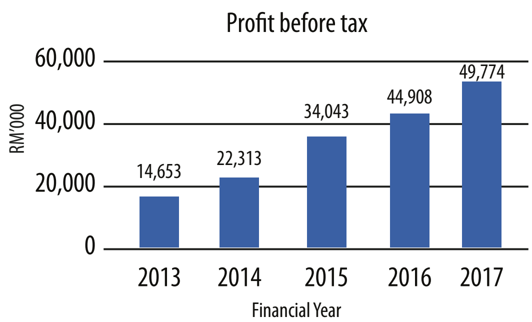
PROFIT AFTER TAX RM45.1 million

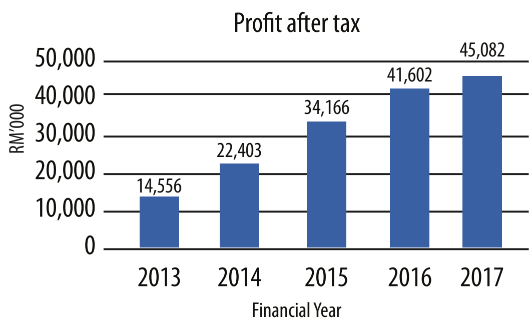
The Group continues to register growth in revenue and profit after taxation. Revenue increased by 1.63% from RM196.3 million in FY2016 to RM199.5 million in FY2017 due to organic growth and new business secured in the Business Process Outsourcing (BPO) division. The organic growth for the Group's existing BPO projects is fueled by additional services required by certain clients and also increase in number of contacts for other clients especially in the telecommunication sector. The new BPO business secured are for outbound telesales and inbound technical support services.



In the financial year 2017, the Group recorded profit before tax ("PBT") and profit after tax ("PAT") level of RM49.8 million and RM45.1 million respectively, corresponding to an increase in growth of PBT and PAT for the financial year 2017 as compared to the financial year 2016 of 10.8% and 8.4% respectively. The increase in the Group's profitability is primarily due to lower staff related cost and also a higher foreign exchange gain recognized.

This translates to a compounded annual growth rate of 29.4% and 27.1% in the Group's PBT and PAT, respectively over the last 5 year period. PAT margins for the financial year 2017 increased to 22.6% as compared to 21.2% for the preceding financial year 2016.





EPS for the financial year 2017 stands at 12.77 sen, an increase of 8.2% from 11.80 sen for the financial year 2016. The Group's Return on Capital Employed ("ROCE") is 43% for the current financial year 2017.

In recognition of the Group's efficiency in utilizing its assets to generate income, Scicom was honoured with an award under the Best Return on Assets category for companies with market capitalization below RM1 billion by Focus Malaysia. The Group's Return on Assets for financial year 2017 and 2016 is 39.1% and 37.7%, respectively.

Taxation

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

During the financial year, the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services. The Company's achievement of the KPIs have been presented to the administrator, however the assessment by the administrator has not been completed as at 30 June 2017. The Directors have assessed that the Company is able to meet the requirements for the tax incentive after taking into consideration that the Company has substantially met the stipulated conditions of the KPIs, and their historical experience where confirmations from the administrator were obtained to recognise the tax incentive when conditions and KPIs were substantially met.

Group Financial Position

The Group continues to maintain a healthy balance sheet to support its operations requirement and dividend commitment. The Group ended the financial year 2017 with a total cash position of RM37.1 million and a zero debt position. Total free cash flows generated by the Group for the financial year 2017 amounted to RM30.2 million as compared to RM41.4 million for the preceding financial year 2016. The Group's current ratio has increased from 5.02 in the preceding financial year 2016 to 10.43 in 2017 while cash over total assets ratio remained at a high of 32.2% for the financial year 2017.

Capital Expenditure

During the year, the Group incurred approximately RM6.3 million in capital expenditure comprising of hardware equipment and software licenses, office furniture and fittings and renovation both in Malaysia and Sri Lanka. Of the total RM6.3 million capital expenditure incurred for financial year 2017, RM4.3 million is procured specifically for BPO projects requirement and the balance of RM2.0 million for enterprise wide usage. Total net book value of fixed assets comprising of plant and equipment and software licenses amounted to approximately RM18.6 million as at 30 June 2017. The Group's Fixed Assets Turnover ratio stands at 10.3 indicating a healthy utilization of the Group's fixed assets to generate revenue.

Shareholder Value

Shareholders also saw an increase in their return on investment value as Scicom's share price increased from RM2.27 per share on 1 July 2016 to RM2.30 on 30 June 2017. As a result, market capitalisation for Scicom increased by 1.3% to RM817.5 million by the end of financial year 2017.

Since our IPO in 2005, Scicom shares have delivered a compound annual total return to shareholders (including dividends reinvested at spot prices) of 1,616.65%.

Dividend

The Group is committed to rewarding its shareholders with a sustainable dividend pay-out. Although there is no formal dividend policy in place, the Group has over the last 5 years, declared an average pay-out of approximately 71% of its profits to shareholders in declared dividends.

For the financial year 2017, the first, second and third interim dividend of 2 sen each equivalent to RM7.1 million each was paid on the 7th of December 2016, 28th of March 2017 and 20th of June 2017 respectively. A fourth interim dividend of 3 sen equivalent to RM10.6 million was paid on the 27th of September 2017. This brings the total dividend declared for the financial year to 9 sen equivalent to approximately RM32.0 million or 71% of the Group' PAT for the financial year 2017.

Human Capital

An organization's most valuable asset is its employees. The knowledge, skills and expertise garnered by the employee are the main factors that determine the success of each organization.

Since the Group's human capital is its most important asset, human capital development remains one of its top priorities. Continuous initiatives and investment in training, upskilling, employee development and retention, sourcing and recruitment of new talent are essential components to ensuring competitiveness and improving productivity. The Group has in place various strategies in developing its human capital by focusing on education, career advancement, skills enhancement and leadership development. In testament to Scicom's continuous commitment to its employees, the Group has been awarded the Malaysian Employer of Choice (Gold Award) by the Malaysian Institute of Human Resource Management (MIHRM) for the past 5 consecutive years.

With 2,208 employees as of 30th June 2017, Scicom is strongly positioned as one of Malaysia's largest and most experienced providers of integrated solutions.

Quality Certification

The Group received its ISO 27001 certification during the financial year 2017. ISO 27001 (formally known as ISO/IEC 27001:2005) is a specification for an information security management system ("ISMS"). An ISMS is a framework of policies and procedures that includes all legal, physical and technical controls involved in an organisation's information risk management processes. With this certification, clients and potential clients are assured that all information and documents are secured and handled in a confidential manner.

Scicom is an SCP (Service Capability & Performance standards – US) certified company which is a global benchmark standard for service excellence in the BPO industry. Scicom has been certified by SCP since 2004 and our audit scores have consistently increased year on year. In its last certification in 2016, Scicom achieved its highest score of 138.53 versus the global SCP mean score of 125.59. Scicom's score of 138.53 is amongst the highest that any organization has achieved. SCP has also classified Scicom as an Innovating company which is the highest classification of companies by SCP.

SEGMENTAL REVIEW

The Group's business activities is segmented into 2 primary business units, Business Process Outsourcing ("BPO") and Education Solutions. BPO's suite of services include integrated solutions in Customer Lifecycle Management, e-Commerce Solutions and e-Government Solutions. Education Solutions focuses on internal training requirements for the Group's BPO division and external training contracts for both government and corporate entities.

BUSINESS PROCESS OUTSOURCING ("BPO")

Current Financial Year Performance

The Group's BPO revenue marginally increased from RM195.8 million for the financial year 2016 to RM199.4 million for the financial year 2017. The increase in revenue is attributable to a higher number of contacts performed by the BPO division in the financial year 2017.

Financial Year	Revenue	Total contact	Revenue per contact
2017	RM199,454,931	226,380,848	RM0.881
2016	RM195,782,931	221,853,529	RM0.882
% growth	1.9%	2.0%	-0.2%

Projects that have ceased operations during the financial year due to change in the clients' customer service strategy, which includes relocation to countries with lower cost base or bringing the operations in-house, reduced the BPO division's revenue by RM21.6 million. The loss of revenue is mitigated by revenue contribution from new projects secured and organic growth for existing projects, amounted to RM22.4 and RM2.9 million respectively. BPO's revenue for financial year 2017 recorded a net increase of RM3.7 million or 1.9% against the preceding financial year 2016.

Segment Overview

The BPO division manages every customer touchpoint for its clients, including face to face interactions, telephonic voice interactions, chat, email and social media. The BPO division talks, emails, tweets, chats, processes and interacts with millions of customers annually. Over 225 million distinct transactions resolve, enhance, provide value and serves the clients' customers in over 30 languages. The BPO division operates from its centers in Malaysia and Sri Lanka, linked and fully redundant via state of the art multi-channel technology platforms, serves a discerning client base.

The BPO division consists of the following verticals

Customer Lifecycle Management
- Customer Care Outsourcing
- Customer Care Technical Support
- Social Media Support

e-Commerce Solutions
- Online e-Commerce Strategy
- Online Gateway Solutions
- Campaign & Sales Management
- Associated & Logistics Fulfilment

e-Government Solutions
- International Student Management System
- Visa Processing System
- Biometric Solutions
- Border Control System and Solutions
- Interpol Integrated Solutions
- Migrant Worker Management System
- Advance Passenger Screening System
- e-Visa Implementation
- Medical Screening System for Workers and Students
- Citizen Identification System
- Phytosanitary Information Management System
- Biometric Technology
- Analytics and Business Intelligence
- Analytics and Business Intelligence - Big Data for Smart Cities

Customer Lifecycle Management

Scicom's Customer Lifecycle Management ("CLM") professionals turn a customer's experience into a strategic differentiator for its clients.

Scicom understands 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.

e-Government Solutions

Scicom offers new and innovative service delivery models to meet the challenges of delivering improved outcomes within strict financial limits that has helped governments to manage costs more efficiently while improving the quality of service to the public. Scicom has been a trusted partner of many government departments and agencies since 2010.

Scicom's 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. Scicom's e-Government 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.

Scicom help bring more creative and effective ways of working through its extensive capabilities and infrastructure, offering flexibility, increased service efficiency, high quality and transparency about what is being delivered and at what cost. Scicom adopts the right approach for transforming and managing existing services or creating completely new service infrastructures.

Scicom delivers a variety of single functions to its clients – HR, IT, Application Development, Social Media, Digital Support back and front office support coupled with Business Intelligence – as well as tightly integrated end-to-end services, enabling key government departments to launch new policy initiatives and help their supporting agencies to transform and manage existing services. This includes introducing and deploying new digital service channels as these provide the benefits of access and convenience for service recipients, cost savings for tax payers and new data to inform policy makers.

Scicom design collaborative service arrangements to meet specific customer service and wider policy requirements. Scicom's approach is to apply our expertise in ways that can complement the expertise of public and voluntary sector organisations so that the needs of the public are put first. Scicom always brings new and auditable ways of helping government deliver on its objective of achieving full transparency into service contract arrangements.

The Group wide range of capabilities and extensive infrastructure means Scicom can quickly scale-up to meet any requirements for throughput, service efficiency, quality and flexibility. Scicom constantly work to realise wider commercial value for tax payers from government's unrivalled intellectual property in programme and project management methodologies. Scicom has the right balance of people, skills and technology to achieve either – and the experience to recommend the best course of action.

<u>e-Commerce Solutions</u>

Scicom's 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. Its customized solutions provide unmatched ROI, boosted revenue generation as well as increased site engagement and traffic.

Scicom offers unique, tailor-made e-commerce solutions to meet its customer's specific requirements with optimum use of modern IT infrastructure that will guarantee success. Customers have the choice of taking the whole suite of Scicom's e-commerce offerings or they can pick the specific services they require. Scicom 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, Scicom's experienced team improve the time to market and ensure a successful implementation of the customer's internet sales channel. With a wide array of skill sets, Scicom not only focuses on the software but the sales funnel that will generate the most conversions. Scicom do this by experimenting with different user interfaces, and tracking customer navigation and behaviour on the site.

Scicom was named the 2017 Malaysia BPO Service Provider of the Year by Frost & Sullivan. Scicom also stands at the top of the list of certified companies by a US based BPO standards organization, SCP (Service Capability & Performance Standards) which is considered the gold standard of the global Outsourcing industry.

EDUCATION SOLUTIONS

Current Financial Year Performance

Scicom Education Group's ("SEG") primary focus is in providing for the internal training requirements for the Group. The training programmes offered to staff are to enhance operational knowledge and capability, impart specific skills in data science and analytics, provide innovative customer engagement skills along with leadership and management training. A total of 1,932 staff of the Group has been trained by SEG for the financial year 2017.

Segment Overview

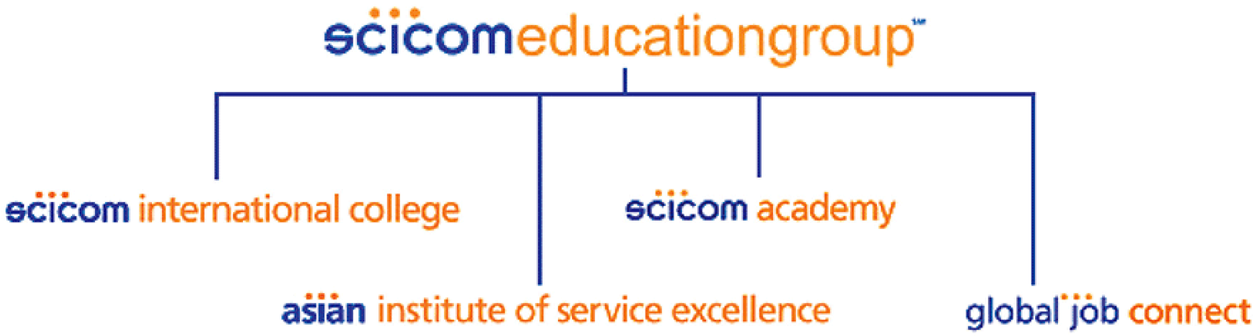
The Group is committed to developing human capital through SEG. SEG mission is to provide differentiated vocational training programmes in services management for large corporates and governments across the region.

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

- 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.

- 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. SEG's programmes are updated regularly, abreast with the latest industry developments and trends.

- 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 SEG's academic courses, one would definitely make a lifetime investment in their education and career path.



SEG is an integrated multi-disciplinary learning institution, focused on shaping talent holistically through industry driven training and education. This process includes the acquisition of soft and hard skills as well as professional insights. In the new millennium of rapid technological change, constant shifts in both the global and domestic market place and with organizations becoming more complex, aspects of each are necessary to ensure each employee achieves their full potential.

SEG's chief mission is to serve as a human capital development centre for the services economy.

SEG offers total learning solutions to its clients and students from short corporate programmes to nationally recognized certifications and diplomas in a variety of disciplines for the service industry. Today the Scicom Education Group stands as a global integrated learning and development pathway for the Service Management industry in Malaysia.

SEGMENTAL RISK

Key Segmental Risks	BPO Segment	E-Solutions Segment	Education Segment	How Do We Manage Key Segmental Risks
 Economic Environment	●	●	●	A softer economic environment may negatively impact the Group's performance as the increasing cost cutting pressures from (prospective) clients may affect revenue and margins and hence, the revenue and profitability growth of the Group. The Group continually strives to exceed (prospective) clients' expectations through the following: (i) Delivery of quality services within (if not exceed) contractual service levels. (ii) Continual introduction of innovative process re-engineering with the use of information technology to enhance efficiency and effectiveness of services delivery. (iii) The provision of business insights and value-added services to clients with the use of big data. (iv) Moving up the supply chain towards Knowledge Process Outsourcing in BPO segment. (v) Placing business development focus on targeted prospective corporate or governmental clients whilst expanding its programmes offerings to individuals in Education segment.
 Regulatory Environment	●		●	Change in regulatory environment may post threats to the growth and profitability of the Group. (i) BPO segment - Changes in laws and regulations in relation to the recruitment of expatriates may hinder the Group's ability to meet (prospective) clients' requirements (i.e. language support requirement). (ii) E-Solutions segment – changes in regulatory environment may hinder the Group's ability to tap and offer services to targeted governmental clients. (iii) Education segment – changes in regulatory environment particularly with regards to operating licensing may hinder the Group's ability to offer programmes and services. Change in regulatory environment is beyond the control of the Group. The Group continues to observe any potential change to be introduced in jurisdictions where the Group operates and in target markets so as to ensure that adequate actions are taken in a timely manner in responding to the anticipated change in regulatory requirements.

Key Segmental Risks	BPO Segment	E-Solutions Segment	Education Segment	How Do We Manage Key Segmental Risks
 Global and Regional Competition	●	●		The Group continues to face stiff competition from global and regional players in these business segments and the Group's competitiveness may be impaired as compared to competitors who operate geographically in lower wage sites and/or competitors with stronger brand recognition globally or regionally. Over the past several years, the Group has shifted its BPO segment to focus on (prospective) clients who share its passion for customer experience as a key differentiator. The Group actively seeks (prospective) clients who are driven to make a genuine and lasting engagement with their customers and are willing to invest for the long term, in return for sustainable customer retention, advocacy and value. The Group focuses on emerging market government sectors for its E-Solutions proposition with its own intellectual property ('IP') in terms of software solutions, innovative funding mechanisms and unique business models.
 Long Sales Cycle		●		The sales cycle for E-Solution segment is typically long (in excess of twelve (12) months) given the size of project in terms of value, scope, specification requirements and the number of stakeholders involved. The Group continues to invest and expand in this business segment in anticipation of the potential growth in this segment notwithstanding the long sales cycle.
scicom TOTAL CUSTOMER DELIGHT Limited Brand Presence and Recognition		●	●	The Education and E-Solutions segments are relatively new to the Group as compared to the Group's operations in the BPO segment. Pro-active business development activities are being undertaken to expand the Group's brand presence and recognition in these business segments regionally and/or globally whilst the Group expands its scope of services offering.
 Information Security	●	●	●	Digital globalisation has been one of the key drivers for the Group to redesign and reinvent our capabilities, operations and business models. In doing so, it also exposes the Group to cyber security threats which may adversely impact the Group's operations and profitability. Therefore, information and data security protection has become increasingly critical to the day-to- day operations of the Group. Please refer to the Statement on Risk Management and Internal Controls for details on mitigating measures the Group has put in place to address this risk.

Key Segmental Risks	BPO Segment	E-Solutions Segment	Education Segment	How Do We Manage Key Segmental Risks
Human Capital	●			Human capital is one of the key resource components in our BPO operations and therefore, human capital competency and talent management are critical to BPO operations of the Group. Please refer to the Statement on Risk Management and Internal Controls for details on mitigating measures the Group has put in place to address this risk.
Business Continuity	●	●	●	Human capital, network infrastructure and information technology are the key resource components for the delivery of services across all business segments of the Group. Please refer to the Statement on Risk Management and Internal Controls for details on mitigating measures the Group has put in place to address this risk.

MOVING FORWARD

BPO

Scicom service offerings in Customer Lifecycle Management has centered around a multilingual, multichannel proposition to a discerning client base which has a customer base in Asia Pacific. Over the years, Scicom has supported multi-national clients from our centres in Malaysia and Sri Lanka who have customers situated in Africa, the Middle East and Asia Pacific. Our strategy while not precluding clients and customer support for large English-speaking markets such as the USA, UK and Australia has been focused on supporting Asia Pacific markets. Scicom chooses its people and its clients carefully. Since incorporation, Scicom targets multi-national clients and local conglomerates that view service as a differentiator, seek a centralized proposition in servicing their regional customers and view the use of technology as an enabler to superlative customer support. Scicom is increasingly regarded as providing a gold star level of service by current and prospective clients and in line with our stated strategy in not compromising service delivery, we provide a value based tangible return on investment model to our targeted client base rather than providing low end services purely determined by price.

The Group expects opportunities in Customer Lifecycle Management to increase as more clients choose a centralized option, primarily for their multilingual customer base in the Asia Pacific region and Malaysia is well placed to take advantage of these opportunities. This is mitigated however by an increasingly demanding economic environment that is adversely affecting our targeted client base. This in turn results in the creation of a highly competitive market for our services.

Scicom's service offerings in e-Government and e-Commerce has been focused on providing a software and service proposition to governments in emerging markets. The go to market strategy is predicated on our ability to build our own products using our own IP, providing integrated services and software solutions and coupling this with a self-funding business model in the areas of enhancing and digitizing government services. While there is a significant and positive margin differentiation in the provision of these innovative new services, this is offset by long sales cycles and the complexity of client liaison required in the pursuit and acquisition of these government contracts. Scicom over the last 3 years has actively pursued and established a healthy pipeline of over 20 potential contracts with governments around the world.

Education

Scicom Education Group focuses on both the Group's internal training requirements and offers innovative training and education solutions to large corporates and government alike. It increasingly serves as an integral part of the Group's e- government initiatives as service is a key product offering and a comprehensive understanding of the provision of training components in enhancing efficiency and imparting knowledge provides the Group with a clear competitive advantage in implementing large e-government projects.

The Group's growth strategy is to offer products and services that provide the Group with diversification in terms of market offerings as well as margin. Traditionally, the Group's proven capability in Customer Lifecyle Management provides the Group with stable revenue streams and healthy profit margins. Importantly, it also provides the Group with the unique ability to implement large scale projects as a result of experienced project management teams, IT infrastructure and shared services structures already in place. However, maintenance of these margins in light of an increasingly demanding competitive environment is challenging.

As a result of these challenges the Group's strategy has been to move up the value chain in terms of the provision of products and services in the e-Government and e-Commerce space. This has the effect of providing a high barrier to entry for competitors, increasing the Group's margins, providing significant potential for profit growth while mitigating risk in terms of single country and industry vertical dependency. The Group is expected to benefit from the implementation of this strategy over the next financial year.

Financial Year 2017 Corporate Milestones & Recognition Events

2016

September
Scicom pays 4th Interim Dividend of 3 sens for financial year 2016

October
Scicom wins the Gold Award for Employer of Choice from the Malaysian Institute of Human Resource Management

November
Scicom held its 14th AGM at Sime Darby Convention Centre, Kuala Lumpur

December
Scicom pays 1st Interim Dividend of 2 sens for financial year 2017

2017

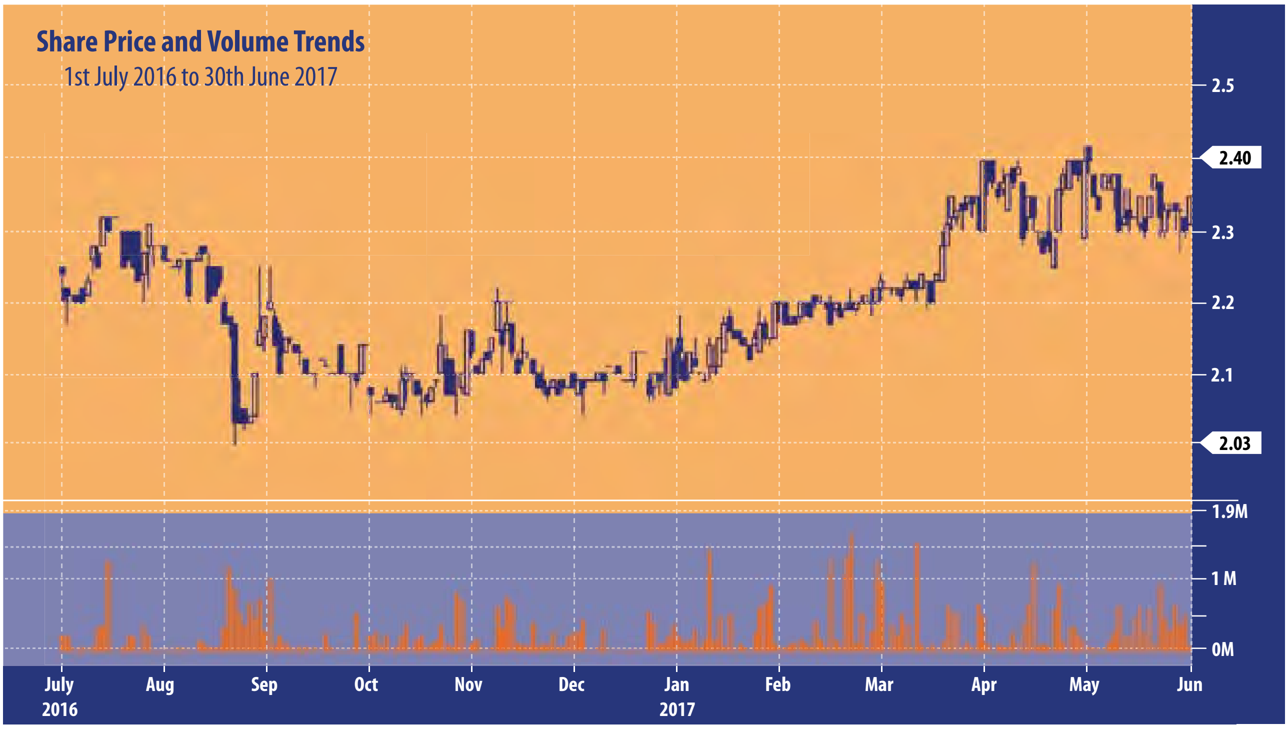
April
Scicom wins the Frost & Sullivan Award for 2017 Malaysia BPO Service Provider of the Year

Scicom placed as "Innovating" by Service Strategies in its Service Maturity scale which highlights the excellent processes, measurements and continuous improvement practices in place

March
Scicom pays 2nd Interim Dividend of 2 sens for financial year 2017

June
Scicom pays 3rd Interim Dividend of 2 sens for financial year 2017

Scicom obtains ISO27001 Certification



Scicom is committed towards Corporate Social Responsibility ('CSR'). We conduct our business, in a manner that acknowledges, measures and takes responsibility for our direct and indirect impact on the Environment, the Workplace, the Community and the Marketplace.

We adopt CSR by integrating open and transparent business practices into our business operations which are based on ethical values and respect for employees, communities and the environment. The way we do business is designed to deliver sustainable value to the society at large and to all stakeholders, including our shareholders.

Our CSR program primarily focusses at the Workplace, the Community the Environment and the Marketplace. In instilling good CSR practice, Scicom remains focused on excellent economic performance, superior social practices and good environmental practices.

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 CSR 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, CSR 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 CSR 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.

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.

With each year, we intend to strengthen our CSR initiatives by creating better and more meaningful staff efforts and events. Our various efforts during the financial year 2017 in serving the community and safeguarding the environment were :

In August 2016, Scicom(MSC) Berhad was presented with the 'Best Under Billion Awards 2015 as Runner Up for the Best Return on Assets by Focus Malaysia.

In October 2016 , 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 Malaysia HR Awards.

Free Medical Check-Up For All Scicom Staff

In Mid-September 2017, the management of Scicom (MSC) Berhad organized a free medical check-up for its staff at its Group Headquarters in Menara TA, Kuala Lumpur. The effort saw Doctors from the Qualitas Medical Group conducting medical screening services on our staff for a period of two weeks. Staff were essentially required to undergo a doctor supervised medical test and routines which among others screened the participants of Diabetes, High Blood Pressure and ascertained their overall cardiovascular health. As the response to this campaign was encouraging, Scicom will endeavour to make this an annual practice for its staff.

Sri Lanka Flood Relief Donation Initiative

Scicom has continuously been supporting the less fortunate hit by natural disasters by contributing to fund raising campaigns. Scicom employees raised RM30,000 for the flood victims in Sri Lanka.

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.

We have several initiatives in the workplace aimed at being a employer of choice. Some of the initiatives taken during the year as follows:-

We enhanced our corporate governance practices with the review of our whistleblower policy and procedure, fostering an environment where integrity and ethical behaviour are encouraged and maintained.

We made improvements with regards to employee engagement. Our "Scicom Delight" intranet is now a focal point for employees to access timely and comprehensive information and current developments in the Company. We also maintained other employee engagement activities amongst others various sports and recreational activities.

We continued to focus on skills development and improvement by offering our employees in-house training programmes through the year.

To inculcate the spirit of sportsmanship and kindred amongst the employees, sports, games and other activities were held throughout the year under the "Delight" programme.

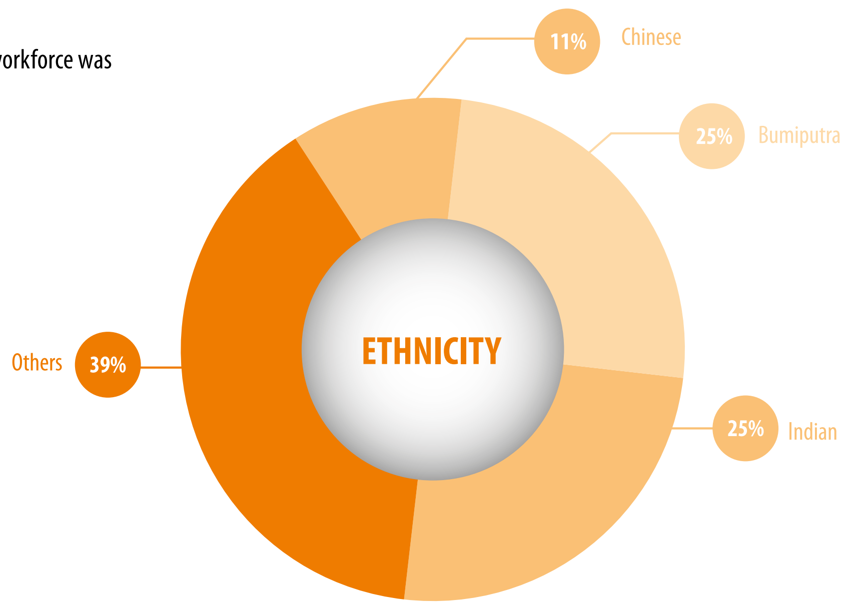
To inculcate the spirit of sportsmanship and kindred amongst the employees, sports, games and other activities were held throughout the year under the “Delight” programme.

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

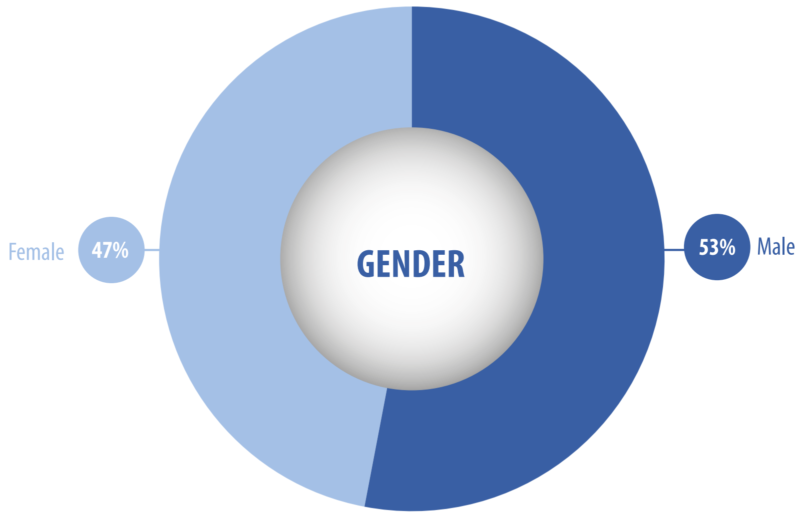
In 2017 the ethnic diversity of our workforce was



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

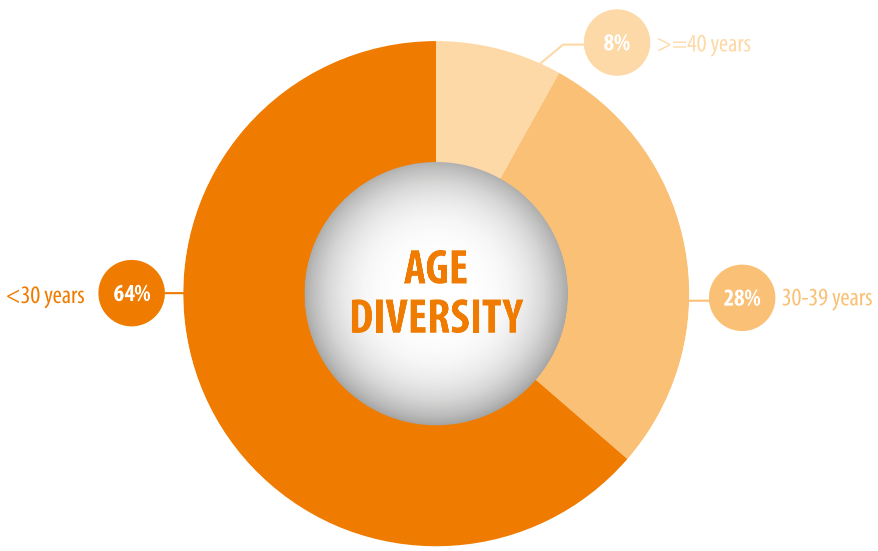
Gender Diversity

In 2017 female employees made up 47% of our 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 of our workforce reflects that majority of our workforce is young and aged under 30 years. In 2017, 63% of our employees were under 30 years and 28% of our employees were between 30 but under 39 years. The young age profile of our workforce reflects that a majority of our employees are youthful and vibrant. Due to the nature of our Operations and the strong understanding of the business, Scicom is able to provide employment to a vast majority of fresh graduates.



Our Environment

Scicom's staffs are 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 1,932 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 is committed in building a sustainable, innovative and competitive marketplace which is receptive to the needs of our stakeholders and takes into consideration the key social and environmental issues to aid in the formulation of best practices.

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 of Scicom (MSC) Berhad acknowledges the importance of good corporate governance in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, recommendations and best practices set out in the Malaysian Code on Corporate Governance ("MCCG" or the "Code") 2017 issued by the Securities Commission Malaysia.

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 strategies 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;
- 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; and
- 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 nine (9) members comprising:

- Two (2) Non-Independent Non-Executive Directors;
- One (1) Non-Independent Executive Director; and
- Six (6) 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 be comprised of Independent Directors.

A brief profile of the Directors is included in the Board of Directors – Profiles as set out on pages 16 to 26 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.

The Board believes that both genders are to be given fair and equal opportunity and any new appointments to the Board shall be based solely on merit, experience, qualifications and other attributes. Currently, there are two (2) female Directors 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 intends 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.

Dr. Nikolai Dobberstein and Mr. Loh Lee Soon, 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 Fourteenth (14th) Annual General Meeting held on 7th November 2016 re-elected the named Directors to continue in office as Independent Non-Executive Director until the conclusion of the next Annual General Meeting.

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. During any decision-making process, the majority view of the Board will be duly considered whereby no single Board member can dominate its decision-making process.

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. 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) Ensuring that the Group has appropriate risk management process including adequate control environment, systems for compliance with applicable laws and regulations, and controls in areas of significant risks identified;

(c) Reviewing and approving major corporate strategies, plans and annual budget;

(d) Monitoring the performance of the corporate strategies;

(e) Approving capital expenditure, capital management and acquisitions/divestments;

(f) Monitoring the performance of management in the implementation of strategies and policies.

(g) Approving the recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, and compensation and benefits policies and the terms and conditions of Key Management Positions;

(h) Determining the general composition of the Board (size, skill and balance between executive directors and non-executive directors) in order to ensure that the Board consists of the requisite diversity of skills, experience, gender, qualification, and other core competencies required;

(i) Approving a framework of remuneration for directors, covering fees, allowances, and benefits-in-kind (directors of all boards and committees);

(j) Ensuring that the Board is supported by a suitably qualified and competent Company Secretary;

(k) Ensuring that the Board members have access to appropriate education and training programmes to keep abreast of the latest developments in the industry, and as may be prescribed by the regulatory authorities from time to time;

(l) Approving the Group's financial statements (and ensuring the reliability of the same) as well as the interim dividend and recommend the final dividend to shareholders;

(m) Ensure that there is an appropriate succession plan for members of the Board and senior management; and

(n) Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of its business, and Directors are required to comply with the Directors' Code of Best Practice.

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. Whist 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 at least one week 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 and all the Directors except for Puan Mahani Binti Amat and Encik Rashid Bin Mohd Yusof who were both appointed to the Board on 15th June 2017, 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. Supply of Information

The Directors have full, unrestricted and timely access to all information and direct access to the SMT to enable them to discharge of their responsibilities. The Board is provided with the meeting agenda and Board papers at least five (5) working days in advance of the Board meeting date. This enables the Directors to have sufficient time to review the Board papers and seek clarification or further details from the management or the Company Secretary before each meeting to ensure preparedness for the meeting. Access to the Board papers by the Directors is done through a collaborative software which allows the Directors to securely access Board documents electronically.

Any Director may request matters to be included in the agenda, Urgent papers may be presented and tabled at the meetings under supplemental agenda.

Where applicable, briefings and presentations by management or relevant external consultants are also held at Board meetings to advise the Board and provide relevant information and clarification for informed decision making by the Board.

In addition, the Directors have unrestricted access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to duties and responsibilities of the Directors. All the Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at the expense of the Company in carrying out his or their duties respectively.

6. 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.

7. Training and Development of Directors

All the Directors have complied with 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 below:

Name of Director	Training/Conference Attended
Krishnan Menon	• 5th Petronas BAC Forum by Petronas Nasional Berhad • Internal Control and Fraud Prevention Seminar 2016 by Federation of Public Listed Companies Bhd • Combatting Internal Fraud by Implementing Internal Control Mechanisms • Petronas Advance 2 Directors' Training - Petronas Board Excellence by Petronas Leadership Centre and Malaysian Directors Academy • Effective Strategy for Stakeholders Management • The Director's Role in Protecting the Company Against Corruption Seminar 2016 by Malaysian Institute of Corporate Governance • Cost, Risk and Brand • Econpile Bhd – In House Training by Tricor Knowledge House Sdn Bhd • Business Sustainability
Dr. Nikolai Dobberstein	• A.T. Kearney – Expanding Horizons (Professional Development - Part 2) • A.T. Kearney – Asia Partner and Principal Conference • VEC Senior Leader Convention - Doing Business in India • Axiata Regulatory and Media Briefing, De-globalisation, Digitisation and Disruptions
Loh Lee Soon	• "FinTech – Business Opportunity or Disruptor" by Bank Negara Malaysia • Compliance Training for Board Members and Senior Management, Maybank Group. Compliance Department, Maybank Group • "Digital Investment Management" by Securities Industry Development Corporation • GST Fraud and Evasion by Malaysian Institute of Accountants • "RegTech: The Innovation to Manage Risk and Compliance". Organised by Securities Industry Development Corporation
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	• 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 - FIDE Forum • "Ring the Bell for Gender Equality" by Bursa Malaysia • Dialogue with the Governor: "Economic and Financial Services Sector: Trends and Challenges Moving Forward" - BNM-FIDE Forum • MSWG-Institutional Investor Council Governance Week 2016 – "Stewardship Matters – For Long Term Sustainability" by Bursa Malaysia • 2nd Distinguished Board Leadership Series: "Avoiding Financial Myopia" By Professor Jeffrey L. Sampler - FIDE Forum • IERP's Global Conference 2016, Enterprise Risk Management and Power of Disruption. Institute of Enterprise Risk Practitioners (IERP) • Annual In-House Directors' Training on "Anti Money Laundering and Counter Financing of Terrorism" by Hong Leong Bank Berhad • Corporate Governance Disclosure Workshop: The Interplay between CG, Non-Financial Information (NFI) and Investment Decisions by Bursa Malaysia • Corporate Governance Breakfast Series: The Cybersecurity Threat and How Boards Should Mitigate the Risks by Bursa Malaysia • Corporate Governance Breakfast Series with Directors – "Anti-Corruption and Integrity – Foundation of Corporate Sustainability" by Bursa Malaysia • Boards And C-Level Executives: Balancing Trust And Tension. Malaysian Institute of Corporate Governance (MICG) • Hong Leong Bank Sustainability Reporting : Awareness Session by Hong Leong Bank Berhad • FIDE - 4th Annual Dialogue with Senior Management of Bank Negara Malaysia - FIDE • Breakfast Talk with ACGA: CG Watch 2016 - Ecosystems Matter. The Iclif Leadership And Governance Centre

Name of Director	Training/Conference Attended
	• Companies Act 2016 by Hong Leong Bank Berhad • Global Transformation Forum 2017. Global Transformation Forum • 4th BNM-FIDE FORUM Annual Dialogue. FIDE FORUM • Assessment of the Board, Board Committees and Individual Directors – Taking Stock of Performance. Malaysian Institute of Corporate Governance (MICG) • The Companies Act 2016 – key Changes and Implications to Directors and Management by Malaysian Institute of Corporate Governance (MICG) • 1st Distinguished Board Leadership Series: "Efficient Inefficiency: Making Boards Effective in a Changing World" - FIDE FORUM • Malaysian Institute of Corporate Governance (MICG) – Related Party Transactions (RPT): Their Implications to the Board of Directors, Audit Committee and Management by MICG • Compliance Conference 2017 by Bank Negara Malaysia • 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services by Bain and Company • 5th IDSMED Healthcare Forum 2017 – New Holistic Approach in Driving Quality Outcomes in Healthcare by IDSMED • 2nd Distinguished Board Leadership Series: "Risk and Reward: What Must Boards Know About a Sustainable FI Remuneration System for Senior Management and Material Risk Takers - FIDE FORUM • Industry Seminar on Recovery and Resolution Planning in Malaysia – "A Journey Less Ordinary: Multiple Views, One Destination" by Bank Negara Malaysia
Karen Goonting	• 12th Tricor Tax and Corporate Seminar 2016 • Launch of the AGM Guide and Corporate Governance Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders • Corporate Governance Breakfast Series: Anti-corruption and Integrity - Foundation of Corporate Sustainability • Integrity in the Boardroom: Are Boards Playing Their Role? Code of Conduct/Ethics and Whistleblowing Policy and Procedure • Fraud Risk Management: Whose Responsibility Is It? Code of Conduct/Ethics and Whistleblowing Policy and Procedure • Breakfast Talk on Management Discussion and Analysis Statement • Women's Directorship Programme: Boardroom Soft Skills
Dato Sri' Leo Ariyanayakam	• Global Business Transformation Forum by GTF 2017 Secretariat

8. Board 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 ARMC composition, terms of reference and summary of activities is included in the Audit and Risk Management Committee Report as set out on pages 71 to 75 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.

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 – Non -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. The Company pays its Directors annual fees, which are approved by the shareholders. The NRC reviews the performance of the Managing Director and considers the Board's proposed bonus and increment for the year.

9. Board Members Appointment Process

The NRC considers and recommends new appointment to the Board. In discharging this duty, the NRC will address the suitability of an individual by taking into consideration the individual's skills, knowledge, expertise and experience, professionalism and integrity.

10. Re-Appointment and Re-Election of Directors

In accordance with the Memorandum and Articles of Association of the Company, at least one third of the Directors shall retire from office each year at the Annual General Meeting and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Companies Act 2016 has removed the age limit and the re-appointment of Director who is over 70 years to be subject to shareholders' approval at each Annual General Meeting.

11. Board Gender Diversity

The Board currently does not adopt any policy on boardroom diversity, such as gender and age. The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director, based on effective blend of competences, skills, experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on capabilities, experience and qualification.

12. Board Effectiveness Evaluation

The NRC is responsible to assist the Board to assess the effectiveness of individual Directors, the Board and the Board committees. The Board effectiveness evaluation is performed annually with the objective to enhance its effectiveness, strength and to identify areas that need improvement.

The assessment is divided into four (4) sections as follows:
(i) Board and Board Committees Evaluation
(ii) Assessment of Character, Experience, Integrity, Competence and Time Commitment
(iii) Assessment on Mix of Skill and Experience
(iv) Evaluation of Level of Independence of a Director

The main criteria set out in the abovementioned sections are as follows:
- Skills and experience of individual directors.
- Roles and responsibilities of the Board and individual directors.
- Time commitment in deliberation and participation in the Board and Board committee's meetings.
- The level of independency for the Independent Directors' participation and deliberation on issues put before the Board.

During the financial year ended 30 June 2017, the effectiveness evaluation was conducted on the Board, Board Committees and individual Directors.

13. 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 2017, distinguishing between the Executive and Non-Executive Directors is as shown below:

Range of Remuneration	Executive	Non-Executive	Total
Below RM50,000	-	2	2
RM50,000 to RM100,000	-	6	6
RM1,100,000 to RM1,150,000	1	-	1

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

Description	Director's Fee RM	Audit & Risk Management Commitee Meeting Allowance RM	Nomination & Remuneration Commitee Meeting Allowance RM	Total RM
Executive Director Dato' Sri Leo Suresh Ariyanayakam	N/A	N/A	N/A	N/A
Non-Executive Director Krishnan a/l C. K. Menon	90,000	N/A	N/A	**90,000**
Dato' Mohd Salleh bin Hj. Harun	60,000	5,000	5,000	**70,000**
Dr. Nikolai Dobberstein	60,000	5,000	10,000	**75,000**
Loh Lee Soon	60,000	10,000	5,000	**75,000**
Karen 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**
Mahani Binti Amat (appointed on 15 June 2017)	2,630	N/A	N/A	**2,630**
Mohd Rashid Bin Mohd Yusof (appointed on 15 June 2017)	2,630	N/A	N/A	**2,630**
Total	**395,260**	**25,000**	**25,000**	**445,260**

Salary and Benefits of Executive Director

Executive Director - Dato' Sri Leo Suresh Ariyanayakam	RM
Salary	**954,432**
Benefits in kind	**158,292**
Total	**1,112,724**

14. 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 2016 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 Malaysian Financial Reporting Standards and International Financial Reporting Standards, 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 251(2) of the Companies Act 2016, in relation to the preparation of the financial statements is set out on page 149 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 Statement on Risk Management and Internal Control as set out on pages 65 to 70 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.

Internal Auditors

The internal auditors report directly to the ARMC and has unrestricted access to the ARMC. The internal auditors are tasked to independently review the effectiveness of the risk management process and internal controls of the Group. The internal auditors attend the ARMC meeting quarterly to present their audit observations, recommendations and report on the status of corrective actions implemented by Management. The minutes of the ARMC meetings are tabled to the Board for information and serve as useful references, particularly if there are pertinent issues that any Directors wish to highlight or seek clarification on.

External Auditors

The ARMC and the Board place great emphasis on the objectivity and independence of external auditors in providing relevant and transparent reports to the shareholders. The ARMC undertakes an assessment on the independence of the external auditors annually. The Board has obtained assurance from the external auditors on their independence in discharging their duties throughout the conduct of the audit engagement. The external auditors attend the ARMC meeting twice during the financial year to discuss their audit plans, fees, audit findings and their review of the Company and the Group financial statements,

Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 156 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 71 to 75 of the Annual Report.

15. Whistleblowing

The Group is committed to the highest standard of integrity and accountability in the conduct of its businesses and operations. In striving to conduct its affairs in an ethical, responsible and transparent manner, the Group provides an avenue for all employees and stakeholders of the Group to disclose any improper conduct within the Group vide the implementation of the Group's whistleblowing policy.

The whistleblowing policy establishes the Group's position in encouraging employees and other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct that may have occurred. The whistleblowing channels are established to help employees and other stakeholders raise concerns directly to either of the two designated Independent Directors who are members of the ARMC without fear of reprisals or retaliations.

The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated by the two Independent Directors and a report and update will be provided to the Board for review and ascertain further action(s) as appropriate.

16. 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.

17. Shareholders and Other Stakeholders

(i) Communication between the Company and its Investors and Other Stakeholders
Annual Report
The Annual Report is a vital source of information for shareholders, investors and the general public. Information on the Group's business performance, financials and its management are disclosed in the Annual Report. The contents of the Annual Report are continuously enhanced to take into account the latest development in the area of corporate governance and regulatory requirements. The complete printed version of the Annual Report is sent to every shareholder. An online version of the Annual Report is also available on the Group's corporate website.

Announcements to Bursa Securities
Announcements on quarterly financial results, circulars and other general announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements and is also made available on the Group's corporate website.

Investor Relations
The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. The Board's primary contact with major shareholders is via the Executive Director/Chief Executive Office and the Chairman, who have regular dialogue with institutional investors and deliver presentations to analysts periodically.

The objective is to provide updates on the Group's financial performance, corporate developments as well as to discuss strategic matters and address issues that the institutional investors and analysts may have with respect to the business or operations of the Group.

Company Website
The Corporate website for the Group can be accessed by the public at www.scicom-intl.com. It archives all corporate and financial information made to the public, such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements as set out in Bursa Malaysia Main Market Listing Requirements and other corporate information on the Group.

The corporate information section is also on the website where information such as profile of Directors, Board Charter, Code of Conduct and Terms of Reference for ARMC and NRC are made available to the shareholders and public.

(ii) The Annual General Meeting and Communication with Stakeholders
The AGM is the principal forum for dialogue and communications, and also offers an opportunity for the Board and the SMT to interact with the shareholders. 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.

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. In accordance with the MCCG guidelines the Company will be sending the Notice of Annual General Meeting Twenty Eight (28) days prior to the holding of next year's Annual General Meeting.

Statement of Compliance with the Best Practices of the Code The Group is committed to achieving high standards of Corporate Governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

This Statement is made in accordance with the resolution adopted by the Board at its meeting held on 25 August 2017.

Pursuant to paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors (the "Board") of Scicom (MSC) Berhad (the "Company") is pleased to provide the following statement which outlines the nature and scope of the risk management and internal control of the Group during the financial year under review. The Board 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 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 2017.

BOARD ACCOUNTABILITY

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, effectiveness 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 risk governance structure and risk management framework to facilitate on-going risk management processes for identifying, evaluating and managing significant risks faced, or that the Group may potentially be exposed to in pursuing its business objectives.

Risk Governance Structure

The risk governance structure provides a transparent and effective structure involving active participation of the Board and SMT in the risk management process to ensure a uniform view of risk across the Group with clearly defined roles and responsibilities of all stakeholders, taking into consideration the three (3) lines of defence governance model in the risk management process.

BOARD OF DIRECTORS

AUDIT AND RISK MANAGEMENT COMMITTE | **NOMINATION AND REMUNERATION COMMITEE**

SENIOR MANAGEMENT TEAM

1st Line of Defence	**2nd** Line of Defence	**3rd** Line of Defence
Business/Risk Owner To establish the identification, assessment, treatment and monitoring of risks.	**Oversight Units** (Risk Management, Quality, Finance, Human Resource, etc) to establish, implement and review risk management and control systems.	**Internal and External Auditors** To provide independent and objective assurance on the adequacy, integrity and effectiveness of risk management and internal control systems.

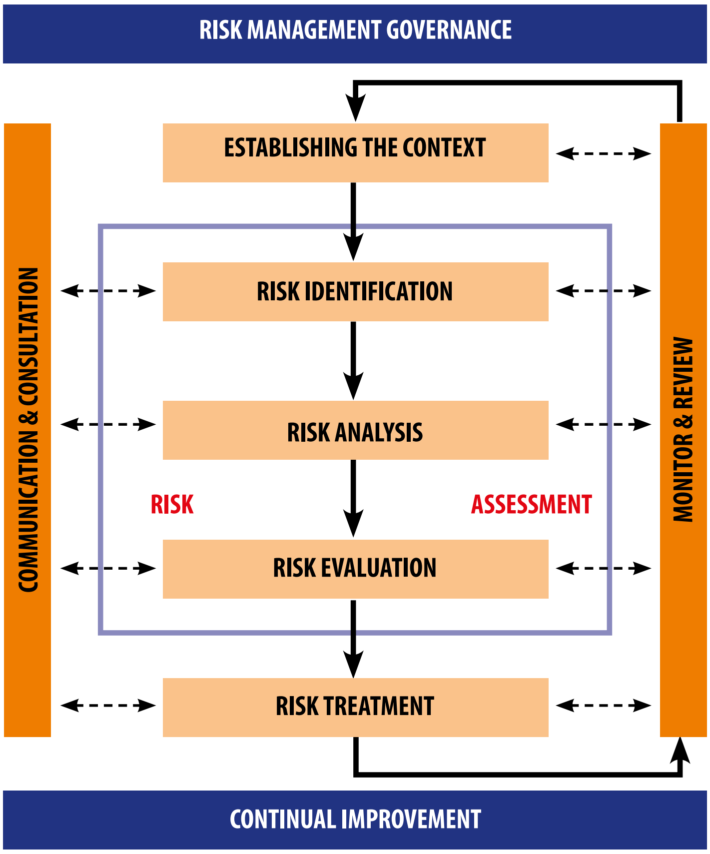
The Audit and Risk Management Committee ("ARMC") through the SMT is also responsible for creating and promoting a risk aware culture amongst the Group's human capital, via a readily accessible knowledge framework for risk management.

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.

Risk Management Framework

The risk management framework adopted by the Group is generally aligned with principles and guidelines in the ISO 31000 standard on Risk Management.

Risk Management Framework	Description



Risk Management Governance
Define risk management governance structure, roles and responsibilities and risk management framework.

Establishing the Context
Identify internal and external factors and parameters relevant to risk management and defined risk appetite.

Risk Assessment
Identify risks using the six sigma (5W1H) methodology, analyse and evaluate impact of risks (i.e. likelihood and significance of risk).

Risk Treatment
Ascertain the measures in place and to be put in place to manage risks.

Monitoring and Review
Regular risk reporting and monitoring.

Communication and Consultation
Effective communication of risk and how it is managed, including seeking internal/external consultation where applicable.

Continual Improvement
Continuous improvement on risk management framework and processes within the Group.

The adequacy and effectiveness of risk management 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.

Principal Risks

The Group has identified the following principal risks which are critical to the success of the Group's business objectives:

- Economic Environment
- Regulatory
- Information Security
- Human Capital
- Business Continuity

Risk Management Activities During the Financial Year
During the financial year under review, the following risk management activities were conducted:

- The Board reviewed, refined and approved the Group risk management framework, including the risk appetite.
- The Board reviewed the significant risks identified for the Group and the mitigation plans associated thereto as well as the changes to Group risk profile on a quarterly basis.
- The Board reviewed, refined and approved the Group's Whistleblowing Policy.
- The rollout of Information Security Policy and Information Risk Management Guideline across the Group and the Group has successfully obtained ISO 27001 certification on Information Security Management Systems.

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.

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.

Audit and Risk Management Committee
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 Chief Executive Officer ("Group CEO"), the Chief Financial Officer ("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 71 to 75.

Internal Audit
The internal audit function is established by the Board to undertake continuous review and assessment on the adequacy, effectiveness and efficiency of risk management and internal controls implemented by the Group. It reports directly to the ARMC of the Board and is independent from the activities or operations of the Group. This function of the Group has been outsourced to an independent third party. The ARMC 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 efficiency of the Group's system of internal controls in discharging their governance responsibilities.

The internal auditors adopt the Institute of Internal Auditors' International Professional Practices Framework ('IPPF') which includes the definition of internal auditing, code of ethics and the international standards for the Professional Practice of Internal Auditing.

The internal audit plan is prepared using a risk-based approach and presented to the Audit and Risk Management Committee ('ARMC') for approval on a yearly basis. The audit plan is updated quarterly to take into consideration the changes in the risk profile. The audit area focuses on areas of high risk to ensure that adequate correction actions are in place to mitigate the risk in a timely manner.

Observations arising from the internal audit are presented, together with Management's response and proposed corrective actions, to the ARMC for review and approval. The internal auditors subsequently perform follow up audit to determine the extent of corrective actions implementation and report the status on the closure of audit issues to the ARMC on a quarterly basis. It is the responsibility of the Management in ensuring that corrective actions are implemented in a timely manner.

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.

Formal organisational structure is in place with all the companies in the Group with clear reporting channels established. Appropriate approval process and authority limits are in place on procurement transactions covering both capital and revenue expenditure items, acquisition and disposal of assets and other major business transactions.

Policies, Guidelines and Procedures
The Group's policies, guidelines 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, guidelines and procedures, which are made readily available to the Group's human capital via the Group's intranet website.

Whistleblowing Policy
The Group has in place a 'Whistleblowing' policy which provides an avenue for employees and general public to report actual or suspected malpractice, misconduct or violations of the Group policies and procedures in a safe and confidential manner.

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 rules and regulations that the Group and all its employees are required to live by. Included in the Code is a section in relation 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.

The Group has also put in place the "No Gifts and Entertainment" policy applicable to all employees. 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.

Management of Information Assets
Confidentiality, integrity and availability of information are crucial at various extents to the day-day operations and strategic decision making of the Group. To safeguard the information assets (which can be in various forms – digital, manual, disc, tape, etc), the Group has established an Information Security Policy and Information Risk Management Guideline to clearly define the roles and responsibilities as well as the processes for effective management of information assets (covering the end-to-end life cycle of an information asset from the creation, management, use, handling up to its disposal) and its associated risks.

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 Group CEO and the CFO. 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 Group 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 data centre where key operational activities can be resumed in the event of disaster occurrence.

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.

Human Capital Competency and Talent Management
The competencies of employees 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 employee performance and performance reviews are conducted on a regular basis. Action plans to address employee development needs are prepared and implemented timely in order to ensure that employees 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.

In addition, the Group promotes a harmonised and cohesive working environment for all our employees. An employee grievance procedure is in place to provide an avenue for employees to raise concerns or issues on work rules and regulations, policies and procedures, health and safety, wages, individual victimisation, harassment, etc so that adequate actions can be taken by Management in assisting our employees to address and/or resolve their concerns or issues without jeopardising their performance at work.

External Certifications
The Group's operations are periodically monitored, reviewed and evaluated so as to maintain its annual International Organisation for Standardisation ("ISO") 9001 on Quality Management Systems and Service Capability and Performance ("SCP") Standards accreditation status. In addition, the Group is also ISO 27001 certified on Information Security Management Systems.

Statutory Audit
As part of the annual statutory audit of the Group, the external auditors are required under International Standards on Auditing, to obtain a 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.

Management Accountability
Management is accountable to the Board for the implementation of processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Board has received assurance from the Group CEO and the 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.

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 2017. 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 effectiveness, adequacy and integrity of the risk management and internal controls of the Group.

CONCLUSION

Based on the above, the Board is satisfied and of the view that the Group's system of risk management and internal controls are sound and sufficient to safeguard shareholders' interest and assets of 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 that would result in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report.

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.

This Statement is made in accordance with the resolution adopted by the Board at its meeting held on 25 August 2017.

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 2017.

A. COMPOSITION AND MEETINGS

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

1. Loh Lee Soon
   Chairperson/ Independent Non-Executive Director

2. Dr. Nikolai Dobberstein
   Independent Non-Executive Director

3. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
   Independent Non-Executive Director

4. Dato' Mohd Salleh bin Hj. Harun
   Non - 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 16 to 26.

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 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
The Committee acknowledges that effective risk management is an essential and indispensable part of corporate management. The Group strives to embed within the organizational structure, defined roles and responsibilities for all aspects of risk management with the appropriate tools to support the identification, assessment, treatment and reporting of key risks.

The Group endeavours to develop, implement and maintain sound risk management practices and systems that are consistent with good corporate governance by applying the following risk management policies:

- 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 the internal audit reports on the following;
  - The effectiveness and adequacy of governance, risk management, operation and compliance processes.
  - 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 report presented and discussed with External Auditors on the Audited Financial Statements for the financial year ended 30 June 2017, particularly on issues that arose during the course of the audit and their resolution, key accounting and audit adjustments as well as the unadjusted differences identified during the audit.
- Met with the External Auditors without the presence of Management to discuss matters that they may wish to present.
- 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.
- Reviewed the independence and objectivity of External Auditors and the effectiveness of their services rendered including non-audit services, and made recommendations to the Board of Directors on their re-appointment and remuneration.

DESCRIPTION	AMOUNT (in RM)
Statutory audit fees	**228,000**
Non-audit fees	**230,354**
% of non-audit fees, over statutory audit fees	**101%**

Non-audit fee paid to the External Auditors were mainly in relation to consultancy services rendered to the Group for ISO 27001 certification on Information Security Management System.

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. Related Party Transactions

- Reviewed the related party transactions involving subsidiaries and vendors within the Group and to ensure that they were undertaken on an arm's length basis and on normal commercial terms and not favourable to any related party than those generally available to the public.

g. Others

- Reviewed the Statement on Risk Management and Internal Control, the Corporate Governance Statement and the 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 Audit and Risk Management Committee is aware of the importance of an independent and adequately resourced internal audit function in discharging its duties and responsibilities. The Group's Internal Audit Department assists the Audit Committee in reviewing the effectiveness of the Company's internal control systems whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objectives. The Internal Audit also carries out investigative audit where there are improper, dishonest and illegal acts reported.

The internal audit reviews the effectiveness of the internal control structures over the Group's activities focusing on high risk areas using a risk-based approach. The scope of Internal Audit covers the audits of all operating units and follow-up audits on all key departments and operations, including subsidiaries within the Group.

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 adopt the Institute of Internal Auditors' International Professional Practices Framework ('IPPF') which includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

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 the following activities in accordance with the internal audit plan approved by the Committee which includes:

(i) Internal Audit Execution
Internal audits were executed covering the following areas:

- Business Processing Outsourcing ('BPO') operations management.
- Operation and management of the Group's Information and Communications Technology ('ICT') Department, including ICT-related business continuity management.
- Operation and management of the Group Human Resource Department.
- E-Government operations management.

The key control issues, positive observations, risks and relevant recommendations for improvement along with the Management agreed corrective actions were presented to the Committee for deliberation and approval.

(ii) Follow Up Audit Execution
Regular follow up audits were conducted with Management on agreed corrective actions taken on outstanding audit issues to ensure key risks and control weaknesses were addressed effectively and timely. The status of implementation of the said agreed corrective actions were reported to the Committee on a quarterly basis.

(iii) Audit Plan for FY2017/2018
Prepared and presented the audit plans for FY2017/2018 to the Committee for deliberation and approval. The audit plans were prepared using risk-based approach to ensure that the audit plans are priortised based on the Group's significant risks and inputs from various sources including the Group risk profile, business plans and strategies, past audit issues and feedback from external audit, Management and the Committee.

The cost incurred by the Group's internal audit during the financial year amounted to RM77,000.

This Audit and Risk Management Committee Report is made in accordance with the resolution of the Board of Directors on 25 August 2017.

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 2016 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 2017.

In preparing the financial statements for the financial year ended 30 June 2017, 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 2016; 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 2016.

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 251 of the Companies Act 2016 is set out on page 149 of the Audited Financial Statements.

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

SCICOM (MSC) BERHAD
(Incorporated in Malaysia)

CONTENTS	**PAGES**

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 2017.

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	44,926,690	38,396,028
- Non-controlling interest	(316,685)	-
Total comprehensive income for the financial year	44,610,005	38,396,028

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2016 were as follows:

	RM
(a) In respect of the financial year ended 30 June 2016, a fourth interim dividend of 3 sen, tax exempt, per ordinary share, paid on 28 September 2016	10,663,607
(b) In respect of the financial year ended 30 June 2017, a first interim dividend of 2 sen, tax exempt, per ordinary share, paid on 7 December 2016	7,109,071
(c) In respect of the financial year ended 30 June 2017, a second interim dividend of 2 sen, tax exempt, per ordinary share, paid on 28 March 2017	7,109,071
(d) In respect of the financial year ended 30 June 2017, a third interim dividend of 2 sen, tax exempt, per ordinary share, paid on 20 June 2017	7,109,071
	31,990,820

On 25 August 2017, 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 27 September 2017.

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 in office during the financial year and during the period from the end of the financial year to the date of the report are:

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Dato' Sri Leo Suresh Ariyanayakam
Dr. Nikolai Dobberstein
Loh Lee Soon
Karen Judith Goonting
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani Binti Amat (appointed on 15 June 2017)
Mohd Rashid Bin Mohd Yusof (appointed on 15 June 2017)

DIRECTOR OF A SUBSIDIARY

The Director of a subsidiary (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report is Datuk Omar Shariff bin Mydeen.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration as required by the Fifth Schedule of the Companies Act 2016 in Malaysia are set out in Note 7 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year 2017 was RM64,680.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares of RM0.10 each in the Company			
	At 1 July 2016	Bought	Disposed	At 30 June 2017
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	3,235	-	-	3,235
Dato' Mohd Salleh bin Hj. Harun	1,836	-	-	1,836
Dato' Sri Leo Suresh Ariyanayakam	85,959	1,837	-	87,796
Dr. Nikolai Dobberstein	1,320	-	(1,235)	85
Loh Lee Soon	357	-	-	357
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	1,000	15	-	1,015

	Number of ordinary shares of RM0.10 each in the Company			
	At 1 July 2016	Bought	Disposed	At 30 June 2017
	'000	'000	'000	'000
Deemed interest in shareholdings				
Krishnan a/l C. K. Menon [1]	68,519	-	-	68,519
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [2]	1,013	50	-	1,063

1 Deemed interest by virtue of his shareholdings in Netinsat Asia Sdn. Bhd., pursuant to Section 59 of the Companies Act 2016.

2 Deemed interest by virtue of his shareholdings in Melewar Leisure Sdn. Bhd., pursuant to Section 59 of the Companies Act 2016.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, 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, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets 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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 16 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 10 to the financial statements.

AUDITORS

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

This report was approved by the Board of Directors on 25 August 2017. Signed on behalf of the Board of Directors:

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN A/L C. K. MENON
DIRECTOR

Kuala Lumpur

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
REVENUE	6	**199,485,785**	196,294,768	**194,307,352**	194,023,450
OTHER OPERATING INCOME	17	**-**	-	**1,675,000**	-
		199,485,785	196,294,768	**195,982,352**	194,023,450
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(7,920,959)**	(6,310,315)	**(6,278,288)**	(5,391,504)
- Employee benefit costs	7	**(107,664,118)**	(107,245,356)	**(102,378,677)**	(103,010,626)
- Reversal of impairment loss/(impairment loss)		**-**	732,658	**(12,746,258)**	(10,390,106)
- Maintenance expenses		**(2,564,173)**	(2,738,851)	**(2,255,997)**	(2,362,144)
- Rental expenses	8	**(11,442,940)**	(11,937,832)	**(9,339,607)**	(9,441,756)
- Telecommunication and utilities expenses		**(4,624,123)**	(5,355,288)	**(4,085,102)**	(4,833,072)
- Travelling expenses		**(1,333,016)**	(1,105,536)	**(875,294)**	(796,092)
- Marketing expenses		**(8,796,060)**	(11,117,343)	**(8,794,441)**	(11,116,503)
- Other operating expenses		**(6,252,946)**	(7,078,420)	**(6,934,030)**	(7,495,687)
		(150,598,335)	(152,156,283)	**(153,687,694)**	(154,837,490)
PROFIT FROM OPERATIONS		**48,887,450**	44,138,485	**42,294,658**	39,185,960
NET FINANCE INCOME					
Finance income		**822,898**	776,946	**793,807**	775,233
Finance costs		**-**	(3,970)	**-**	-
	9	**822,898**	772,976	**793,807**	775,233
SHARE OF PROFIT/(LOSS) OF THE JOINT VENTURE	17	**63,862**	(3,478)	**-**	-
PROFIT BEFORE TAXATION	10	**49,774,210**	44,907,983	**43,088,465**	39,961,193
TAXATION	11	**(4,692,521)**	(3,306,293)	**(4,692,437)**	(3,359,892)
NET PROFIT FOR THE FINANCIAL YEAR		**45,081,689**	41,601,690	**38,396,028**	36,601,301

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
OTHER COMPREHENSIVE LOSS					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(471,684)**	(702,776)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**44,610,005**	40,898,914	**38,396,028**	36,601,301
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**45,398,374**	41,946,567	**38,396,028**	36,601,301
- Non-controlling interest		**(316,685)**	(344,877)	**-**	-
		45,081,689	41,601,690	**38,396,028**	36,601,301
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**44,926,690**	41,243,791	**38,396,028**	36,601,301
- Non-controlling interest		**(316,685)**	(344,877)	**-**	-
		44,610,005	40,898,914	**38,396,028**	36,601,301
Earnings per share:					
- Basic/diluted (sen)	12	**12.77**	11.80		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 93 to 147.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
NON-CURRENT ASSETS					
Plant and equipment	14	**14,139,861**	15,807,512	**10,640,320**	12,859,110
Software licences	15	**4,423,562**	4,372,173	**4,005,330**	3,824,180
Investment in subsidiaries	16	**-**	-	**-**	1,892,612
Investment in joint venture	17	**134,879**	1,746,017	**1**	1
Deferred tax assets	24	**-**	119,957	-	119,957
		18,698,302	22,045,659	**14,645,651**	18,695,860
CURRENT ASSETS					
Trade receivables	18	**50,002,632**	43,162,201	**47,643,983**	42,681,860
Other receivables	19	**8,938,498**	7,715,314	**5,936,258**	5,395,986
Amounts due from subsidiaries	20	**-**	-	**-**	498,876
Tax recoverable		**445,632**	338,390	**-**	-
Cash and bank balances	21	**29,065,622**	29,188,764	**27,165,744**	28,261,828
Investments in cash funds	22	**8,062,537**	7,814,385	**8,062,537**	7,814,385
		96,514,921	88,219,054	**88,808,522**	84,652,935
LESS: CURRENT LIABILITIES					
Trade and other payables	23	**9,142,427**	14,853,279	**8,316,100**	12,656,030
Tax liabilities		**107,375**	2,718,842	**107,375**	2,718,844
		9,249,802	17,572,121	**8,423,475**	15,374,874
NET CURRENT ASSETS		**87,265,119**	70,646,933	**80,385,047**	69,278,061
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	24	**683,121**	31,477	**651,569**	-
		683,121	31,477	**651,569**	-
NET ASSETS		**105,280,300**	92,661,115	**94,379,129**	87,973,921

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	**35,545,356**	35,545,356	**35,545,356**	35,545,356
Currency translation reserve	26	**(2,095,691)**	(1,624,007)	**-**	-
Retained earnings	26	**72,950,207**	59,542,653	**58,833,773**	52,428,565
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**106,399,872**	93,464,002	**94,379,129**	87,973,921
NON-CONTROLLING INTEREST		**(1,119,572)**	(802,887)	**-**	-
TOTAL EQUITY		**105,280,300**	92,661,115	**94,379,129**	87,973,921

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 93 to 147.

		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		unit	RM	RM	RM	RM	RM
Group							
Balance as at 1 July 2016		355,453,560	35,545,356	(1,624,007)	59,542,653	(802,887)	92,661,115
Currency translation difference		-	-	(471,684)	-	-	(471,684)
Net profit for the financial year		-	-	-	45,398,374	(316,685)	45,081,689
Total comprehensive income for the financial year		-	-	*(471,684)*	*45,398,374*	*(316,685)*	*44,610,005*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2016	13	-	-	-	(10,663,607)	-	(10,663,607)
- 30 June 2017	13	-	-	-	(21,327,213)	-	(21,327,213)
Total transactions with owners recognised directly in equity		-	-	-	*(31,990,820)*	-	*(31,990,820)*
Balance as at 30 June 2017		355,453,560	35,545,356	(2,095,691)	72,950,207	(1,119,572)	105,280,300

		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		unit	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		-	-	(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		Distributable	
	Note	Number of shares	Share capital	Retained earnings	Total equity
		unit	RM	RM	RM
Company					
Balance as at 1 July 2016		355,453,560	35,545,356	52,428,565	87,973,921
Net profit for the financial year		-	-	38,396,028	38,396,028
Total comprehensive income for the financial year		-	-	*38,396,028*	*38,396,028*
Transactions with owners:					
Dividends for financial year ended:					
- 30 June 2016	13	-	-	(10,663,607)	(10,663,607)
- 30 June 2017	13	-	-	(21,327,213)	(21,327,213)
Total transactions with owners recognised directly in equity		-	-	*(31,990,820)*	*(31,990,820)*
Balance as at 30 June 2017		355,453,560	35,545,356	58,833,773	94,379,129

		Attributable to owners of the Company			
		Issued and fully paid ordinary shares		Distributable	
	Note	Number of shares	Share capital	Retained earnings	Total equity
		unit	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

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 93 to 147.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**45,081,689**	41,601,690	**38,396,028**	36,601,301
Adjustments for:				
(Reversal of impairment loss)/impairment loss:				
- investment in subsidiaries	**-**	-	**9,789,265**	7,579,722
- amounts due from subsidiaries	**-**	-	**2,956,993**	3,543,042
- trade receivables	**-**	(732,658)	**-**	(732,658)
Amortisation of software licences	**1,118,480**	695,376	**965,750**	552,149
Bad debts written off	**-**	240,000	**-**	240,000
Depreciation of plant and equipment	**6,802,479**	5,614,939	**5,312,538**	4,839,355
Loss/(gain) on disposal of plant and equipment	**35,422**	(117,925)	**40,139**	(117,925)
Plant and equipment written off	**36,143**	3,936	**27,111**	3,936
Dividend income	**-**	-	**(1,675,000)**	-
Finance costs	**-**	3,970	**-**	-
Finance income	**(822,898)**	(776,946)	**(793,807)**	(775,233)
Share of (profit)/loss of the joint venture	**(63,862)**	3,478	**-**	-
Unrealised foreign exchange gain	**(581,419)**	(419,126)	**(903,615)**	(276,022)
Taxation	**4,692,521**	3,306,293	**4,692,437**	3,359,892
Operating profit before changes in working capital	**56,298,555**	49,423,027	**58,807,839**	54,817,559
Changes in working capital:				
Trade and other receivables	**(8,160,905)**	1,143,607	**(5,460,515)**	1,786,033
Trade and other payables	**(5,786,102)**	389,687	**(4,341,827)**	98,420
Intercompany balances	**-**	-	**1,959,150**	1,520,561
Cash generated from operating activities	**42,351,548**	50,956,321	**50,964,647**	58,222,573
Interest received	**822,898**	776,945	**793,807**	775,235
Net tax paid	**(6,639,620)**	(303,392)	**(6,532,380)**	(139,340)
Net cash generated from operating activities	**36,534,826**	51,429,874	**45,226,074**	58,858,468

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Distribution received from joint venture		**1,675,000**	-	**1,675,000**	-
Proceeds from disposal of plant and equipment		**18,646**	117,925	**13,929**	117,925
Purchase of software licences	15	**(1,155,920)**	(2,795,107)	**(1,146,900)**	(2,667,106)
Purchase of plant and equipment	14	**(5,131,308)**	(7,193,163)	**(3,473,023)**	(5,446,234)
Advances to subsidiaries		**-**	-	**(11,655,860)**	(9,521,411)
Repayment of advances to subsidiaries		**-**	-	**446,088**	-
Subscription of shares in a subsidiary		**-**	-	**(99,998)**	-
Investments in cash funds		**(248,152)**	(2,214,210)	**(248,152)**	(2,214,210)
Increase in fixed deposits with maturity of more than 3 months		**(5,000,000)**	(3,000,000)	**(5,000,000)**	(3,000,000)
Net cash used in investing activities		**(9,841,734)**	(15,084,555)	**(19,488,916)**	(22,731,036)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**-**	(3,970)	**-**	-
Payment of dividends		**(31,990,820)**	(28,436,284)	**(31,990,820)**	(28,436,284)
Net cash used in financing activities		**(31,990,820)**	(28,440,254)	**(31,990,820)**	(28,436,284)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,297,728)**	7,905,065	**(6,253,662)**	7,691,148
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**174,586**	(192,691)	**157,578**	(101,283)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**26,188,764**	18,476,390	**25,261,828**	17,671,963
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21	**21,065,622**	26,188,764	**19,165,744**	25,261,828
Deposits with maturity of more than 3 months		**8,000,000**	3,000,000	**8,000,000**	3,000,000
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR		**29,065,622**	29,188,764	**27,165,744**	28,261,828

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 93 to 147.

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 Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2016:

- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Amendments to MFRS 127 "Equity method in separate financial statements"
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- 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.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective from 1 January 2019) clarifies how MFRS 112 Income Taxes is applied in recognising and measuring deferred and current income tax assets and liabilities when there are situations where there is uncertainty over whether the tax treatment will be accepted by the tax authority.

  IC Interpretation 23 provides guidance on when to recognise and how to measure the uncertainty. There are 2 methods to measure the effect of uncertainty, 1) the most likely amount; and 2) the expected value. An entity shall use the measurement method which best predicts the resolution of the uncertainty.

  When assessing the effects of uncertain tax treatments on current and deferred tax accounting, an entity shall assume the taxation authority:
  - has a right to examine; and
  - has full knowledge of all related information when making those examinations.

  An entity is required to apply IC Interpretation 23 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 in profit or loss, unless this creates an accounting mismatch.

  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.

2 BASIS OF PREPARATION (CONTINUED)

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

- 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 profit or loss.

  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.

- 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 licences, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all 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 profit or loss.

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.

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.

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 statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) 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' in the statement of comprehensive income.

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 a 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.

(b) Investments in subsidiaries and joint ventures in separate financial statements

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

The amount 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment

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 plant and equipment.

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of 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 Company 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 costs to their residual values over their estimated useful lives, summarised as follows:

Furniture and fittings	20%
Office equipment and computers	20%
Telecommunications equipment	20%
Office renovations	50%
Motor vehicles	20%

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 and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(e) on impairment of non-financial assets.

(d) Software licences

Separately acquired software and licences are recognised at fair value at the acquisition date and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software and licences over their estimated useful lives of five years.

The costs of computer software under development by external suppliers are amortised from the point at which the asset is ready for use over its estimated useful life.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

(f) Financial assets

(i) Classification

The Group and Company classifies its financial assets as available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

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 and Company's loans and receivables comprise 'trade receivables', 'other receivables', 'amounts due from subsidiaries' and 'cash and bank balances' in the statement of financial position (Notes 18, 19, 20 and 21).

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group and Company's available-for-sale financial assets comprise 'investments in cash funds' in the statement of financial position (Notes 22).

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and Company 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.

(iii) Subsequent measurement – gains and losses

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

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 3(f)iv) and foreign exchange gains and losses on monetary assets (Note 3(t)ii).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – impairment

Assets carried at amortised cost

The Group and Company 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' 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 and Company 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.

Assets classified as available-for-sale

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(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 and Company 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 and Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

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

(g) 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.

(h) 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 for which they are lessees.

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 and Company in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(i) 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 and Company. 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 'other receivables' 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(e) on impairment of financial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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) 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 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.

(iii) 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.

(l) Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group and Company prior to the end of financial year which are unpaid. Trade and other 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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 and joint venture 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.

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 venture, except where the timing of the reversal of the temporary difference is controlled by the parent and joint venturer 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 venturer 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 and joint arrangement 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.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(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 and Company pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and Company 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 and Company'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 and Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and Company recognises termination benefits at the earlier of the following dates: (a) when the Group and Company 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.

(iv) Profit-sharing and bonus plans

The Group and Company 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 and Company's shareholders after certain adjustments. The Group and Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(o) Provisions

Provisions are recognised when the Group and Company 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 and Company 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Contingent assets and liabilities

The Group and Company 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 and Company 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 and Company. The Group and Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and Company'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 and Company.

The Group and Company 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 and Company's activities as described below. The Group and Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

Sales of services

Revenue from the provision of outsourcing and education services is recognised upon rendering of services. Revenue is recognised based on pre-agreed terms which includes the required resources to render the services and rates agreed with the respective customers.

(r) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group and Company 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.

(s) Dividend income

Dividend income is recognised when the Group and Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(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, which is the Company's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Foreign currencies (continued)

(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 are attributable to items that form part of the net investment in a foreign operation.

All 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 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.

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), 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.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group and Company's Board of Directors that makes strategic decisions.

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 investments in subsidiaries

During the financial year, the Company recognised an impairment loss of RM9,789,265 (2016: RM7,579,722) in respect of its investment in subsidiaries. The recoverable amounts were determined based on value-in-use ("VIU").

The discount rates used reflect specific risks relating to the investments in subsidiaries. The discount rates applied to the cash flow projections are derived from the cost of equity plus a reasonable risk premium at the date of assessment of the respective subsidiaries which ranges between 12% to 20% (2016: 12% to 20%).

Projected future cash flows used for the VIU calculation are based on the Company's key assumptions such as revenue growth, estimated margins and discount rates. These key assumptions are based on the historical track record and expectations of future events which may be different from actual outcomes.

(b) Recognition of tax incentive

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

During the financial year, the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services. The Company's achievement of the conditions and KPIs have been presented to the administrator, however the assessment by the administrator has not been completed as at 30 June 2017. The Directors have assessed that the Company is able to meet the requirements for the tax incentive after taking into consideration that the Company has substantially met the stipulated conditions and KPIs, and their historical experience where confirmations from the administrator were obtained to recognise the tax incentive when conditions and KPIs were substantially met.

Therefore, the Directors are of the view that there is reasonable basis for the Company to recognise the tax incentive during the financial year ended 30 June 2017.

Where the final outcome of the assessment of income tax exemption by the administrator is different from the Company's assessment, this will result in higher income tax expense on the statutory income from outsourcing services recognised during the financial year. Details of taxation are disclosed in Note 11.

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.

(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 licences.

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 2017

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	199,454,931	30,854	-	199,485,785
Inter segment revenue	-	1,959,150	(1,959,150)	-
Total revenue	199,454,931	1,990,004	(1,959,150)	199,485,785
Segment results	58,465,115	(1,656,706)	-	56,808,409
Unallocated income/other gains				-
Operating profit				56,808,409
Finance income				822,898
Depreciation and amortisation expenses				(7,920,959)
Share of profit of the joint venture (net of tax)				63,862
Profit before taxation				49,774,210
Taxation				(4,692,521)
Net profit for the financial year				45,081,689

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2017

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	77,549,513	198,024	(248,754)	77,498,783
Unallocated assets:				
- Investment in joint venture				134,879
- Tax recoverable				445,632
- Cash and bank balances				29,065,622
- Investment in cash funds				8,062,537
- Others				5,770
Total assets				115,213,223
Segment liabilities	39,026,882	12,120,107	(42,007,759)	9,139,230
Unallocated liabilities				
- Tax liabilities				107,375
- Deferred tax liabilities				683,121
- Others				3,197
Total liabilities				9,932,923

For the financial year ended 30 June 2017

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	6,283,128	4,100	-	6,287,228
Depreciation and amortisation expenses	7,992,533	23,116	(94,690)	7,920,959
Significant non-cash expenses:				
- Unrealised foreign exchange (gain)/loss	(847,738)	470	265,849	(581,419)
- Impairment loss	12,746,258	-	(12,746,258)	-

** In relation to consolidation adjustments.

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 loss 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	(2,310,940)	71,053,871
Unallocated assets:				
- Investment in joint venture				1,746,016
- Deferred tax assets				119,957
- Tax recoverable				338,390
- Cash and bank balances				29,188,764
- Investment in cash funds				7,814,385
- Others				3,330
Total assets				110,264,713
Segment liabilities	36,132,800	10,476,584	(31,761,494)	14,847,890
Unallocated liabilities				
- Tax liabilities				2,718,842
- Deferred tax liabilities				36,866
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)

(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 **	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Malaysia *	**104,933,265**	108,796,494	**14,968,817**	18,541,920
Singapore	**11,070,474**	10,244,720	**-**	-
Philippines	**57,407,395**	62,962,042	**-**	-
United Kingdom	**3,189,364**	4,161,985	**-**	-
Sri Lanka	**5,147,579**	1,396,585	**3,729,485**	3,383,782
Indonesia	**-**	273,616	**-**	-
China	**13,685,324**	-	**-**	-
Others	**4,052,384**	8,459,326	**-**	-
	199,485,785	196,294,768	**18,698,302**	21,925,702

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

(c) Major customers

Revenue contribution from several individual customers exceeded 10% of the Group's revenue derived from its outsourcing services segment as follows:

	2017		2016	
	%	**RM**	**%**	**RM**
Customer 1	**30**	**59,373,313**	32	62,962,042
Customer 2	**29**	**57,407,395**	32	61,867,161
	59	**116,780,708**	64	124,829,203

6 REVENUE

Revenue represents the following types of services rendered:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Outsourcing services	**199,454,931**	195,782,931	**194,307,352**	194,023,450
Education	**30,854**	511,837	**-**	-
	199,485,785	196,294,768	**194,307,352**	194,023,450

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries and bonuses	**90,749,678**	89,957,016	**86,295,755**	86,365,731
Defined contribution plans	**8,201,136**	7,490,247	**7,636,247**	7,079,283
Other employee benefits	**6,409,931**	7,377,867	**6,172,788**	7,154,562
Staff welfare	**903,681**	590,284	**874,195**	581,108
	106,264,426	105,415,414	**100,978,985**	101,180,684
Directors' remuneration:				
- Salaries and bonuses	**954,432**	1,389,942	**954,432**	1,389,942
- Fees	**445,260**	440,000	**445,260**	440,000
	107,664,118	107,245,356	**102,378,677**	103,010,626

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

<u>Executive Director</u>

Dato' Sri Leo Suresh Ariyanayakam

<u>Non-executive Directors</u>

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Dr. Nikolai Dobberstein
Loh Lee Soon
Karen Judith Goonting
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani Binti Amat (appointed on 15 June 2017)
Mohd Rashid Bin Mohd Yusof (appointed on 15 June 2017)

7 EMPLOYEE BENEFIT COSTS (CONTINUED)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Executive Director:				
- Salaries and bonuses	**954,432**	1,389,942	**954,432**	1,389,942
- Estimated monetary value of benefits-in-kind	**158,292**	148,085	**158,292**	148,085
	1,112,724	1,538,027	**1,112,724**	1,538,027
Non-executive Directors:				
- Fees	**445,260**	440,000	**445,260**	440,000
	1,557,984	1,978,027	**1,557,984**	1,978,027

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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Rental:				
- Apartments	**914,876**	1,024,509	**910,546**	1,024,509
- Offices	**10,435,023**	10,732,276	**8,337,368**	8,241,382
- Office equipment	**30,545**	48,898	**29,197**	45,809
- Others	**62,496**	132,149	**62,496**	130,056
	11,442,940	11,937,832	**9,339,607**	9,441,756

9 NET FINANCE INCOME

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Finance income:				
- Fixed deposit	**822,898**	776,946	**793,807**	775,233
Finance costs:				
- Others	**-**	(3,970)	**-**	-
	822,898	772,976	**793,807**	775,233

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers, Malaysia	**228,000**	198,000	**192,000**	166,000
- Other auditors	**12,697**	4,560	**-**	-
- Fees for other services				
- PricewaterhouseCoopers, Malaysia	**230,354**	249,512	**194,800**	227,700
Bad debts written off	**-**	240,000	**-**	240,000
Depreciation of plant and equipment	**6,802,479**	5,614,939	**5,312,538**	4,839,355
Amortisation of software licences	**1,118,480**	695,376	**965,750**	552,149
Employee benefit costs (Note 7)	**107,664,118**	107,245,356	**102,378,677**	103,010,626
Foreign exchange gain:				
- Realised	**(485,146)**	(24,176)	**(399,316)**	(35,515)
- Unrealised	**(581,419)**	(419,126)	**(903,615)**	(276,022)
Loss/(gain) on disposal of plant and equipment	**35,422**	(117,925)	**40,139**	(117,925)
Immigration expenses	**1,047,812**	1,326,340	**1,036,815**	1,319,857
Impairment loss/(reversal) of impairment on:				
- investment in subsidiaries	**-**	-	**9,789,265**	7,579,722
- amounts due from subsidiaries	**-**	-	**2,956,993**	3,543,042
- trade receivables	**-**	(732,658)	**-**	(732,658)
Marketing expenses	**8,796,060**	11,117,343	**8,794,441**	11,116,503
Office supplies expenses	**1,267,015**	1,119,023	**1,152,916**	1,040,255
Other professional fees	**567,954**	538,498	**323,181**	335,158
Plant and equipment written off	**36,143**	3,936	**27,111**	3,936
Recruitment expenses	**51,307**	137,043	**50,800**	135,755
Security service	**598,220**	552,253	**540,216**	516,204
Software integration and support services	**2,274,408**	1,374,274	**2,250,737**	1,351,694
Staff training expenses	**52,383**	14,646	**1,996,176**	1,535,206

11 TAXATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Income tax:				
Current financial year:				
- Malaysian tax	**3,941,311**	2,854,005	**3,941,302**	2,854,005
- Foreign tax	**-**	8,523	**-**	-
Overprovision of tax in prior financial years				
- Malaysian tax	**(20,391)**	(1,500)	**(20,391)**	(1,500)
- Foreign tax	**-**	-	**-**	-
	3,920,920	2,861,028	**3,920,911**	2,852,505
Deferred taxation (Note 23):				
Relating to origination and reversal of temporary differences	**771,601**	445,265	**771,526**	507,387
	4,692,521	3,306,293	**4,692,437**	3,359,892

The Company was granted Customised Incentive of income tax exemption on statutory income derived from the outsourcing income ("statutory income") for 5 years commencing 7 November 2012 to 6 November 2017. The critical accounting judgement used by the Company in applying the income tax exemption is disclosed in Note 4(b).

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	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate:				
Malaysian statutory tax rate	**24**	24	**24**	24
Tax effects of:				
- Expenses not deductible for tax purposes	**2**	3	**7**	8
- Income not subject to tax	**(18)**	(21)	**(20)**	(24)
- Deferred tax on current year losses of subsidiaries not recognised	**1**	1	**-**	-
Average effective tax rate	**9**	7	**11**	8

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	
	2017	**2016**
Net profit for the financial year attributable to owners of the Company (RM'000)	**45,398**	41,947
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**12.77**	11.80

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:

	2017		2016	
	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 2017	**2.0**	**7,109,071**	-	-
- 30 June 2016	**-**	**-**	2.0	7,109,071
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2017	**2.0**	**7,109,071**	-	-
- 30 June 2016	**-**	**-**	2.0	7,109,071
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2017	**2.0**	**7,109,071**	-	-
- 30 June 2016	**-**	**-**	2.0	7,109,071
Fourth interim dividends paid in respect of the financial years ended:				
- 30 June 2016	**3.0**	**10,663,607**	-	-
- 30 June 2015	**-**	**-**	2.0	7,109,071
	9.0	**31,990,820**	8.0	28,436,284

Subsequent to the financial year, on 25 August 2017, 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 27 September 2017.

14 PLANT AND EQUIPMENT

	As at 1 July 2016	Additions	Reclassi-fications	Write offs	Disposals	Currency translation differences	As at 30 June 2017
	RM	RM	RM	RM	RM	RM	RM
2017							
Group							
At cost							
Furniture and fittings	6,183,639	484,954	41,034	(234,892)	(77,308)	18,498	**6,415,925**
Office equipment and computers	45,280,268	3,943,595	558,523	(190,944)	(410,866)	24,481	**49,205,057**
Telecommunications equipment	8,953,774	13,374	-	-	(91,588)	-	**8,875,560**
Office renovations	8,818,167	689,385	521,966	-	-	20,330	**10,049,848**
Motor vehicles	1,134,186	-	-	-	(66,368)	-	**1,067,818**
Work-in-progress	1,353,335	-	(1,121,523)	-	-	-	**231,812**
	71,723,369	5,131,308	-	(425,836)	(646,130)	63,309	**75,846,020**

	As at 1 July 2016	Charge for the financial year	Write offs	Disposals	Currency translation differences	As at 30 June 2017
	RM	RM	RM	RM	RM	RM
2017						
Group						
Accumulated depreciation						
Furniture and fittings	4,276,342	791,244	(208,263)	(40,902)	(7,782)	**4,810,639**
Office equipment and computers	35,257,058	4,230,565	(181,430)	(393,204)	(26,979)	**38,886,010**
Telecommunications equipment	8,646,882	91,864	-	(91,588)	-	**8,647,158**
Office renovations	7,177,522	1,552,806	-	-	4,339	**8,734,667**
Motor vehicles	558,053	136,000	-	(66,368)	-	**627,685**
	55,915,857	6,802,479	(389,693)	(592,062)	(30,422)	**61,706,159**

14 PLANT AND EQUIPMENT (CONTINUED)

	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 2016	Reclassification	Additions	Write offs	Disposals	As at 30 June 2017
	RM	RM	RM	RM	RM	RM
2017						
Company						
At cost						
Furniture and fittings	4,340,210	-	201,204	(218,398)	(455,605)	**3,867,411**
Office equipment and computers	35,874,280	130,000	2,958,727	(186,944)	(410,866)	**38,365,197**
Telecommunications equipment	5,450,626	-	13,374	-	(91,588)	**5,372,412**
Office renovations	5,974,539	-	299,718	-	-	**6,274,257**
Motor vehicles	1,065,161	-	-	-	-	**1,065,161**
Work-in-progress	130,000	(130,000)	-	-	-	**-**
	52,834,816	-	3,473,023	(405,342)	(958,059)	**54,944,438**

Total disposal of plant and equipment include non-cash transfers of plant and equipment at carrying amount of RM298,096 to Scicom Lanka (Private) Limited.

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2016	Charge for the financial year	Write offs	Disposals	As at 30 June 2017
	RM	RM	RM	RM	RM
2017					
Company					
Accumulated depreciation					
Furniture and fittings	2,823,967	344,364	(200,801)	(121,103)	**2,846,427**
Office equipment and computers	26,891,487	3,618,619	(177,430)	(393,204)	**29,939,472**
Telecommunications equipment	5,233,746	91,864	-	(91,588)	**5,234,022**
Office renovations	4,537,478	1,121,691	-	-	**5,659,169**
Motor vehicles	489,028	136,000	-	-	**625,028**
	39,975,706	5,312,538	(378,231)	(605,895)	**44,304,118**

	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.

14 PLANT AND EQUIPMENT (CONTINUED)

	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**

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**1,646,454**	1,907,297	**1,020,984**	1,516,243
Office equipment and computers	**9,714,880**	10,023,210	**8,425,725**	8,982,793
Telecommunications equipment	**228,402**	306,892	**138,390**	216,880
Office renovations	**1,878,180**	1,640,645	**615,088**	1,437,061
Motor vehicles	**440,133**	576,133	**440,133**	576,133
Work-in-progress	**231,812**	1,353,335	**-**	130,000
	14,139,861	15,807,512	**10,640,320**	12,859,110

15 SOFTWARE LICENCES

	As at 1 July 2016	Additions	Reclassifications	Currency translation differences	As at 30 June 2017
	RM	RM	RM	RM	RM
Group					
2017					
Cost					
Software licence	4,566,982	1,098,090	841,422	14,711	**6,521,205**
Work-in-progress	930,072	57,830	(841,422)	-	**146,480**
	5,497,054	1,155,920	-	14,711	**6,667,685**

	As at 1 July 2016	Charge for the financial year	Currency translation differences	As at 30 June 2017
	RM	RM	RM	RM
2017				
Accumulated amortisation				
Software licence	1,124,881	1,118,480	762	**2,244,123**
Work-in-progress	-	-	-	**-**
	1,124,881	1,118,480	762	**2,244,123**

15 SOFTWARE LICENCES (CONTINUED)

	As at 1 July 2015	Additions	Currency translation differences	As at 30 June 2016
	RM	RM	RM	RM
Group				
2016				
Cost				
Software licence	2,718,752	1,865,035	(16,805)	**4,566,982**
Work-in-progress	-	930,072	-	**930,072**
	2,718,752	2,795,107	(16,805)	**5,497,054**

	As at 1 July 2015	Charge for the financial year	Currency translation differences	As at 30 June 2016
	RM	RM	RM	RM
2016				
Accumulated amortisation				
Software licence	438,996	695,376	(9,491)	**1,124,881**
Work-in-progress	-	-	-	**-**
	438,996	695,376	(9,491)	**1,124,881**

15 SOFTWARE LICENCES (CONTINUED)

	As at 1 July 2016	Additions	Reclassifications	As at 30 June 2017
	RM	RM	RM	RM
Company				
2017				
Cost				
Software licence	3,829,956	1,089,070	841,422	**5,760,448**
Work-in-progress	930,072	57,830	(841,422)	**146,480**
	4,760,028	1,146,900	-	**5,906,928**

	As at 1 July 2016	Charge for the financial year	As at 30 June 2017
	RM	RM	RM
2017			
Accumulated amortisation			
Software licence	935,848	965,750	**1,901,598**
Work-in-progress	-	-	**-**
	935,848	965,750	**1,901,598**

15 SOFTWARE LICENCES (CONTINUED)

	As at 1 July 2015	Additions	As at 30 June 2016
	RM	RM	RM
Company			
2016			
Cost			
Software licence	2,036,776	1,793,180	**3,829,956**
Work-in-progress	-	930,072	**930,072**
	2,036,776	2,723,252	**4,760,028**

	As at 1 July 2015	Charge for the financial year	As at 30 June 2016
	RM	RM	RM
2016			
Accumulated amortisation			
Software licence	383,699	552,149	**935,848**
Work-in-progress	-	-	**-**
	383,699	552,149	**935,848**

15 SOFTWARE LICENCES (CONTINUED)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Net book value				
Software licences	**4,277,082**	3,442,101	**3,858,850**	2,894,108
Work-in progress	**146,480**	930,072	**146,480**	930,072
	4,423,562	4,372,173	**4,005,330**	3,824,180

(i) Software licences relates to licences purchased that are not integral to any plant and equipment.

(ii) For the financial year ended 30 June 2016, included in the Company's additions of RM2,723,252 is a non-cash transfer of software licence from PT Scicom Indonesia amounting to RM56,146.

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM	**RM**
Unquoted shares at cost	**3,177,380**	3,077,382
Advances to subsidiaries	**24,300,297**	16,503,642
	27,477,677	19,581,024
Less: Impairment loss	**(27,477,677)**	(17,688,412)
	-	1,892,612

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.

During the financial year, the Company recognised an impairment loss of RM9,789,265 (2016: RM7,579,722) in respect of its investment in subsidiaries following an impairment indicator arising from accumulated losses reported by the subsidiaries. The critical estimates and judgements used by the Company are disclosed in Note 4 (a).

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries of the Company				
Scicom (Academy) Sdn. Bhd.*	Malaysia	**100**	100	Provides customer service training products as well as contact centre consulting and marketing services.
Scicom International College Sdn. Bhd. *	Malaysia	**70**	70	Provides higher educational courses and academic training certification.
Scicom E Solutions Sdn. Bhd. *#	Malaysia	**100**	100	Provides electronic solutions and applications for payment on-line processing, border security services, digital platforms and software solutions.
Scicom Contact Centre Services Private Limited^	India	**100**	100	Dormant.
Scicom International (UK) Ltd.^	United Kingdom	**100**	100	Investment holding.
Scicom Inc.^ (Subsidiary of Scicom International (UK) Ltd.)	United States of America	**100**	100	Dormant.
PT Scicom Indonesia^	Indonesia	**100**	100	Provides customer contact centre outsourcing services.
Scicom Lanka (Private) Limited**	Sri Lanka	**100**	100	Provides customer contact centre outsourcing services.
Scicom (Cambodia) Co., Ltd. #	Cambodia	**100**	100	Provides information technology solution, software solution and integration services.

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

* 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 ended 30 June 2016 and has not commenced operations.

Non-controlling interests are not material to the Group.

On 20 March 2017, 99,998 shares were issued by Scicom E Solutions Sdn. Bhd. at RM1 each in connection with the conditions required for it to be awarded the MSC status. The new ordinary shares issued during the financial year were fully subscribed by the Company and ranked pari passu in all respects of the existing shares of Scicom E Solutions Sdn. Bhd.

17 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unquoted shares at cost	**1**	1	**1**	1
Share of net assets of the joint venture	**134,878**	1,746,016	**-**	-
	134,879	1,746,017	**1**	1

	Group	
	2017	2016
	RM	RM
At 1 July	**1,746,017**	1,749,495
Distribution of dividends	**(1,675,000)**	-
Share of profit/(loss)	**63,862**	(3,478)
At 30 June	**134,879**	1,746,017

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group. During the financial year, the Company received a dividend distribution of RM1,675,000 from the joint venture.

Name	Group's effective interest		Principal activities
	2017	2016	
	%	%	
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.

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

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	
	2017	**2016**
	RM	**RM**
Current		
Cash and bank balances	**91,004**	3,398,800
Other current assets (excluding cash)	**1,462,662**	673,983
Total current assets	**1,553,666**	4,072,783
Financial liabilities (excluding trade payables)	**(2,368)**	(189,770)
Other current liabilities (including trade payables)	**(1,281,657)**	(391,043)
Total current liabilities	**(1,284,025)**	(580,813)
Non-current		
Assets	**117**	64
Net assets	**269,758**	3,492,034

	Group	
	2017	**2016**
	RM	**RM**
Summarised statement of comprehensive income		
Revenue	**2,523,924**	2,062,318
Profit from continuing operations	**148,206**	45,235
Finance income	**12,273**	44,290
Income tax expense	**(32,755)**	(96,480)
Net profit/(loss) for the financial year/ Total comprehensive income/(loss)	**127,724**	(6,955)

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

Reconciliation of summarised financial information

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

	Group	
	2017	2016
	RM	RM
Summarised financial information		
Opening net assets 1 July	**3,492,034**	3,498,989
Distribution of dividends	**(3,350,000)**	-
Profit/(loss) for the financial year	**127,724**	(6,955)
Closing net assets	**269,758**	3,492,034
Interest in joint venture @ 50%	**134,879**	1,746,017
Carrying value	**134,879**	1,746,017

During the financial year ended 30 June 2017, the Group and the Company rendered services to the Joint Venture ("JV") totalling RM2,331,041 (2016: RM1,904,268). The amount due from the JV to the Group and Company as at 30 June 2017 amounted to RM1,062,155 (2016: RM387,669).

18 TRADE RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables				
Third parties - Billed	**33,332,334**	28,654,224	**31,448,803**	28,342,169
Third parties - Unbilled	**15,608,143**	14,120,459	**15,133,025**	13,952,022
Joint venture	**1,062,155**	387,669	**1,062,155**	387,669
	50,002,632	43,162,352	**47,643,983**	42,681,860
Less: Impairment loss				
- Third parties	**-**	(151)	**-**	-
	50,002,632	43,162,201	**47,643,983**	42,681,860

Credit terms of trade receivables range from 30 to 90 days (2016: 25 to 90 days).

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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Neither past due nor impaired	**37,008,426**	37,366,053	**35,942,643**	36,886,843
Past due but not impaired:				
- 1 to 30 days past due not impaired	**7,786,685**	3,787,123	**7,166,329**	3,787,123
- 31 to 60 days past due not impaired	**1,633,915**	1,186,207	**1,592,072**	1,186,207
- 61 to 90 days past due not impaired	**1,336,485**	237,986	**1,270,507**	237,986
- More than 90 days past due not impaired	**2,237,121**	584,832	**1,672,432**	583,701
Impaired:				
- More than 90 days	**-**	151	**-**	-
	50,002,632	43,162,352	**47,643,983**	42,681,860
Less: Impairment loss	**-**	(151)	**-**	-
	50,002,632	43,162,201	**47,643,983**	42,681,860

All unbilled receivables are from third party creditworthy debtors with good payment history.

Trade receivables and unbilled receivables that are neither past due nor impaired

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

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Existing customers with no history of defaults	**36,604,019**	35,321,190	**35,616,161**	35,003,039
New customers within the last 6 months	**404,407**	2,044,863	**326,482**	1,883,804
	37,008,426	37,366,053	**35,942,643**	36,886,843

18 TRADE RECEIVABLES (CONTINUED)

Trade receivables that are neither past due nor impaired (continued)

A significant number of these receivables comprise of multinational organisations and Malaysian government agencies. These receivables account for RM20,429,066 (2016: RM22,041,274) and RM19,838,401 (2016: RM21,605,969) of the Group's and Company's trade receivables as at 30 June 2017.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables of RM12,994,206 (2016: RM5,796,148) and RM11,701,340 (2016: RM5,795,017) 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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At 1 July	**151**	732,809	**-**	732,658
Written-off during the financial year	**(151)**	-	**-**	-
Reversal during the financial year	**-**	(732,658)	**-**	(732,658)
At 30 June	**-**	151	**-**	-

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 was reversed during the financial year ended 30 June 2016 as a result of unwinding of discount.

The fair value of trade receivables approximates its carrying value.

19 OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets				
Other receivables	**1,211,849**	853,211	**975,336**	853,211
Deposits	**5,464,053**	5,708,930	**3,855,487**	3,488,282
Less: Impairment loss	**(159,200)**	(159,200)	**(159,200)**	(159,200)
	5,304,853	5,549,730	**3,696,287**	3,329,082
	6,516,702	6,402,941	**4,671,623**	4,182,293
Non-financial assets				
Prepayments	**1,765,626**	1,213,683	**1,264,635**	1,213,693
Other receivables	**656,170**	98,690	**-**	-
	8,938,498	7,715,314	**5,936,258**	5,395,986

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

The credit quality of the Group's and 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 is as follows:

	Group		Company	
	2017	2016	2017	2016
	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	
	2017	**2016**
	RM	**RM**
Amounts due from subsidiaries	**17,990,970**	15,532,853
Less: Impairment loss	**(17,990,970)**	(15,033,977)
	-	498,876

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	
	2017	**2016**
	RM	**RM**
Neither past due nor impaired	**-**	498,876
Impaired:		
- More than 90 days	**17,990,970**	15,033,977
	17,990,970	15,532,853
Less: Impairment loss	**(17,990,970)**	(15,033,977)
	-	498,876

Impairment loss

The movement in impairment loss is as follows:

At 1 July	**15,033,977**	11,490,935
Charge for the financial year	**2,956,993**	3,543,042
At 30 June	**17,990,970**	15,033,977

The impairment of amounts due from subsidiaries are individually determined. The impairment loss recognised during the financial years ended 30 June 2017 and 30 June 2016 are in relation to subsidiaries with indication of impairment estimated based on the financial condition of the respective subsidiaries.

21 CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	**18,302,455**	7,619,648	**16,665,744**	6,761,828
Deposits with licensed banks	**10,763,167**	21,569,116	**10,500,000**	21,500,000
Cash and bank balances	**29,065,622**	29,188,764	**27,165,744**	28,261,828
Less: deposits with maturity of more than 3 months	**(8,000,000)**	(3,000,000)	**(8,000,000)**	(3,000,000)
Cash and cash equivalents	**21,065,622**	26,188,764	**19,165,744**	25,261,828

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash in-hand	**896,429**	794,989	**896,351**	688,729
Cash at bank and deposits with licensed banks				
AAA	**28,169,193**	28,393,775	**26,269,393**	27,573,099
	29,065,622	29,188,764	**27,165,744**	28,261,828

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

22 INVESTMENTS IN CASH FUNDS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Investments in cash funds	**8,062,537**	7,814,385	**8,062,537**	7,814,385

Investments in cash funds comprises investment in money market and short and medium term income funds.

The carrying amounts of investments in cash funds of the Group and the Company at the reporting date approximated their fair values. The fair values are within Level 1 of the fair value hierarchy as detailed in Note 30 (b) (2016: Level 1).

The credit quality of financial institutions in respect of investments in cash funds are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Investments in cash funds				
AAA	**1,053,538**	1,020,960	**1,053,538**	1,020,960
AA2	**7,008,999**	6,793,425	**7,008,999**	6,793,425
	8,062,537	7,814,385	**8,062,537**	7,814,385

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

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
Trade payables	**54,819**	95,546	**54,819**	95,546
Accruals	**1,846,720**	2,285,166	**1,482,333**	2,043,900
Other payables	**1,537,025**	3,161,046	**1,494,284**	1,573,334
	3,438,564	5,541,758	**3,031,436**	3,712,780
Non-financial liabilities				
Performance-related bonus	**3,061,529**	6,627,484	**2,910,025**	6,348,687
Other payroll-related liabilities	**2,307,687**	2,346,977	**2,121,448**	2,273,322
Other payables	**334,647**	337,060	**253,191**	321,241
	9,142,427	14,853,279	**8,316,100**	12,656,030

Credit terms of trade payables range from 30 to 90 days (2016: 30 to 90 days).

24 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts are shown in the statements of financial position:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deferred tax assets:				
- Recoverable within 12 months	**-**	(331,045)	**-**	(331,045)
Deferred tax liabilities:				
- To be settled within 12 months	**524,156**	202,416	**492,604**	170,939
- To be settled after more than 12 months	**158,965**	40,149	**158,965**	40,149
Deferred tax assets				
- Provisions	**-**	(331,045)	**-**	(331,045)
Offsetting	**-**	211,088	**-**	211,088
Deferred tax assets (after offsetting)	**-**	(119,957)	**-**	(119,957)
Deferred tax liabilities				
- Plant and equipment	**683,121**	222,691	**651,569**	191,214
- Others	**-**	19,874	**-**	19,874
Offsetting	**-**	(211,088)	**-**	(211,088)
Deferred tax liabilities (after offsetting)	**683,121**	31,477	**651,569**	-

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At the beginning of the financial year	**(88,480)**	(533,745)	**(119,957)**	(627,344)
Charged to profit or loss (Note 11):				
- Plant and equipment	**460,430**	756,436	**460,355**	818,558
- Provisions	**331,045**	-	**331,045**	-
- Others	**-**	19,874	**-**	19,874
Credited to profit or loss (Note 11):				
- Others	**(19,874)**	-	**(19,874)**	-
- Provisions	**-**	(331,045)	**-**	(331,045)
At the end of the financial year	**683,121**	(88,480)	**651,569**	(119,957)

24 DEFERRED TAXATION (CONTINUED)

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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unutilised capital allowances	**112,947**	91,075	**-**	-
Unutilised tax losses	**9,844,619**	8,123,182	**-**	-

25 SHARE CAPITAL

Share capital is the amount subscribed for shares.

	The Group and the Company	
	2017	**2016**
	RM	**RM**
Authorised ordinary shares of RM0.10 each:		
At the beginning/end of the financial year	**-**	100,000,000
Issued and fully paid ordinary shares with no par value (2016: par value of RM0.10 each):		
At the beginning/end of the financial year	**35,545,356**	35,545,356

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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	
	2017	**2016**	**2018**	**2016**
	RM	**RM**	**RM**	**RM**
Authorised and contracted:				
- Plant and equipment	**943,434**	2,499,851	**499,010**	1,122,439

(b) Non-cancellable operating lease commitments

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
- Not later than one year	**9,926,969**	7,335,095	**8,527,829**	5,936,853
- Later than one year and not later than five years	**8,881,373**	7,624,438	**3,648,190**	988,150
- Later than five years	**-**	185,530	**-**	-
	18,808,342	15,145,063	**12,176,019**	6,925,003

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

(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	
	2017	**2016**
	RM	**RM**
Purchase of services from subsidiaries	**(1,959,150)**	(1,520,561)
Expenses paid on behalf of subsidiaries	**6,106,023**	4,204,097
Advances to subsidiaries	**5,549,837**	5,317,314
Repayment of advances to subsidiaries	**(446,088)**	-
Purchase of plant and equipment from a subsidiary	**-**	(838,619)
Purchase of software licence from a subsidiary	**-**	(56,145)
Selling of plant and equipment to a subsidiary	**298,096**	-
Rendering of services to a joint venture	**2,331,041**	1,904,268
Dividends received from a joint venture	**1,675,000**	-

(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	
	2017	**2016**
	RM	**RM**
Amount due from subsidiaries	**-**	498,876
Amount due from joint venture	**1,062,155**	387,669

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.

(a) Market risk

Market risk refers to the risk that changes in market prices such as foreign exchange rates and prices will affect the Group and the Company'sfinancial 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. The Group and Company's foreign currency exchange risk primarily arises from revenue contract rates and purchases of goods and services denominated in currencies other than their functional currency.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Impact on profit after tax for the financial year:				
USD				
5% increase in USD exchange rate against MYR	**974,164**	338,368	**974,164**	338,139
5% decrease in USD exchange rate against MYR	**(974,164)**	(338,368)	**(974,164)**	(338,139)
SGD				
5% increase in SGD exchange rate against MYR	**25,737**	82,811	**25,737**	82,811
5% decrease in SGD exchange rate against MYR	**(25,737)**	(82,811)	**(25,737)**	(82,811)
GBP				
5% increase in GBP exchange rate against MYR	**85,417**	56,793	**85,417**	56,790
5% decrease in GBP exchange rate against MYR	**(85,417)**	(56,793)	**(85,417)**	(56,790)

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The Group and the Company are exposed to price risk arising from the investments in cash funds. The impact of the price risk is assessed to be immaterial to the Group and the Company.

(iii) Interest rate risk

The Group and the Company do not have exposure to interest rate risk.

(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 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 2017, where four customers contributed RM30.7 million (2016: RM22.9 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 2017, 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 2017, the amounts due from the subsidiaries have been fully impaired.

(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.

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(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 investments in cash funds and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group and the Company's standby credit lines are provided by financial institutions with sound credit ratings.

Analysis of financial instruments by remaining contractual maturities

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
On demand or less than three months:				
Trade and other payables	**3,438,564**	5,541,758	**3,031,436**	3,712,780
Bank guarantees	**-**	-	**568,539**	570,321
	3,438,564	5,541,758	**3,599,975**	4,283,101

(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 ensure availability of funds in order to support its business and maximise shareholders' value. During the financial year, the Group and the Company's strategy for managing capital was unchanged from 2016.

As of 30 June 2017, the Group and the Company had no outstanding borrowings.

30 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Loans and receivables				
Trade receivables	**50,002,632**	43,162,201	**47,643,983**	42,681,860
Other receivables excluding prepayments	**6,516,702**	6,402,941	**4,671,623**	4,182,293
Cash and bank balances	**29,065,622**	29,188,764	**27,165,744**	28,261,828
Amounts due from subsidiaries	**-**	-	**-**	498,876
	85,584,956	78,753,906	**79,481,350**	75,624,857
Assets classified as available-for-sale				
Investments in cash funds	**8,062,537**	7,814,385	**8,062,537**	7,814,385
Other financial liabilities at amortised cost				
Trade and other payables excluding statutory liabilities	**3,438,564**	5,541,758	**3,031,436**	3,712,780

(b) Fair value measurement

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

(i) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(iii) Level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

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

The carrying value of the balances disclosed in the financial statements approximates their fair values except as disclosed in the notes to the financial statements.

31 CONTINGENT LIABILITY

A subsidiary of the Company has received tax assessment notices of RM1.6 million, INR23.8 million (2016: 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 COMPARATIVE BALANCES

Certain comparatives for the financial year ended 30 June 2016 were reclassified, to better reflect the underlying nature and classification of these balances. There is no impact to the Group and Company's prior year profit or loss and net assets. The effect of these reclassifications to the statement of financial position as at 30 June 2016 are as follows:

	As previously reported	Reclassification	Restated
	RM	RM	RM
Statements of financial position:			
Group			
Cash and bank balances	37,003,149	(7,814,385)	29,188,764
Investments in cash funds	-	7,814,385	7,814,385
Company			
Cash and bank balances	36,076,213	(7,814,385)	28,261,828
Investments in cash funds	-	7,814,385	7,814,385
Statements of cash flows			
Group			
Net cash used in investing activities	(9,870,345)	(5,214,210)	(15,084,555)
Cash and cash equivalents balance	37,003,149	(10,814,385)	26,188,764
Company			
Net cash used in investing activities	(17,516,826)	(5,214,210)	(22,731,036)
Cash and cash equivalents balance	36,076,213	(10,814,385)	25,261,828

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 August 2017.

34 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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total retained earnings/ (accumulated losses):				
Realised	**26,147,843**	22,460,233	**59,085,818**	52,824,545
Unrealised	**101,702**	(507,607)	**(252,045)**	(395,980)
	26,249,545	21,952,626	**58,833,773**	52,428,565
Total share of retained earnings from joint venture:				
Realised	**134,878**	1,746,017	**-**	-
	26,384,423	23,698,643	**58,833,773**	52,428,565
Add: Consolidation adjustments	**46,565,784**	35,844,010	**-**	-
Total Group's and Company's retained earnings	**72,950,207**	59,542,653	**58,833,773**	52,428,565

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 Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Sri Leo Suresh Ariyanayakam and Krishnan a/l C. K. Menon, two of the Directors of Scicom (MSC) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 83 to 147 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and financial performance of the Group and of the Company for the financial year ended 30 June 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The supplementary information set out in Note 34 on page 148 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 25 August 2017.

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN A/L C. K. MENON
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

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 83 to 148 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 25 August 2017, 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 AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Scicom (MSC) Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 147.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on outsourcing services Refer to Note 3(q) - Summary of significant accounting policies and Note 6 – Revenue. During the financial year ended 30 June 2017, the Group recognised revenue of RM199.5 million, primarily derived from outsourcing services. Revenue is recognised based on services rendered at the pre-agreed terms on resources deployed and rates agreed with the respective customers. We have focused on revenue recognition on outsourcing services as the amounts are material to the financial statements and it required significant time and resources to audit the revenue at transaction level .	Our audit procedures performed are as follows: • We obtained understanding of the revenue recognition process applied by the management and performed walkthrough on the Group's processes on revenue recognition, in particular process on contracts approval and invoice processing, controls over revenue recording and invoice processing; • We read significant contracts with customers to obtain understanding of the nature of the arrangement with customers and the agreed terms and conditions; • We performed substantive analytical procedures on selected contracts with material amount of outsourcing revenue recognised during the year; and • We tested on a sample basis the amount of revenue recognised to the invoice based on the contracted rates and resources deployed. Based on the procedures performed above, we did not find any material exceptions to the procedures performed.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
Recognition of tax incentive Refer to Note 3(m) - Summary of significant accounting policies, Note 4(b) - Critical accounting estimates and judgements and Note 11 - Taxation to the financial statements. During the financial year, the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services ("tax incentive"). The tax incentive is a Customised Incentive granted to the Company for a period of 5 years from 7 November 2012 to 6 November 2017 and is subject to fulfilment of certain conditions and Key Performance Indicators ("KPIs") to be assessed annually by the administrator of the Customised Incentive ("the administrator"). The Company's achievements of the conditions and KPIs have been presented to the administrator, however the assessment by the administrator has not been completed as at 30 June 2017. The Directors have assessed that the Company is able to meet the requirements for the tax incentive after taking into consideration that the Company has substantially met the stipulated conditions and KPIs, their historical experience where confirmations from the administrator were obtained to recognise the tax incentive when conditions and KPIs were substantially met. Therefore, the Directors are of the view that there is reasonable basis for the Company to recognise the tax incentive during the financial year ended 30 June 2017.	Our audit procedures performed are as follows: • We examined the relevant letters from the administrator confirming that the required conditions and KPIs have been met for periods from 7 November 2012 to 6 November 2015; • We read the revised KPIs letter issued to the Company in August 2016 by the administrator to understand the KPIs and conditions for the tax incentive. In addition, we checked the calculations of the Company's assessment of the revised KPIs as at 6 November 2016 and 30 June 2017; • We read the Company's minutes and meeting materials of the Board of Directors, and of the Audit and Risk Management Committee's meetings where the status of the tax incentive and the judgement in recognising the tax incentive during the financial year were presented by the management and deliberated by the Directors;

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recognition of tax incentive (continued) We focused on this area due to the significant judgement involved in assessing whether the tax incentive should be recognised during the financial year.	Our audit procedures are as follows: (continued) • We had discussions with the Chief Executive Officer and the Chief Finance Officer of the Company on their meetings with the administrator to discuss on the assessment of the conditions and KPIs and understand that there were no adverse decisions made by the administrator to disallow the tax incentive; and • We engaged with our tax specialist to assess whether the basis used by the Directors is reasonable. Based on the procedures performed, we did not find any material exceptions to the procedures performed.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and the other parts of the information contained in the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 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 266 of the Companies Act 2016 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. 03144/07/2019 (J))
Chartered Accountant

Kuala Lumpur
25 August 2017

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 2017. 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 2017.

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 2017.

6. **NON-AUDIT FEES**

   The amount of non-audit fees paid by the Group and the Company for the financial year ended 30 June 2017 were RM230,354 and RM194,800 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 2017. 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 2017.

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

   For the financial year ended 30 June 2017, 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 2017.

11. **CORPORATE SOCIAL RESPONSIBILITY**

    The Group's corporate social responsibility activities and/or practices undertaken during the financial year ended 30 June 2017 are set out on pages 50 to 54 of the Annual Report.

SHARE CAPITAL AS AT 2 OCTOBER 2017

Issued and Fully Paid-up Share Capital	**:**	**RM35,545,356 comprising 355,453,560 shares**
Class of Securities	**:**	**Ordinary shares**
Voting Rights :		**One vote per ordinary share**

DISTRIBUTION OF SHAREHOLDINGS AS 2 OCTOBER 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	95	5.22%	3,703	0.00%
100 to 1,000 shares	246	13.51%	161,431	0.05%
1,001 to 10,000 shares	766	42.06%	3,497,046	0.98%
10,001 to 100,000 shares	514	28.23%	17,478,869	4.92%
100,001 to less than 5% of issued shares	195	10.71%	185,598,557	52.21%
5% and above of issued shares	5	0.27%	148,713,954	41.84%
	1,821	**100.00%**	**355,453,560**	**100.00%**

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 2 OCTOBER 2017
(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	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR LEO SURESH ARIYANAYAKAM (MAYBANK SG)	35,048,894	9.860
3	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	8,135,060	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	18,090,000	5.089
6	ALI BIN ABDUL KADIR	13,200,000	3.713
7	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	12,134,500	3.413
8	SIEH KOK SWEE	8,003,600	2.251
9	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	6,891,900	1.938
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	6,477,400	1.822
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,308,500	1.774
12	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR LEO SURESH ARIYANAYAKAM (MY2262)	6,000,000	1.687
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	5,413,600	1.523
14	KHOO LOON SEE	4,694,288	1.320
15	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,241,000	1.193
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	3,911,100	1.100
17	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	3,754,500	1.056

No.	Name of Shareholder	No. of Shares Held	%
18	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDANA AL-ILHAM	3,455,600	0.972
19	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	3,278,300	0.922
20	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	3,146,500	0.885
21	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD-LIBRA CONSUMER AND LEISURE ASIA FUND	2,905,700	0.817
22	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMAR SHARIFF BIN MYDEEN	2,545,000	0.715
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BHD FOR LIBRA AMANAH SAHAM WANITA (N14011980040)	2,483,560	0.698
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC DALI EQUITY FUND	2,331,900	0.656
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIBRA INVEST BERHAD FOR LAM SOO HENG @ LAM SEO HAN (AIS012-240263)	2,040,800	0.574
26	KRISHNAN A/L C K MENON	2,034,520	0.572
27	GAN BOON AIK	1,891,400	0.532
28	MOHD SALLEH BIN HJ HARUN	1,570,800	0.441
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR LIBRA INCOMEEXTRA FUND (240491)	1,568,100	0.441
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	1,567,100	0.440
	Total	**260,563,622**	**73.291**

SUBSTANTIAL SHAREHOLDERS AS AT 2 OCTOBER 2017

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	88,290,863	24.84%	0	0.00%
2	Netinsat Asia Sdn Bhd	68,518,704	19.28%	0	0.00%
3	Krishnan A/L C K Menon	3,284,520	0.92%	68,518,704	19.28%
4	Sreekumar A/L Narayana Pillai	-	0.00%	68,518,704	19.28%
5	Dato' Jaganath Derek Steven Sabapathy	18,516,472	5.21%	0	0.00%

DIRECTORS' SHAREHOLDING AS AT 2 OCTOBER 2017

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	88,290,863	24.84%	0	0.00%
2	Krishnan A/L C K Menon [1]	3,284,520	0.92%	68,518,704	19.28%
3	Dato' Mohd Salleh bin Hj. Harun	1,886,000	0.53%	0	0.00%
4	Dr. Nikolai Dobberstein	84,900	0.02%	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	-	-	-	-
8	Mahani Binti Amat	-	-	-	-
9	Mohd Rashid Bin Mohd Yusof	-	-	-	-

[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

ACCSB	Asian Contact Centre Services Sdn Bhd
AGM	Annual General Meeting
ARMC	Audit & Risk Management Committee
AUD	Australian Dollar
B2B	Business to business
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process Outsourcing
BPO/SSO	Business Process Outsourcing/Shared Services Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
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
EPS	Earnings Per Share
FRS	Financial Reporting Standards
FY	Financial Year
GBP	British Pound Sterling
HR	Human Resource
HRO	Human Resource Outsourcing
HQ	Head Quarters
ICM	Internal control memorandum
INR	Indian Rupee
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
KPO	Knowledge Process Outsourcing
KL	Kuala Lumpur

LOA	Limits of Authority
FMCG	Fast-Moving Consumer Goods
MNC	Multinational Corporation
MSC	Multimedia Super Corridor
MQA	Malaysian Qualification Agency
NRC	Nomination and Remuneration Committee
PBT	Profit Before Taxation
PAT	Profit After Taxation
PIKOM	Association of the Computer and Multimedia Industry of Malaysia
PJ	Petaling Jaya, Malaysia
PTSI	PT Scicom Indonesia
RM	Ringgit Malaysia
RPG 5	Recommended Practice Guide 5 – Guidance for Auditors on the Review of Directors' Statement on Internal Control
Scicom	Scicom (MSC) Berhad
Scicom Academy	Scicom (Academy) Sdn Bhd
Scicom (UK)	Scicom International (UK) Limited
SCP	Support Center Practices
SEA	South East Asia
SGD	Singapore Dollar
SMS	Short Messaging Service
SMT	Senior Management Team
SLPL	Scicom Lanka (Private) Limited
SSPA	Service and Support Professionals Association
STAR	Scicom's Talent Assessment, Recognition and Development
Statement	Directors' Statement on Internal Control
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
TQM	Total Quality Management
UK	United Kingdom
USA	United States of America
USD	United States Dollar

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, Mercu MQA
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 Fifteenth Annual General Meeting of the Company will be held at Banyan Meeting Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000, Kuala Lumpur on **Monday, 13 November 2017** 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 2017 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 Constitution of the Company:-

   (i) Dr Nikolai Dobberstein (Ordinary Resolution 1)

   (ii) Dato' Sri Leo Suresh Ariyanayakam (Ordinary Resolution 2)

3. To re-elect the following Directors who retire pursuant to Article 91 of the Constitution of the Company:-

   (i) Puan Mahani Binti Amat (Ordinary Resolution 3)

   (ii) Encik Mohd Rashid Bin Mohd Yusof (Ordinary Resolution 4)

4. To approve the payment of Directors' Fees of RM445,260 for the financial year ended 30 June 2017. (Ordinary Resolution 5)

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

B. Special Business

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

6. PROPOSED RE-APPOINTMENT OF DATO' MOHD SALLEH BIN HJ HARUN AS DIRECTOR OF THE COMPANY

"THAT Dato' Mohd Salleh Bin Hj Harun, who retires at the conclusion of this Fifteenth Annual General Meeting, be and is hereby re-appointed as Director of the Company." (Ordinary Resolution 7) **[See Note 3 (i)]**

7. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

(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 8)
[See Note 3 (ii)]

(ii) "THAT subject to the passing of Ordinary Resolution 1, 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 9)
[See Note 3 (iii)]

C. <u>Other Business</u>

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
20 October 2017

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. There shall be no restriction as to the qualification of the proxy.

(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 Constitution 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 7 November 2017 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 2017

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 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution 7 - Proposal for re-appointment of Dato' Mohd Salleh Bin Hj Harun as Director of the Company

Dato' Mohd Salleh Bin Hj Harun ("Dato' Salleh"), who was re-appointed at the Fourteenth Annual General Meeting held on 7 November 2016, shall retire at the conclusion of this Fifteenth Annual General Meeting of the Company. Based on the Nominating and Remuneration Committee's recommendation, the Board of Directors recommended the re-appointment of Dato' Salleh as Director to the shareholders for consideration at this Fifteenth Annual General Meeting. Dato' Salleh, as a member of the Nominating and Remuneration of the Company, had abstained from the deliberations and voting pertaining to his re-appointment at the Nominating and Remuneration and Board of Directors' meetings.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS (continued)

(ii) Ordinary Resolution 8 - Proposal for Mr Loh Lee Soon ("Mr Loh") to continue in office as Independent Non-Executive Director of the Company

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 2017 as well as meeting the Management, as and when required, for informed and balanced decision making.

(iii) Ordinary Resolution 9 - Proposal for Dr Nikolai Dobberstein ("Dr Nikolai") to continue in office as Independent Non-Executive Director of the Company

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 2017 as well as meeting the Management, as and when required, for informed and balanced decision making.

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

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 Fifteenth Annual General Meeting of the Company to be held at Banyan Meeting Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000, Kuala Lumpur on **Monday, 13 November 2017** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

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

Ordinary Business		***FOR***	***AGAINST***
Ordinary Resolution 1	Re-election of Dr Nikolai Dobberstein as Director pursuant to Article 84 of the Constitution of the Company		
Ordinary Resolution 2	Re-election of Dato' Sri Leo Suresh Ariyanayakam as Director pursuant to Article 84 of the Constitution of the Company		
Ordinary Resolution 3	Re-election of Puan Mahani Binti Amat as Director pursuant to Article 91 of the Constitution of the Company		
Ordinary Resolution 4	Re-election of Encik Mohd Rashid Bin Mohd Yusof as Director pursuant to Article 91 of the Constitution of the Company		
Ordinary Resolution 5	Approval of Directors' Fees of RM445,260 for the financial year ended 30 June 2017		
Ordinary Resolution 6	Re-appointment of Messrs Pricewaterhouse Coopers as Auditors		
Special Business			
Ordinary Resolution 7	Re-appointment of Dato' Mohd Salleh Bin Hj Harun as Director of the Company		
Ordinary Resolution 8	Approval for Mr Loh Lee Soon to continue in office as an Independent Non-Executive Director of the Company		
Ordinary Resolution 9	Approval for Dr Nikolai Dobberstein to continue in office as an Independent Non-Executive Director 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 ______________________ 2017

____
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. There shall be no restriction as to the qualification of the proxy.

(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 Constitution 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 7 November 2017 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)
www.scicom-intl.com