scicom

ANNUAL REPORT 2019

Managing the future through a digital workforce

THE RISE OF ROBOTIC PROCESS AUTOMATION (RPA) & ARTIFICIAL INTELLIGENCE (AI) IN BPO

The implementation of RPA coupled with AI technologies has rapidly changed the value proposition for the BPO industry. AI has seen a progressive growth that will continue to surprise us with its unlimited opportunities in the BPO space. The rise of AI will swiftly revolutionise the new business process outsourcing space as well as human life. Here's to the future!

“Despite advances in technology, our business will always need passionate and enthusiastic people to deliver the excellence that we strive for. They are the key to our success. With interactions becoming more complex in the future, the likes of AI and chatbots will not eliminate the need for people but instead change the roles and skills required moving forward. This is a people business after all.”

ANNUAL REPORT 2019 CONTENTS

SCICOM SHOWCASES AN EXTENSIVE RANGE OF BUSINESS TRANSFORMATION CAPABILITIES TO HELP GLOBAL COMPANIES COMPETE IN TODAY'S DIGITAL ERA.

As industries face more digital disruptions, businesses are increasingly relying on their outsourcing partners to help them navigate this new frontier. As one of Malaysia's leading Business Process Outsourcing (BPO) companies, Scicom provides integrated and forward-thinking solutions in Customer Lifecycle Management, Education, e-Commerce, Digital Marketing and Gov-Tech services. In addition, Scicom now offers an array of digital services in the areas of Robotic Process Automation (RPA) and Artificial Intelligence (AI). In line with growing customer expectations, Scicom continues to showcase high quality business transformation capabilities, including award-winning Service, Capability & Performance (SCP) practices.

In the world of customer support, RPA and AI have become major differentiators. As a leading Business Process Outsourcing (BPO) organisation, Scicom understands that employing a digital workforce that enhances value and improves customer service will help retain existing, and acquire new customers for clients, while also increasing profitability. With RPA and AI, Scicom will leverage automation to increase economies of scale and value-added work, while reducing operating costs. By deploying RPA and AI to work alongside human counterparts, Scicom will enable cross-communication between digital platforms, improve support efficiency and maximise customer service levels.

Scicom's portfolio of digital solutions and industry expertise enables it to continuously address client business challenges, and translate their strategic vision into roadmaps that will rapidly create new sources of value and differentiation. This is the value proposition Scicom offers to all its partners.

Scicom has been engaged by major corporations and government agencies, globally, since 1997. It continues to apply revolutionary ideas to deliver proven solutions that are based on the company's fundamental values – Quality, Teamwork, Innovation, Integrity and People. Scicom became a Public Listed Company (PLC) in 2005 and is listed on the Main Market of Bursa Malaysia Securities Berhad. With 2,368 employees, Scicom communicates with millions of customers every year across a multitude of channels. Today, with its innovative digital and RPA solutions, Scicom is setting the pace in driving best practices which will enable its clients and partners to achieve world-class performance.

> **"It is clear that we need to begin our automation journey now to remain relevant in the future and be able to cope with the range of new technology solutions coming our way"**

MANAGING THE FUTURE THROUGH A DIGITAL WORKFORCE

OUR SOLUTION SETS

• Customer Support Solutions • Education Solutions • Gov-Tech Solutions • Digital Experience Solutions • Data Analytics • E-commerce Solutions • Application & System Integration • Social Media Support • Back-end Processing Fulfillment • Biometric Solutions • Big Data & Analytics

SCICOM BPO PROVIDES DIGITALLY ENHANCED SUPPORT SOLUTIONS THAT BUSINESSES NEED TO MEET AND EXCEED EXPECTATIONS.

At Scicom, we provide customer experience solutions that span the entire customer lifecycle. Scicom's Customer Management BPO provides multi-lingual and omni-channel solutions for customer acquisition & sales, customer care support and back-office fulfillment. Our back-office services take support one step further, offering customer experience analytics and data-driven insights that improves customer satisfaction, reduces customer effort and increases efficiency.

We continually invest in both our workforce and leading customer service platforms to better serve our clients and their brands. Our tech-enabled, empowered and engaged workforce works alongside with virtual bots to solve customer issues faster. Implementing intelligent automation solutions like Robotic Process Automation (RPA) and Robotic Desktop Automation (RDA) have significantly improved agent efficiency, reduced delays in customer response time and enriched interactions with customers.

Scicom's approach to customer care helps businesses find, keep and strengthen their customer relationships. Scicom's outsourcing services cover both the business-to-consumer and business-to-business segments across the following industries: financial services, airlines, consumer electronics, media & broadcasting, travel & leisure, e-Commerce, healthcare, telecommunications and government.

> "Keeping customers for life. And we make it our priority to be really great at it"

EVOLVING DIGITAL CHANNELS FOR BPO

- **Multilingual Multichannel** Experiences
- **Chatbots &** Virtual Assistants
- **Premier** Customer Care
- **Robotic Process** Automation (RPA)
- **Technical** Support
- **Social Media** Support

Scicom Gov-Tech

OUR SOLUTIONS ENABLE GOVERNMENTS TO IMPROVE EFFICIENCY AND EFFECTIVENESS VIA AN INTEGRATED AND UNIFIED DIGITAL APPROACH.

Scicom Gov-Tech partners with government clients to solve complex challenges and deliver innovative solutions. We develop technology platforms and deliver citizen centric solutions for federal and local government agencies.

Digitally enabled service transformation is a common thread running through the work we do for governments. At our Gov-Tech digital labs, we streamline business processes, utilise process automation and digital technologies to provide insights, reduce risk, increase productivity and enhance the citizen experience.

Implementing intelligent automation technologies across citizen engagement (via conversational bots) and back-office operations (via robotic process automation) has enabled our government clients to lower operating costs and improve the speed and quality of service delivery.

Scicom Gov-Tech delivers highly scalable digital government platforms and solutions:

Identity Management Solutions

- e-Visa Processing
- Border Control Systems
- Advance Passenger Screening Platforms
- Biometric Technology
- Citizen Identification Solutions
- Digital Identify Solutions/eKYC (Know Your Customer)
- International Student Management Systems
- Migrant Worker Management Systems

Digital Government Solutions

- Phytosanitary Information Management Systems
- Medical Screening Solutions
- Digital Local Government/Civic-Tech

> “Accelerating digital transformation and putting citizens at the centre of transformations”

ENABLING GOVERNMENTS TO TRANSFORM WITH DIGITAL INTELLIGENCE

- International Student Management Systems
- Border Control Solutions
- Border Management Intelligence
- Advance Passenger Screening (APS) Systems
- Interpol Integration
- E-Visa Implementation
- Medical Screening Solutions
- Citizen Identification Solutions
- Phytosanitary Information Management Systems
- Biometric Technologies
- Analytics and Business Intelligence
- Blockchain Technologies
- Migrant Worker Management Systems
- Digital ID Solutions
- eKYC (Know Your Customer) Solutions

WITH ITS HOLISTIC APPROACH, SCICOM EDUCATION PROVIDES A COMPREHENSIVE RANGE OF LEARNING SOLUTIONS.

Amid a growing demand for skilled talent, businesses around the world are driving the demand for a wide range of language, vocational and professional training programmes. The increased focus on students (from school age through college graduates) being 'job ready' is continually pushing countries to produce globally competent and employable talent. Scicom Education is rightfully placed to respond to these trends, offering a wide range of bespoke corporate, English proficiency, customer support and graduate employability training programmes.

Scicom Education's range of corporate training programmes can be scheduled as needed, and custom designed to meet an array of different company objectives. We have expertise in developing staff capability in the areas of stress, time and conflict management, customer relations & leadership. All our programmes focus on improving employee productivity and performance.

Scicom Education's partnership with Pearson, the world's largest education company, also enables Scicom to offer a range of products in skills development, psychometric and aptitude assessment.

Furthermore, to respond to anticipated advances in technology, Scicom have created a selection of training programmes aimed at upskilling the Malaysian workforce. These programmes will focus on developing skills in the areas of English proficiency, personal development, customer support, digital readiness and Robotic Process Automation (RPA). Programmes will be taught in dedicated classrooms and will provide students with access to highly individualised coaching to help them reach their goals. At Scicom Education, we recognise the unique challenges students often face and are committed to working with each candidate to help them address their individual needs.

> "In today's economic landscape, skills are a global currency and are a source of economic advantage"

Overall, Scicom Education provides comprehensive learning solutions for clients and individuals across a variety of different sectors. With years of training and education experience, and armed with an experienced faculty of lecturers, we bring world class capabilities to the delivery of training and education solutions, and have helped people of all ages make meaningful changes in their lives.

TRANSFORMING TALENT. BUILDING FUTURES.

- Scicom Academy English Language Development Centre
- Pearson Assured Talent Transformation & Certifications
- Talentlens Psychometric Assessments

OUR UNIQUE APPROACH HELPS OUR CLIENTS SEE SIGNIFICANT IMPROVEMENTS IN THE QUALITY OF THEIR ONLINE RETAIL OFFERINGS.

Scicom's e-Commerce Solutions help businesses to deliver innovative commercial experiences and to maximise online revenue growth. We provide custom-built commercial strategies, website & mobile applications, graphic design, catalog & inventory management, order processing and fulfillment as well as digital marketing, analytics and customer support services. Our unique approach of providing innovative end-to-end solutions helps clients see significant improvements in the efficiency and quality of their online retail offerings.

Scicom's e-commerce mobile applications play a major role in providing a unified and personalised shopping experience to a wide range of clients, allowing for real-time communication with customers via personalised messages and relevant push notifications. This facilitates the creation of efficient & engaging customer shopping journeys across multiple channels.

To facilitate better decision making, Scicom's consumer behaviour data tracking & analysis services enable clients to make business decisions faster and more accurately to improve channel effectiveness. Helping clients to better understand their customers' preferences is one of Scicom's key competitive advantages, allowing for the deployment of more effective products, platform features and marketing campaigns to increase returns on investment (ROI).

> "We possess the right expertise to bring your online commercial experiences to life"

DRIVING PLATFORM STRATEGIES FOR DIGITAL TRANSFORMATION SUCCESS

- Complete E-Commerce Strategy & Engine Development
- Mobile App Strategy & Development
- Payment Gateway Services
- Catalog & Inventory Management
- Web & Social Analytics
- Order Processing & Fulfilment

SCICOM DIGITAL HELPS BUSINESSES REINVENT IN ORDER TO LEAD AND STAY AHEAD OF DISRUPTION.

Scicom Digital is focused on helping businesses create new digital experiences through business model innovation. We help companies accelerate the creation of new digital solutions, and develop engaging ways to work in a technologically-focused, digital-enabled environment.

We understand the fundamentals of digital transformations, and help with the reimagining, redesigning and reinvention of what businesses do. We take a lean and agile approach to solutions development, taking ideas from the drawing board to fruition, not just thinking about what your audience wants today but also what they might want in the future.

Our digital transformation capabilities are pulled from a team of cross-functional experts with decades of experience and domain knowledge in the areas of customer experience, technology, marketing, communications and business strategy.

> “Helping companies harness digital technologies effectively facilitates the development of fresh customer experiences”

To unlock these powerful digital solutions for our clients, both existing and potential, Scicom Digital has partnered with Adobe, a leader in designing and delivering exceptional digital experiences. With Adobe, clients can benefit from the combination of Artificial Intelligence (AI), data, analytics and automation to provide additional value to every business function.

Scicom Digital aims to provide successful digital transformation services to major clients in the public and corporate sectors. We continue to make inroads across Asia and other emerging markets, intensifying business and marketing efforts to acquire new clients.

IMPLEMENTING WINNING DIGITAL STRATEGIES THAT DIFFERENTIATE

- CX Assessment
- CX Design
- Campaign Development
- Digital Marketing Services
- Analytics & Reporting

CORPORATE PROFILE

Corporate Directory

BOARD OF DIRECTORS

Krishnan Menon
Non-Independent Non-Executive Director/Chairman

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

Dato' Mohd Salleh Bin HJ Harun
Non-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

Datuk Joseph Dominic Silva
Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Dato' Nicholas John Lough
@ Sharif Lough Bin Abdullah
Chairman

Dato' Mohd Salleh Bin HJ Harun
Member

Mohd Rashid Bin Mohd Yusof
Member

Datuk Joseph Dominic Silva
Member

NOMINATION & REMUNERATION COMMITTEE

Karen Judith Goonting
Chairperson

Dato' Mohd Salleh Bin HJ Harun
Member

Mahani Binti Amat
Member

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)
Te Hock Wee (MAICSA 7054787)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200, Kuala Lumpur, Malaysia
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, Malaysia
Tel : 03 2783 9299 Fax : 03 2783 9222

PRINCIPAL BANKERS

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, Malaysia

AmFunds Management Berhad
10th Floor, Bangunan Ambank Group
No. 55, Jalan Raja Chulan
50200, Kuala Lumpur, Malaysia

BUSINESS OFFICE

25th Floor Menara TA One
22, Jalan P. Ramlee
50250, Kuala Lumpur, Malaysia
Tel : 03 2162 1088 Fax : 03 2164 9820

AUDITORS

PricewaterhouseCoopers PLT
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 : business@scicom.com.my

Group Structure

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

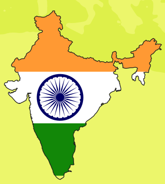
SCICOM (ACADEMY) SDN BHD
(Kuala Lumpur, Malaysia) 100% owned

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

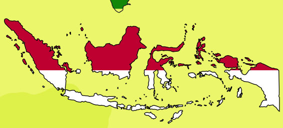
SCICOM E SOLUTIONS SDN BHD
(Kuala Lumpur, Malaysia) 100% owned

ASIAN CONTACT CENTRES SDN BHD
(Kuala Lumpur, Malaysia) 100% owned

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

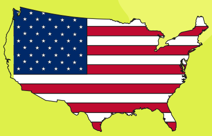


SCICOM CONTACT CENTRE SERVICES PRIVATE LIMITED
(Bangalore, India) 100% owned



PT SCICOM INDONESIA
(Jakarta, Indonesia) 100% owned

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



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

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

SCISOLUTIONS (MAURITIUS) LTD
(Mauritius) 100% owned

CORPORATE PROFILE

Board Of Directors

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

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

Mohd Rashid Bin Mohd Yusof
Independent Non-Executive Director

Krishnan Menon
Non-Independent Non-Executive Director/Chairman

Mahani Binti Amat
Independent Non-Executive Director

Datuk Joseph Dominic Silva
Independent Non-Executive Director

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

Karen Judith Goonting
Independent Non-Executive Director

KRISHNAN MENON

Non-Independent Non-Executive Director/Chairman

Age	: 69
Gender	: Male
Nationality	: Malaysian
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 13 years in public practice at Hanafiah, Raslan and Mohamed, 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.

DATO‘ SRI LEO ARIYANAYAKAM

Non-Independent Executive Director/ Chief Executive Officer

Age	: 56
Gender	: Male
Nationality	: Sri Lankan/Malaysian Permanent Resident
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.

DATO' MOHD SALLEH BIN HJ HARUN

Non-Independent Non-Executive Director

Age	: 75
Gender	: Male
Nationality	: Malaysian
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 32 years of experience holding various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad. 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 the current Chairman of Etiqa Insurance Pte Ltd, ACR ReTakaful Berhad and Board Member of Asia Capital Reinsurance Malaysia Sdn. Bhd.

DATO' NICHOLAS JOHN LOUGH @ SHARIF LOUGH BIN ABDULLAH

Independent Non-Executive Director

Age	: 67
Gender	: Male
Nationality	: British
Date Of Appointment	: 14 May 2014

Nicholas John Lough is the Chairperson 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.

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

MOHD RASHID BIN MOHD YUSOF

Independent Non-Executive Director

Age	: 64
Gender	: Male
Nationality	: Malaysian
Date Of Appointment	: 15 June 2017

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

His working experience includes being the Head of Group Accounting, Treasury, and Internal Audit of Petronas. His final positions in Petronas were as Managing Director of Engen Limited in South Africa and Vice President of Supply Chain and Risk Management.

Previous directorships include being a Director of Putrajaya Holdings Sdn Bhd, KLCC Holdings Sdn Bhd, Energas Insurance (Labuan) Limited and Chairman/ Director of Petronas ICT Sdn Bhd. Whilst in South Africa he was also the Chairman of the South African Petroleum Industry Association for 2007.

Mohd Rashid is currently a Director of Media Prima Berhad and Velesto Energy Berhad, which are listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Standard Chartered Bank Malaysia Berhad and Sistem Television Malaysia Berhad.

DATUK JOSEPH DOMINIC SILVA

Independent Non-Executive Director

Age	: 54
Gender	: Male
Nationality	: Malaysian
Date Of Appointment	: 7 February 2018

Datuk Joseph Dominic Silva was appointed to the Board of Scicom on 7 February 2018 and also appointed on the same date as a member of the Audit and Risk Management Committee. Datuk Dominic is a Finance graduate from University of Wales and holds a Master's degree in Research (Business) from the University of Liverpool. In addition, he also completed a Senior Management Program at the Henley Management College in the United Kingdom.

Datuk Dominic has over 28 years of experience in the areas of banking, insurance and investments. He worked in a number of local and international banking institutions regionally in Asia, and in international locations. He is presently a Director of DMY Capital, a South Asia and SE Asia focused investments company which he co-founded in 2007. Prior to DMY Capital, Datuk Dominic was the Head of Investments at Khazanah Nasional Berhad – Malaysia's Sovereign Investment Fund, where he spent nine years.

Datuk Dominic is presently a Director of Avicennia Capital Sdn Bhd (Malaysia), CIMB Thailand Public Co Limited (Thailand), DMY Capital (Malaysia), and Sinar Haemodialysis Sdn Bhd (Malaysia).

MAHANI BINTI AMAT

Independent Non-Executive Director

Age	: 65
Gender	: Female
Nationality	: Malaysian
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.

Mahani 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 to the Kuala Lumpur Head Office in 2001, amassing a total of 20 years of experience 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.

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. She is also an Independent Director of Leong Hup International Berhad.

KAREN JUDITH GOONTING

Independent Non-Executive Director

Age	: 57
Gender	: Female
Nationality	: Malaysian
Date Of Appointment	: 14 May 2014

Karen Judith Goonting is the Chairman 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 practising lawyer and thereafter as a legal and regulatory 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.

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

CORPORATE PROFILE

Management Team

KELVIN LOKE CHEONG HIAN

Chief Financial Officer

Kelvin a Malaysian, male, 44, joined Scicom on 20 September 2004. As the Chief Financial Officer, his responsibilities include overseeing both the compliance and commercial aspects of the finance functions of the Group such as financial reporting, budgeting, treasury, corporate finance and risk management. He has 19 years of accounting experience. Prior to joining Scicom, Kelvin had previously worked as an auditor in Ernst and Young, and as a Corporate Analyst in another public listed company in Malaysia. Kelvin graduated with a Bachelors of Accountancy with Honours from the Northern University of Malaysia and is a member of the Malaysian Institute of Accountants.

BENNY PHILIP

Chief Operating Officer - Outsourcing

Benny a Malaysian permanent resident, male, 51, 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, information management and quality functions of the Group. In 2011, Benny was the recipient of the Malaysia HR leader of the year award. He has over 25 years of experience with 15 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 - Digital Practice & Education

Jude a Malaysian, male, 54, joined Scicom in 2007 and helms the Scicom Digital Practice and the Scicom Education Group. The Scicom Education Group is 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. Jude's latest business portfolio includes managing Scicom Digital which spearheads all digital transformation efforts, encompassing a wide range of solutions aimed at creating seamless and personalised commercial experiences for clients in all business verticals. Jude also leads the Adobe Digital Practice which emphasises on the use of Big Data, Analytics and Artificial Intelligence tools to optimise business outcomes in the Digital realm. Historically, Jude has been in the business of product management, strategic marketing, and consumer behavior 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, he has worked with over 50 fast moving brands and has successfully seen his ideas bear profit making results. Some of his past clients include Marlboro Cigarettes for Philip Morris Inc, Kent Cigarettes for British American Tobacco, Hugo Boss, Starbucks Coffee, Porsche and Cerruti. 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.

JASIM PUTHUCHEARY

Chief Operating Officer - e-Solutions & Gov-Tech

Jasim a Malaysian, male, 49, 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. In 2001, Jasim joined Commerce Dot Com, a company involved in building and operating the Government e-procurement system where he served as its Chief Operating Officer. Jasim holds a degree in Law (LLb) from the University of London.

CHANDIMA HEMACHANDRA

Chief Technology Officer

Chandima a Sri Lankan, male, 56, joined Scicom in 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 the 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 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. Thereafter he held the positions of Chief Manager ICT at the 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 CfC Stanbic 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.

BRENDA LISABETH MARSHALL

Senior Vice-President – Scicom Education Group

Brenda a Malaysian, female, 65, rejoined Scicom on 1 August 2014, spearheading Scicom Education's business opportunities and the development of customised training solutions and services for both internal and external clientele.

In 2009, Brenda joined the AirAsia Academy as their 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.

SHANTI JACQUELINE JEYA RAJ

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

Shanti a Malaysian, female, 54, 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 appointment was as an Operations and Training Consultant in Scicom (Academy) Sdn Bhd, where she was involved in numerous projects across the Group.

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) comply with ISO and SCP, and that all 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 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.

WONG YEE LING

Senior Vice-President - Internal Audit Risk and Governance

Yee Ling a Malaysian, female, 46, 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 & 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 Economics 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).

SHEREEN DYER

Senior Vice-President - Legal Affairs

Shereen a British national, female, 44, joined Scicom on 1st November 2012. 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), the preparation and management of contracts and the advising and assisting of 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 special 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.

DIVYA DUTTA

Senior Vice President - Business Development

Divya an Indian national, male, 44, joined Scicom on 17th Dec 2018. As the SVP of Business Development, Divya is responsible for business devlopment for Malaysia, Sri Lanka and all emerging markets. In his previous roles, Divya has been the Chief Operating Officer for Aegis BPO in Malaysia. He has also been responsible for spearheading the cross shoring business model in Malaysia for all Asian Countries, and has 22 years of experience in managing global clients based out of Malaysia, Singapore, USA and Australia.

Prior to his time at Aegis, Divya started his BPO career with GE Capital, followed by EXL Service. Divya's experience in the BPO domain has been extensive, with significant experience in the banking, telecommunications & auto finance sectors, across the US, UK & Australia. Before speaheading Malaysia, he was heading the operations for one of India's largest telecommunications giants, with over 7,000 people in 10 different locations across India & Sri Lanka.

Divya holds a Bachelors Degree from Delhi University and has a Diploma in Computer Science from GNIIT. He also has hotel management experience with The Taj Group of Hotels, and worked in the hospitality industry for 3 years in India.

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

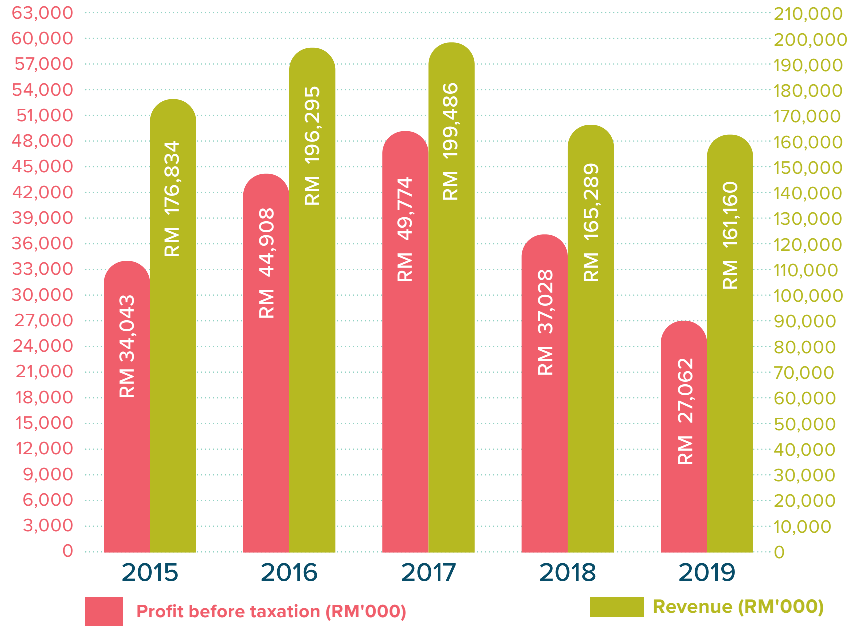
GROUP FINANCIAL HIGHLIGHTS

Group Financial Highlights

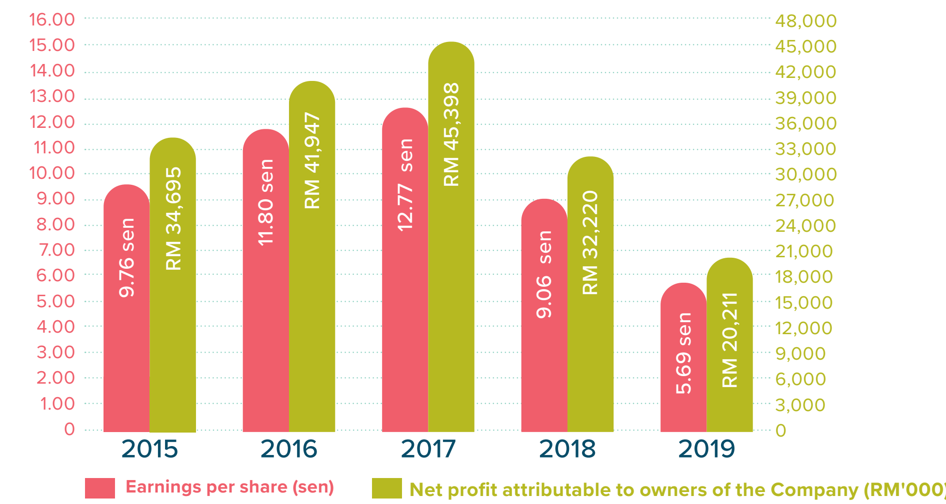
	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
PROFITABILITY (RM'000)				
Operating revenue	161,160	165,289	154,358	156,937
Profit before taxation ("PBT")	27,062	37,028	27,146	36,573
Net profit for the financial year	20,024	31,916	19,415	31,462
Net profit attributable to the equity holders of the Company	20,211	32,220	19,415	31,462
KEY BALANCE SHEET DATA (RM'000)				
Total assets	111,240	117,018	99,158	104,393
Total liabilities	13,963	12,380	12,552	10,543
Capital and reserves attributable to equity holders of the Company	97,277	104,638	86,606	93,850
Net Cash Position	40,506	52,272	38,400	48,500
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	-2.5%	-17.1%	-1.6%	-19.2%
- PBT growth (%)	-26.9%	-25.6%	-25.8%	-15.1%
- Net profit growth (%)	-37.3%	-29.2%	-38.3%	-18.1%
- Basic earnings per share (sen)	5.69	9.06	N/A	N/A
- Diluted earnings per share (sen)	N/A	N/A	N/A	N/A
- Asset turnover (times)	1.45	1.41	1.56	1.50
- Net return on equity (times)	0.21	0.31	0.22	0.34
Liquidity				
- Current (times)	6.68	8.15	6.90	8.77
- Cash over total assets (%)	36.4%	44.7%	38.7%	46.5%
- Trade receivables turnover (months)	3.29	2.77	3.26	2.78
Financing:				
- Debt over equity (times)	-	-	-	-
- Gearing (times)	-	-	-	-
Market Based (as at 30 June) :				
Market capitalisation (RM'000)	291,472	675,362		
Price-earning ratio (times)	14.41	20.97		
Dividend Yield (%)	6.7%	4.7%		
Net Asset Per Share (sen)	27.37	29.44		

Group Financial Highlights

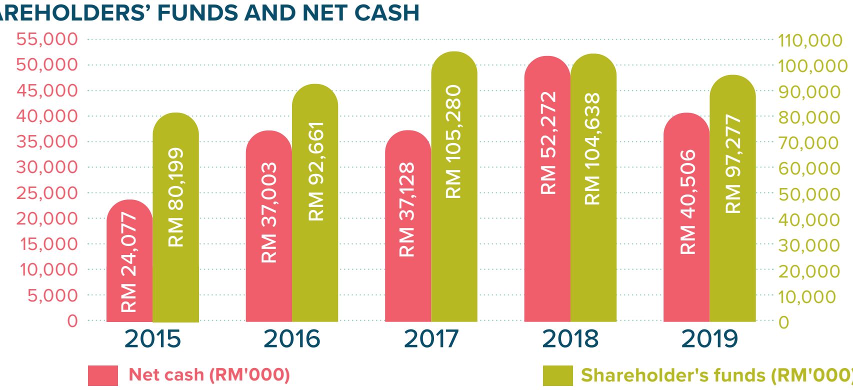
REVENUE AND PROFIT BEFORE TAXATION



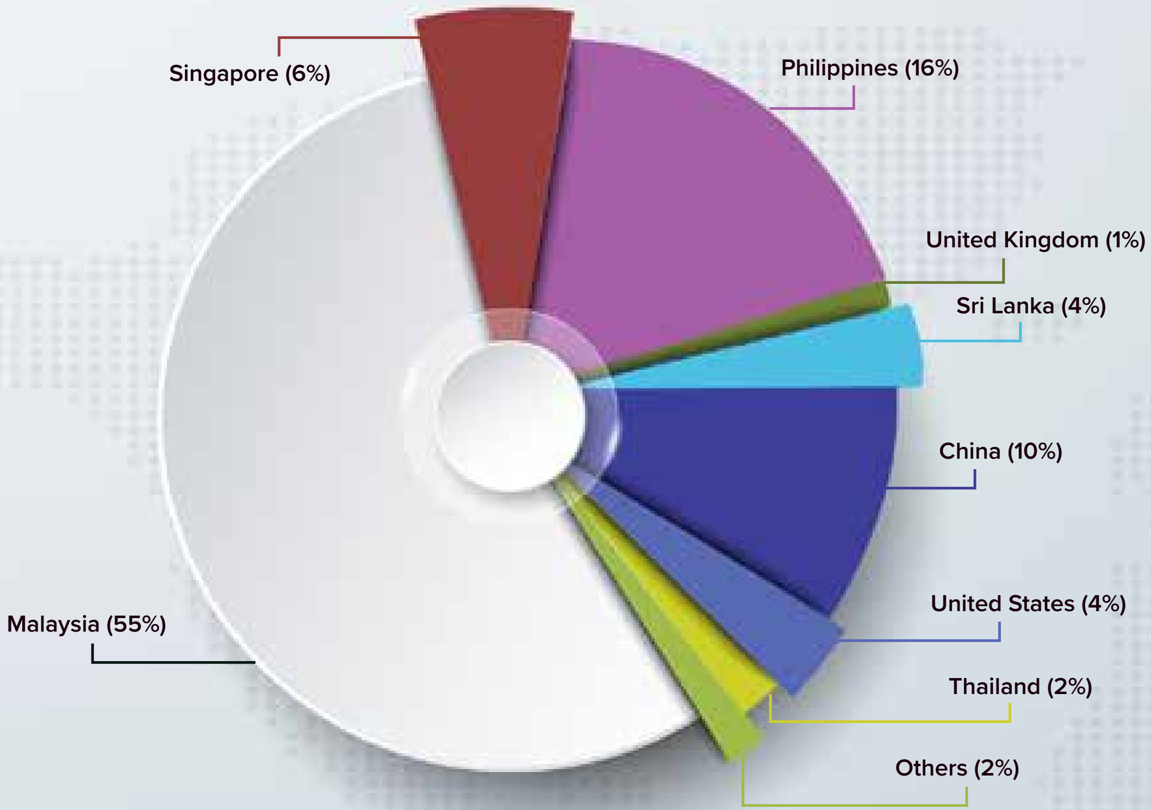
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE



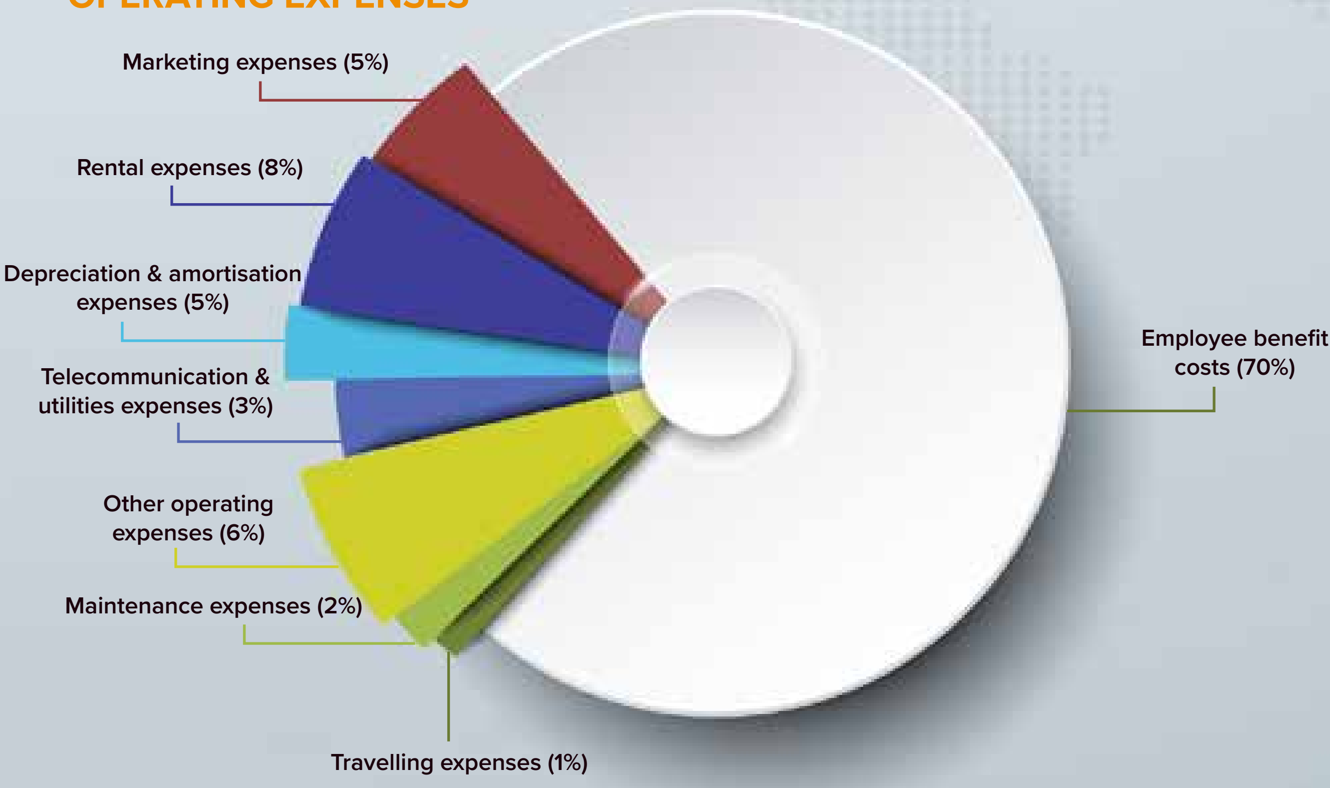
SHAREHOLDERS' FUNDS AND NET CASH



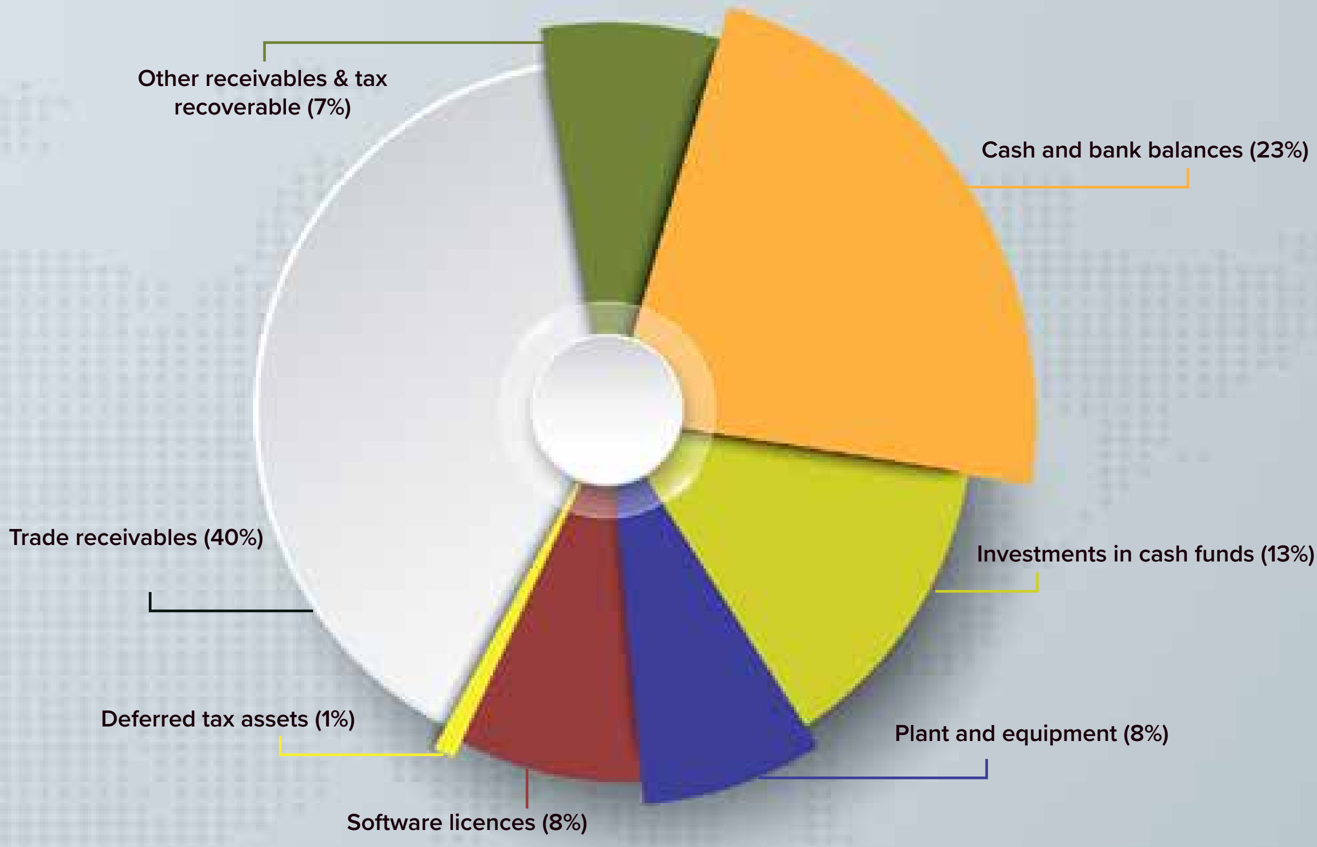
REVENUE BY LOCATION

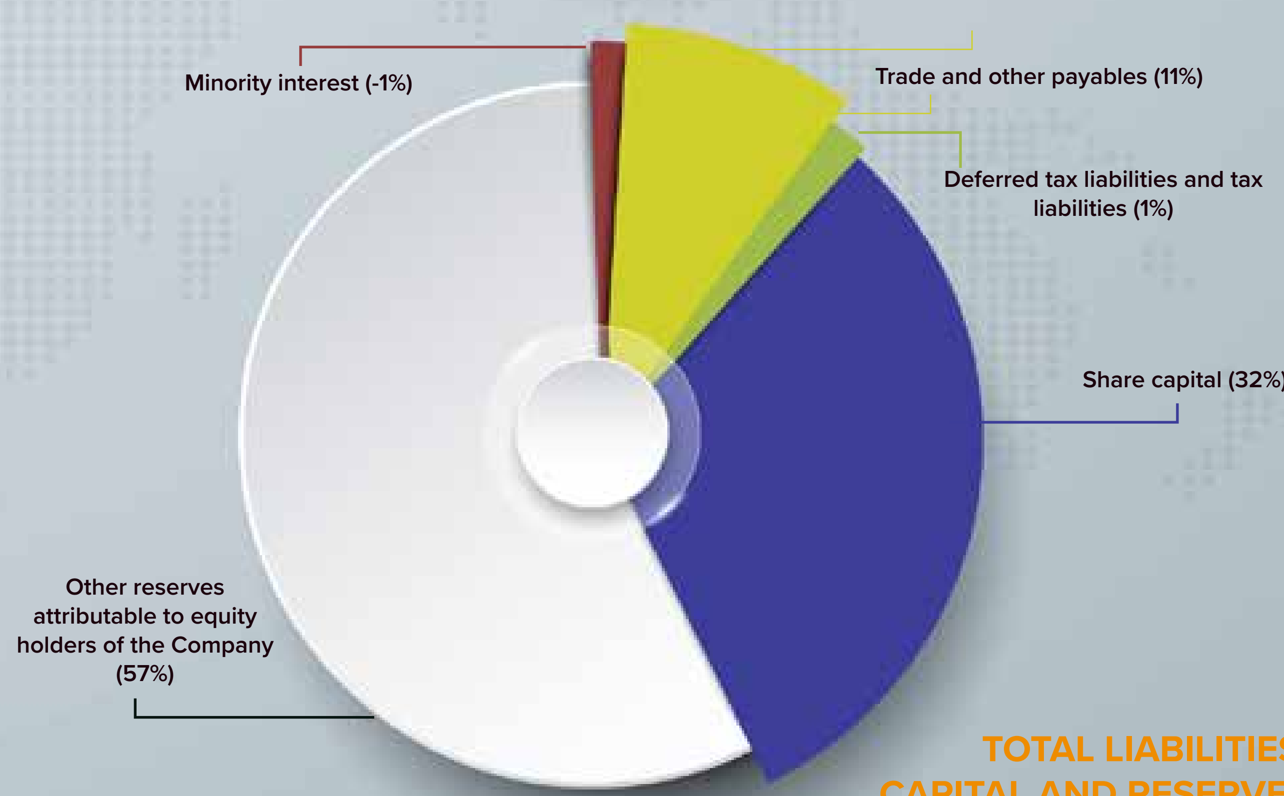


OPERATING EXPENSES



TOTAL ASSETS





TOTAL LIABILITIES, CAPITAL AND RESERVES

MANAGEMENT DISCUSSION AND ANALYSIS

SCICOM AT A GLANCE

As one of Malaysia's leading Business Process Outsourcing (BPO) companies, Scicom provides integrated and innovative solutions in the areas of Customer Lifecycle Management, Education, e-Commerce, Digital Marketing and Gov-Tech. Scicom was incorporated in 1997 and became a Public Listed Company in 2005. Scicom is listed on the Main Market of Bursa Malaysia Securities Berhad (Malaysia Stock Exchange).

FY2019 was a challenging year for the Group. Business conditions and the economic and political environment in the countries which we operate in remained uncertain, thereby impacting the financial performance of the Group.

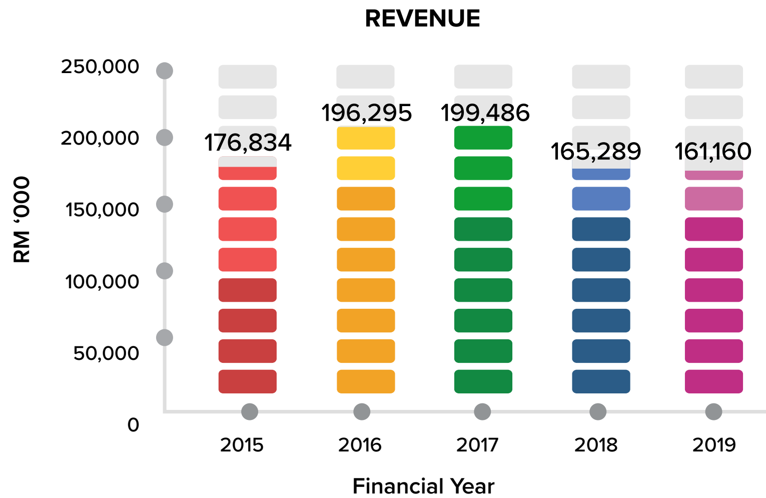
The Group continues to evolve and diversify its product and service offerings in a rapidly changing and dynamic operating environment. The Group has made significant investments towards the creation of a sustainable and digitally enabled organisation, including the setting up of a Research and Development (R&D) lab to develop products and services for the 'Identity Management' and 'Digital Government' industries.

The Group had a strong net cash position of RM40.5 million as of end of FY2019 and recorded an Earnings Per Share (EPS) of 5.69 sen for the FY2019. A disciplined capital allocation approach to identify new investment opportunities has been put in place to ensure more predictable outcomes for our investments.

YEAR IN REVIEW - FY2019 FINANCIAL PERFORMANCE, BY SEGMENT

GROUP FINANCIAL PERFORMANCE

The Group's revenue decreased by 2.5%, from RM165.3 million in FY2018, to RM161.2 million in FY2019. This decrease was largely the result of cost mitigating measures undertaken across the Group's existing BPO client base. The Group continues to add to its client base however, and has managed to secure new projects over the course of FY2019 that are expected to grow organically in the next financial year.



In FY2019, the Group recorded a profit before taxation ("PBT") and profit after taxation ("PAT") of RM27.1 million and RM20.0 million respectively. This was a decrease in PBT and PAT of 26.9% and 37.3% respectively compared to FY2018.

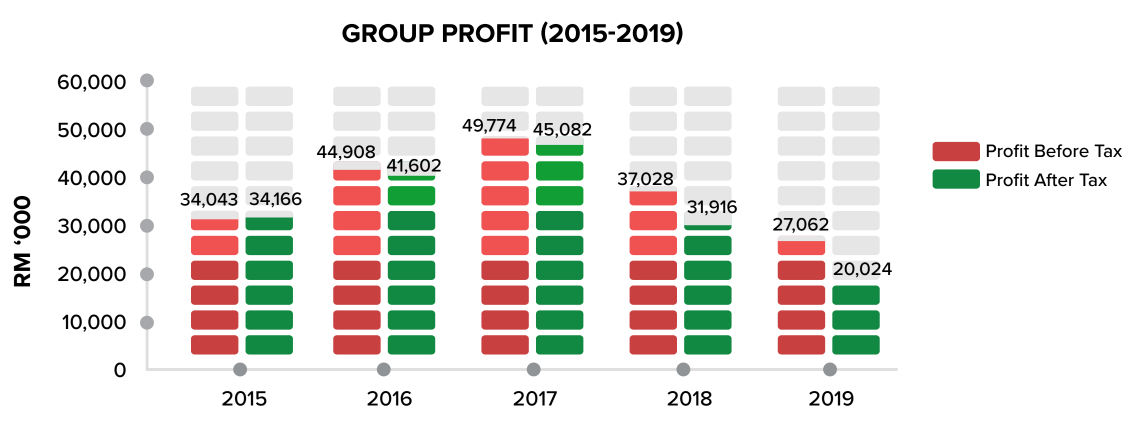
Taxation

During FY2018 (ended 30 June 2018), the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services, for the period from 1st July 2017 to 6th November 2017. From December 2017 onwards, the Company was subject to the normal corporate tax rate of 24% of earnings. The cessation of the tax incentive during FY2018 has attributed to a lower PAT for FY2019.

Group Financial Position

The Group's balance sheet remained strong as the Group ended FY2019 with RM40.5 million (FY 2018: RM52.3 million) in cash, and a zero-debt position. The Group also generated free cash flows (FCF) of RM15.9 million for the FY2019. The Groups' Earnings per Share ("EPS") for FY2019 stands at 5.69 sen, having decreased from 9.06 sen (by 37.2%) since FY2018. The Group's Return on Capital Employed ("ROCE") was 20.6% for FY2019.

The Group continues to maintain a healthy balance sheet to support its operations requirements and dividend commitments. The Group ended FY2019 with a total cash position of RM40.5 million and a zero-debt position. Total free cash flows (FCF) generated by the Group for FY2019 amounted to RM15.9 million, as compared to RM48.5 million for FY2018. The Group's Current Ratio of assets over liabilities has also decreased from 8.15 in FY2018, to 6.68 in FY2019, however the Group's Cash Over Total Assets Ratio remained at a healthy 36.4% for FY2019.



Capital Expenditure

During the financial year, the Group incurred RM6.3 million in capital expenditure, with major cost areas comprising of hardware equipment, software licenses and office furniture and fittings both in Malaysia and Sri Lanka. Of the total RM6.3 million capital expenditure incurred for FY2019, RM5.1 million was procured specifically for BPO project requirements, with the remaining RM1.2 million deployed for enterprise wide usage. The total net book value of fixed assets (comprising of plant and equipment, and software licenses) amounted to approximately RM17.8 million as of 30th June 2019. The Group's Fixed Assets Turnover Ratio stands at 9.1, indicating a healthy utilisation of the Group's fixed assets to generate revenue.

Shareholder Value

Scicom's share price ended FY2019 at RM0.82 per share, with a corresponding market capitalization of RM291.5 million. Since our IPO in 2005, Scicom shares have delivered a Compound Annual Total Return to Shareholders (including dividends reinvested at spot prices) of 667.13%.

Dividends

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 declared an average pay-out of approximately 83% of its net profit to shareholders in the form of dividends over the last 5 financial years.

For FY2019, the first interim dividend of 2 sen (equivalent to RM7.1 million) was paid on the 21st of December 2018. The second interim dividend of 1.5 sen (equivalent to RM5.3 million) was paid on the 26th of March 2019. The third and fourth interim dividends of 1 sen each (equivalent to RM3.6 million for each payment) were paid on the 25th of June 2019 and 30th of September 2019 respectively. This brings the total dividend declared for FY2019 to 5.5 sen, equivalent to approximately RM19.5 million or 98% of the Group's PAT for FY2019. The dividend yield for FY2019 was 6.7% against 4.7% in the preceding year.

SEGMENT FINANCIAL PERFORMANCE – BPO

The Group's BPO revenue decreased from RM165.0 million in FY2018, to RM160.6 million in FY2019 despite a 2.2% increase in the total number of contacts performed. This was largely due to a change in the composition of customer interactions. Higher value contacts that required more manhours (such as voice contact and back end processing) decreased in FY2019, while lower value contacts that required less manhours (such as email and social media care) rose by more than 50%. This shift reflects an increasing preference for online mediums as a means of communicating among clients' customer bases.

Projects that ceased operations during the financial year were largely due to changes in clients' customer service strategies (inclusive of clients relocating their support operations to countries with lower costs, or shifting their supporting operations in-house). This reduced the BPO division's revenue by RM4.4 million. Overall, the BPO division's revenue recorded a 2.7% decrease from FY2018.

FINANCIAL YEAR	REVENUE	TOTAL NO.OF CONTACTS	REVENUE PER CONTACT
2019	RM160,642,359	195,143,619	RM0.823
2018	RM165,041,693	190,854,699	RM0.865
DIFFERENCE	-RM4,399,334	4,288,920	-RM0.042
% DIFFERENCE	-2.7%	2.2%	-4.9%

The BPO division consists of the following verticals:

STRATEGY IN ACTION – FY2019 REVIEW

The Group has strengthened its solutions offering to focus on high value digital and outsourcing services. Scicom is now internally organised around four key business units, which allows us to better meet the needs of our clients in their growth and digital transformation pursuits.

- o BPO (customer care outsourcing)
- o Gov-Tech (digital government)
- o Digital (digital marketing & eCommerce)
- o Education (corporate training & English language testing)

During FY2019, Scicom focussed on generating financial value with multi-year contracts. In 2019, 86% of revenue was underpinned by long-term contracts (greater than two years). Scicom provided clients with business-critical solutions, earning recurring revenues from implementation, annual licence fees, and transactional and back-end processing fees. Over the year, we have expanded our service offerings in our core businesses and diversified our operations and revenue sources. We have made progress in the following key areas:

Services and Products

Process Efficiency – Developed business processing as a service capability to provide scalable, replicable services to a wider customer-base. Targeted investments in robotic process automation (RPA) and machine-learning technologies to support the execution of contracts.

Customer Lifecycle Management – Introduced new conversational Bot solutions, and omni-channel contact platforms that integrate conversational Bots in a single platform to significantly increase agent effectiveness and efficiency.

IT Systems and Infrastructure

HR System – Introduced a new human resources system, to improve engagement and development opportunities for all our people.

IT & Networks – Modernising and strengthening our IT infrastructure; developing new products for cloud services, cybersecurity and data connectivity.

STRATEGY IN ACTION – FY2020 PLAN

Our strategic priorities are to create value and better outcomes for all our stakeholders, by designing, implementing and operating improved business services for our clients and by supporting the people and communities we serve. Over the course of FY2020, we will also be increasing our focus on sales and improving our Business-to-Consumer (B2C) and Business-to-Government (B2G) marketing processes to generate a stronger pipeline.

BPO – CUSTOMER LIFECYCLE MANAGEMENT - The BPO industry focussing on customer engagement has evolved from offering low complexity voice calls to providing a broad range of digital channels (web chat, social media care, mobile app) for customer care. Digital customer service has become a priority for businesses. According to a Research and Markets study, the Customer Care BPO market is valued at USD18 billion in 2019 and will register a 6.2% compound annual growth rate (CAGR) over the next five years. Many companies have added and integrated channels and increased the complexity of operating contact centres, without understanding how to deliver a high-quality experience at a lower cost. Adding channels increases complexity, costs and requires companies to divide its resources into many channels, resulting in inconsistent and poor customer experiences. We provide smarter self-service technology (conversational bots with AI capabilities) that resolves low complexity customer issues without having to initiate a time-consuming and expensive live interaction with an agent.

> “Scicom’s key differentiator is that we are a trusted partner for our clients, providing a comprehensive suite of Robotic Process Automation (RPA) and Artificial Intelligence (AI) enabled services to provide high tech and high touch connections for customers.”

Customers are guided to live channels only when the self-service conversational bots are unable to resolve an issue. Technology utilised in this manner has the greatest impact in improving frontline agents' efficiency and it frees up their time to make stronger connections with customers.

At Scicom, there is continual focus on Customer Experience that improves brand loyalty and customer satisfaction. We invest in recruiting and training highly skilled agents and enable our operations team to handle increasingly complex customer issues with just one call. Robotics Process Automation (RPA) tools are utilised at the back-end to provide agents with the right information to resolve customer issues or to present it on a single screen. This enables our clients' brands to fully capture the benefits of outsourcing – lower cost, enhanced customer experience (CX) and increased loyalty. Scicom's FY2020 strategy is to leverage our unique value proposition and increase our market share for customer care solutions and services.

- **Offer higher margin and value-added services**. i.e. digital self-service combined with omnichannel integration that provides a more efficient management of client interactions. The introduction of Conversational Bots and Artificial Intelligence into the group's BPO solutions will provide stronger customer experiences that will result in enhancing the Customer Experience for our clients' brands.

- **Diversify vertical client base**. Scicom will also diversify into verticals that have economic counter cyclical benefits and healthy growth rates. In FY2020, we are targeting the following verticals for growth: consumer electronics, financial services, airlines, travel & leisure, and healthcare.

- **Accelerate customer care BPO growth** via strategic partnerships and acquisitions. In the past, Scicom has focussed on organic growth. Going forward, Scicom will be seeking out partnerships and acquisitions opportunities that will enable the group to grow revenues in target markets with high growth industries.

- **Focus on China.** China's Customer care BPO accounts for 10% of the global market and is likely to be the fastest growing country in the next 10 years as outsourcing becomes increasingly popular with domestic companies. Scicom has a strong track record for serving China's leading companies in the consumer electronics market and have set targets to increase our share of seats with existing clients and to win new deals in the growing outsourcing market in China. Customer service continues to be a critical success factor in the competitive China market and Scicom will leverage its strength to enable our clients to acquire, service and retain their customers.

TRANSFORMING THE DIGITAL LANDSCAPE, ONE GOVERNMENT AT A TIME

GOV-TECH - For FY2020, Scicom will continue to focus on its core strategy to deploy digital government solutions for government clients in developing countries. The Gov-Tech business unit provides digitally enabled government services and solutions, deploying citizen-centric designs across end-to-end business processes. Using agile practices, our teams develop rapid prototypes and create solutions to solve real issues. We integrate leading digital technologies and utilise Robotic Process Automation (RPA) to streamline routine processes. Machine learning and artificial intelligence is utilised to automate data processing tasks, completing tasks in minutes compared with the hours it took to manually process the data.

Scicom develops Identity Management Solutions for the homeland and border security market and Digital Government Solutions for government clients. For Identity Management Solutions, Scicom has developed the following solutions – eVisa Processing, Border Control Systems, Advance Passenger Screening Platforms, Biometric Platforms, Citizen Identification Solutions, Digital Identity Solutions (electronic Know Your Customer), International Student Management Systems and Migrant Worker Management Systems.

Research and Markets estimates that spending for Global Homeland Security & Public Safety market is expected to grow from USD431 Billion in 2018 to USD606 Billion in 2024 at a CAGR of 5.8%. Scicom's FY2020 strategy is to partner with emerging nations to deploy our proprietary identity management solutions to securely and seamlessly enable the movement of legitimate travellers, protect borders and provide digital travel innovations.

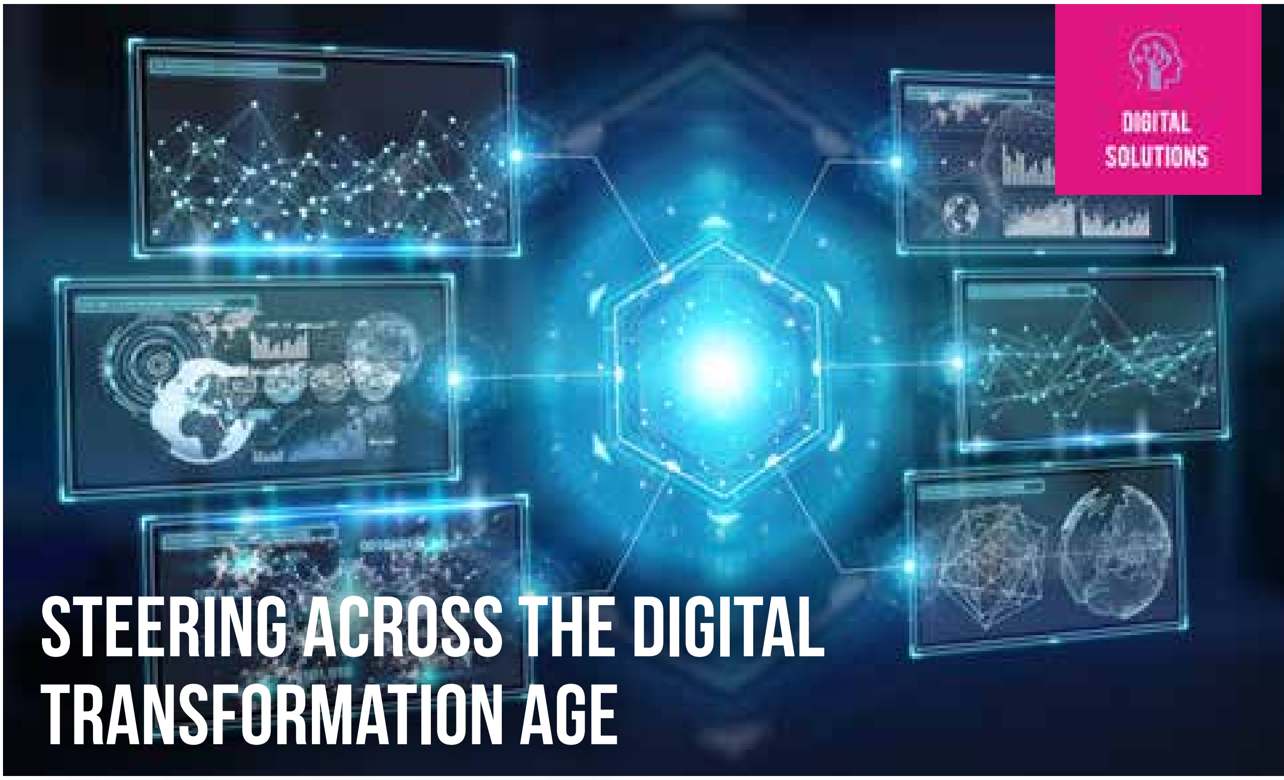
In the Digital Government market, Scicom has developed the following solutions – Phytosanitary Information Management Systems, Medical Screening Solutions and Digital Local Government Solutions (Civic-Tech). The global ICT investment in digital government is expected to reach USD654.7 billion by 2025 according to Grand View Research. To capture a greater share of this growing market, Scicom will partner with governments in developing countries to design and implement digital ecosystems, and invest in innovative and proven solution accelerators that will enable Scicom to generate proprietary intellectual property.

EDUCATION - Amid a growing demand for skilled talent, businesses around the world continue to drive the demand for language, vocational and professional training programmes. In line with this, Scicom Education will continue to offer a wide range of bespoke corporate, English proficiency, customer support and graduate employability training solutions in FY2020.

In the next ten (10) years, the global English as a Second Language ("ESL") market is set to boom, with 2.5 million people (40% of the world's population) expected to be learning English by 2030. The highest growth markets identified for ESL are China and India, with China's English Language Training ("ELT") market expected to be worth USD75 billion by 2022, increasing from USD41 billion in 2017. Globally, double-digit demand growth for ESL services – in some cases up to 40%– is also expected in countries ranked as Very Low and Low on the Global EF English Proficiency Index, including Indonesia, Pakistan, Brazil and Mexico, as well as middle eastern countries Iran, Iraq, Libya, U.A.E and Saudi Arabia. Furthermore, we expect there to be a growing group of unemployed graduates, retrenched and displaced workers who will require upskilling as a result of technological advances and digitisation. RPA and robotics jobs are in increasingly high demand. According to Grand View Research Inc., the global RPA market is expected to reach USD8.8 billion by 2024, with the Mckinsey Global institute estimating that automation will drive as many as 375 million people to reskill themselves by 2030.

Given these trends, Scicom's FY2020 strategy will focus on further promoting its English language proficiency products regionally, and deploying a variety of digital certifications to upskill the Malaysian workforce:

- Scicom will use its existing partnership with Pearson as a competitive advantage, and will aim to secure mutually beneficial partnerships with migration and recruitment-based agents with presences in China, the Middle East & ASEAN to develop a sustainable pipeline of international students.
- Scicom will promote its Digital Warrior training programmes to both public and private sector clients in Malaysia, to create savvy, English-fluent digital workers for future employers.
- Scicom will promote RPA certifications to both new and existing clients in Malaysia as a means of helping employers better understand the future roles and skills needed by their workforce, and how to transition their employees into these new digital-focused roles effectively.



STEERING ACROSS THE DIGITAL TRANSFORMATION AGE

DIGITAL / E-COMMERCE - In FY2020, Scicom will continue the creation of custom digital strategies, products and services to develop top notch solutions for a wide range of organisations.

The global demand for digital transformation services is still growing, estimated to double in the next five (5) years, growing from USD250 million in 2019 to USD500 million by 2024. According to Forbes, digital transformations will contribute to 26% more profitability, 9% more growth, and 9% higher market valuations for businesses globally.

This market has primarily been driven by the rise of cloud computing, big data, Internet of Things (IoT), and artificial intelligence (AI) – with these advancements helping companies to enhance the efficiency of front-end and back-end processes, as well as improve their product and service offerings.

Scicom sees the following three (3) industries as ripe for digital transformation, and will focus on developing solutions to specifically respond to the issues prevalent in these sectors in both Malaysian and regional markets:

Higher Education

- Institutions of Higher Education in the region have a "low quality" perception to international students; largely a result of their lower cost relative to options in the UK, Australia & the USA
- Regional institutions lack the resources to change this perception; International students are largely unaware of higher education options offered in the region
- The process of applying to institutions in the region is fragmented, manual and inefficient

Tourism

- 60% of leisure and 41% of business travelers make travel arrangements via the internet
- 85% of travelers book their travel online via computer; with 48% of travelers booking their travel via mobile
- Travel brands spend ~61% of their marketing budgets on digital advertising
- Social mentions for travel and Augmented Reality (AR) & Virtual Reality (VR)-related experiences have increased 13% year over year (YoY) with the global AR market expected to be worth ~USD49 billion by 2021

Government

- More than 65% of public service leaders have cited creating personalised citizen experiences as a priority
- There has been significant growth in cross-government design communities that work on human-centered design/User Experiences
- Leading GovTech agencies have created platforms to enable seamless interactions between the government, businesses and citizens

Scicom's FY2020 strategy to penetrate the abovementioned sectors will be to create end-to-end solutions, providing clients with digital marketing services and multi-channel touchpoints while leveraging the support services provided by Scicom's BPO division:

- Scicom will provide digital solutions across the customer experience value chain, powered by an exceptional team who bring decades of experience and domain knowledge in the areas of customer experience, technology, marketing, communications and business strategy
- Scicom's digital solutions will leverage an extensive range of support services from our BPO division, enabling Scicom to cater to client needs all the way from concept ideation to customer support.

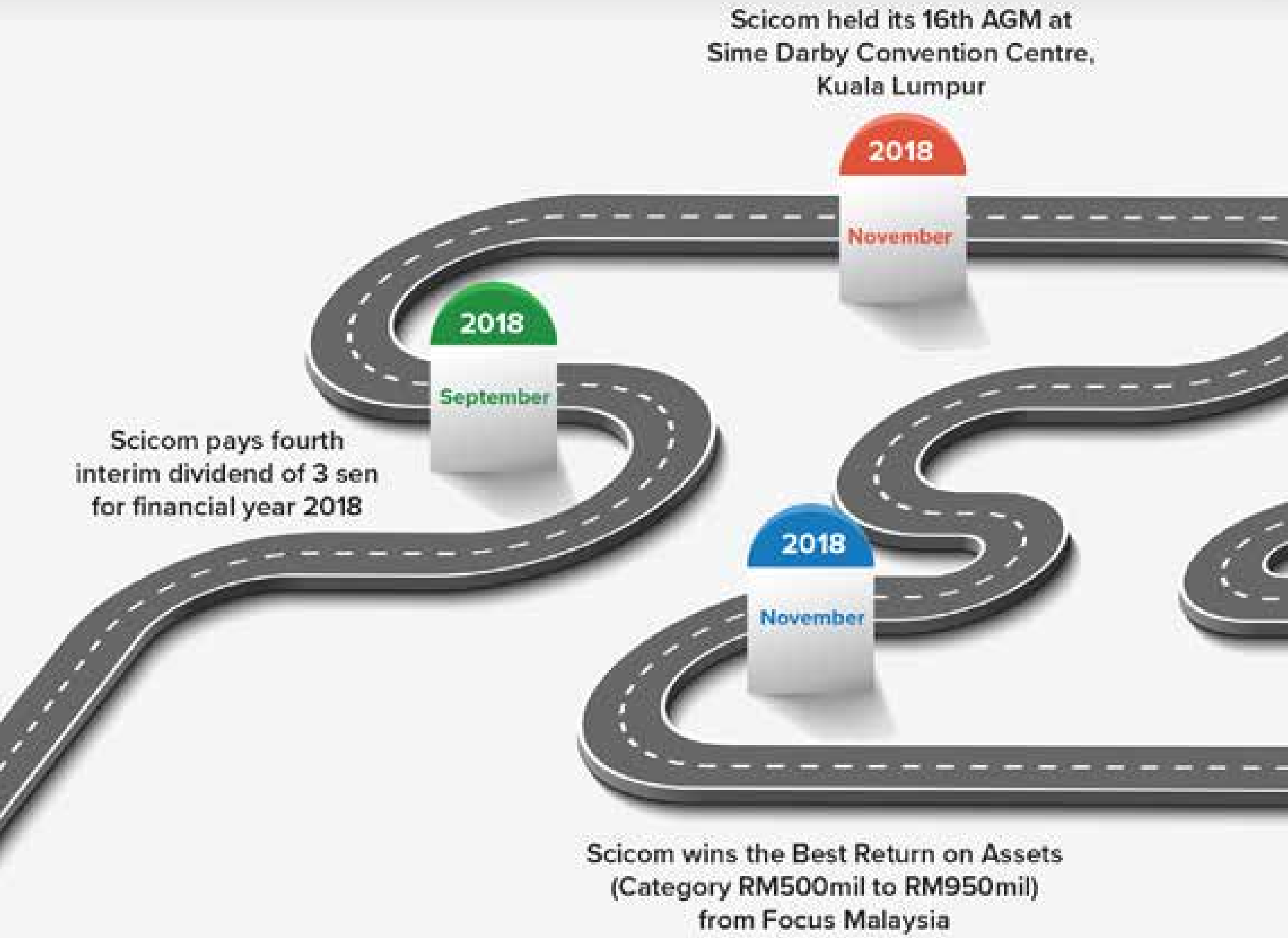
	Digital Marketing Services	Multi-Channel Customer Touchpoints
Products/Services Offered	- Campaign Creation (Creative Services) - Campaign Deployment (Email, Search, Display)	- Transactional Websites/Mobile Apps (Information Repositories with functionalities to process requests, applications, complaints etc.)
Client Benefits	- Improved customer awareness & use of client's digital platforms - Personalised promotions to appeal to various target segments	- Increased level of engagement with end-consumer - Efficiencies in managing customer requests processing

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 measures: (i) Delivery of quality services within (if not exceed) contractual service levels. (ii) Moving up the supply chain towards Knowledge Process Outsourcing in BPO segment. (iii) Continual introduction of innovative process re-engineering with the use of robotic process automation ('RPA'), Artificial Intelligence ('AI') and other information technology to enhance efficiency and effectiveness of services delivery. (iv) The provision of business insights and value-added services to clients with the use of big data. (v) Placing business development focus on targeted prospective corporate or government clients whilst expanding its programme offerings to individuals in the Education segment.
 Regulatory Environment				Change in regulatory environment may pose 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 government 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. Changes in regulatory environment are 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 & 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. The Group continues to invest in the training and development of employees, innovations to fit customers' requirements and application of technology for products and services improvements. 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 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, the number of stakeholders involved and regulatory procedures. 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.
Limited Brand Presence & Recognition		●	●	The Education and E-Solutions segments are relatively new to the Group as compared to the Group's operations in the BPO segment. Proactive 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.
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.

FINANCIAL YEAR 2019 CORPORATE MILESTONES & RECOGNITION EVENTS




Scicom pays second interim dividend of 1.5 sen for financial year 2019
Scicom pays third interim dividend of 1 sen for financial year 2019
2019
March
2019
June
2018
December
Scicom pays first interim dividend of 2 sen for financial year 2019

YEAR IN REVIEW

••• Corporate Sustainability Statement

About the Sustainability Statement

This statement is prepared in a manner as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The objective of this Sustainability Statement (the "Statement") is to outline the sustainability framework which is adopted by Scicom (MSC) Berhad ("Scicom or the "Company") and its Group of Companies (the "Group"). The statement aims to identify and report on the Economic, Environmental and Social ("EES") issues and to highlight the risks and opportunities considered material to our business and our stakeholders. This statement also serves to inform stakeholders how we set goals to monitor and manage these sustainability matters. At Scicom, we strive for continuous improvement and always aim to be the best in the provision of our varied and diversified service offerings to a discerning client base. With this goal in mind, we have developed areas for sustainability improvement and have implemented several measures to complement our sustainability efforts.

The Statement we present here is similar to that of the previous financial year and is guided by the Global Reporting Initiative ("GRI") Standards.

This Sustainability Statement includes all our sustainability efforts and initiatives in EES related matters and the measures which were implemented in the period from 1 July 2018 to 30 June 2019. The Sustainability Statement is available on our corporate website at https://www.scicom-intl.com/

The risks and opportunities are specifically explained in the Management Discussion & Analysis section of the Annual Report and the processes involved are covered under the Statement of Risk Management and Internal Controls section of the same report.

Sustainability Governance

In managing sustainability, Scicom has establised a governance structure for the Group, along with specific requirements and sustainable practices, which we believe are key to maintaining a sustainable business. The structure effectively enables us to manage our businesses, our decision making processes, and implement actions across the Group.

Our sustainability structure is as depicted below.

The roles of each level of the structure are as follows:.

Board of Directors ("Board"):

The Board oversees the formation of strategies and their implementation.

Group Executives:

Scicom Group Executives comprises of the Chief Executive Officer, Chief Finance Officer and Chief Operating Officers. They set the strategies and action plans relating to sustainability topics to be presented to the Board for approval.

Senior Management:

The Senior Management team consists of the various heads of department. The team implements and executes the approved strategies and the day-to-day operations and meets on a monthly basis where sustainability topics are discussed alongside other operational matters. The team also reports to Group Executives the results of operational activities and sustainability issues.

Corporate Sustainability Statement

Our approach to sustainability

At Scicom, sustainability is about using our expertise to enable a more responsible and sustainable future. We continously strive to become a more sustainable company by taking into consideration aspects which reflect the economic, environmental and social impact of our company or those which significantly influence the assessments and expectations of our stakeholders.

Our approach to sustainability involves:

- increasing intellectual/technological capital to aid the development of innovative services;
- developing our skilled talent from various backgrounds and experiences; and
- strengthening our relationship with stakeholders, such as employees, regulators, customers, business partners and suppliers.

MATERIALITY ASSESSMENT

Governed by Bursa Malaysia's Sustainability Reporting Guidelines, the Senior Management assesses the significance of each sustainability matter using a rating approach.

Scicom has conducted a materiality assessment to identify, assess and prioritise the issues that are relevant to Scicom and its stakeholders. In FY2019, we reviewed our materiality matrix based on an internal review with our Senior Management, taking into account internal and external exposure, as well as the degree of impact each sustainability matter has on Scicom. We then combined the feedback obtained from respective Heads of Department together with the outcome of the assessment, and its significance to Scicom for each sustainability matter to produce a materiality matrix.

The key material sustainability matters identified through this materiality assessment (and based on the GRI standards) were grouped into three (3) main focus areas, namely, Economic, Environmental and Social. These are described below:

Economic

a) Profitability
b) Service Quality
c) Customers' Satisfaction and Engagement
d) Digital Data Protection and Privacy
e) Innovation and Digital Transformation
f) Ethics and Governance
g) Supply Chain Management

Environmental

a) Environmental Compliance

Social

a) Occupational Health and Safety Management
b) Diversity and Equal Opportunity
c) Training and Education
d) Community Engagement and Development

These 12 material matters ranked highest amongst our Heads of Department. We decided to place greater focus on these matters in this Sustainability Report. In future reporting, Scicom will continue to review the processes above, and expand the depth and scope of current reporting.

Corporate Sustainability Statement

Theme	Material Issue	Material Sustainability Matters	Definition
Economic	**Economic Performance**	• Profitability	• Generate sustainable financial and economic returns
	Economic Performance	• Product and Service Quality • Digital Data Protection	• Generate sustainable financial and economic returns for stakeholders • Protection of Scicom's information (includes confidential business data, employee information) and customer data privacy
	Customer Engagement	• Customer Satisfaction and Engagement	• Assessment and response to customer needs to enhance satisfaction.
	Supply Chain Management	• Supply Chain Management	• Relations with suppliers • Strategic partnerships
	Innovation and Digital Transformation	• Innovation and Digital Transformation	• New services • Identify business processes and re-engineering
	Corporate Governance	• Governance Compliance	• Business strategy, risk assessments, and sustainability processes
Environmental	**Regulatory Compliance**	• Environmental Compliance	• Compliance with legal and other core operational regulations
Social	**Occupational Health and Safety**	• Safety Compliance	• Comply with health and safety regulations
	Talent Management	• Training and Education	• Provide training and education to employees to expand their knowledge base for career development
	Employee Engagement	• Diversity and Equal Opportunities	• Provision of diverse and equal opportunities for employees
	Employee Talent	• Training and Education	• Enhancement of employee skills • Talent development
	Community Engagement	• Community Engagement and Development	• Improve quality of life within the community that Scicom operates in, through various forms of corporate social responsibility activities

Corporate Sustainability Statement

Stakeholder Engagement

We identify our stakeholders as any party impacted by Scicom's business practices, directly or indirectly or who can influence Scicom and its decisions. We actively engage with our stakeholders through multiple channels of communication, enabling us to understand their expectations and obtain meaningful feedback on their interests and needs. This helps us to identify and prioritise key sustainability matters.

A summary of our various stakeholders through different channels of communication are set out as below.

Stakeholder	Forms of Engagement	Stakeholder's Concern
Investors / Shareholders	• General meetings • Corporate announcements • Analyst briefings & media releases • Corporate website	• Financial performance • Return on investment / equity
Customers / Consumers	• Direct engagements • Exhibitions • Online platforms – corporate website • Customer satisfaction surveys	• Product quality and pricing
Business Partners / Suppliers / Contractors	• Direct engagements • Ongoing dialogue sessions • Periodic performance evaluations • Periodic meetings • Meetings, discussions and business communication	• Enhancing an ethical and fair procurement system • Sustainable procurement
Regulatory Authorities & Government agencies	• Regular consultations and meetings • Reporting • Inspection by authorities	• Compliance with laws and regulations
Employees	• Employee engagement surveys • Learning and development programmes • Employment contract • Employee handbook • Training • Meetings/discussions • SPEAK! survey	• Career development • Employee welfare • Health and wellness
Local Communities	• Online platforms • Community events and contributions	• Community living • Personal well-being

The details of material sustainability matters are further explained in the following sections.

Corporate Sustainability Statement

Economic

Economic sustainability

At Scicom, we strive to combine strong and sustainable growth with good profitability to generate increased value for our shareholders, and create the conditions for continued positive long term development despite facing economic challenges in FY2019. These initiatives include the creation of opportunities for employees, and contribution to the well-being of communities in which we operate. For details of our financial results, please refer to Management Discussion & Analysis in page 34 to page 45 of this Annual Report.

Service Quality

As one of the leading business process outsourcing companies providing integrated and forward-thinking solutions in Customer Lifecycle Management, Education, e-Commerce, Digital Transformation and Gov-Tech Services, Scicom is committed to maintaining high quality service delivery across all our lines of businesses. We engage with various certification bodies relevant to our business operations to ensure our services meet both customer and regulatory requirements.

We are audited by various certification bodies ensuring that we meet specific standards on service quality. These bodies have recognised our efforts in managing quality products and services through the awarding of the following certifications:

No	Certification
1	ISO 9001:2015 Provision of Education and Training Services for Professional and Management Development
2	ISO 27001:2013 Information Security Management System

Recognition and Awards

In 2018, Scicom won the Focus Malaysia award in the Best Return On Assets category for corporations with a market capitalisation between RM500 million to RM950 million. This title was awarded to Scicom for its efficient utilisation of assets, impressive business performance on Bursa Malaysia and the value it has given to its shareholders.

Customer Satisfaction and Engagement

In line with the Scicom Group philosophy, which states "not only do we strive to be the best in the industry, but also give the best to the environment we operate in", we endeavour to continuously provide high quality service, proactively propose new services, improve convenience and comfort for customers, and continue to increase the level of customer satisfaction.

Scicom measures the degree of customer satisfaction using the service standards that Scicom is contractually obliged to meet. We then utilise the results of the assessment as a tool to improve ourselves, and to help us to meet customer expectations and needs. We aim to develop long-term relationships with our customers so that their businesses, and ours, can succeed. Our average tenure across all current clients is four (4) years. However 35% of our existing client base have been with us for five (5) years or more.

Corporate Sustainability Statement

Digital Data Protection and Privacy

Data protection covers the way Scicom secures and uses personal data. Scicom takes the utmost care in the treatment of personal data, based on the requirements under the Personal Data Protection Act 2010 ("PDPA"), to ensure we maintain the trust of our suppliers, employees and customers. We manage this with strict privacy and confidentiality practices at all times.

We invest significantly in our systems to ensure our employees, job applicants and customers data is secure, with appropriate measures taken to protect confidential information.

Scicom's Data Protection Policy is developed to enable the Group to comply with all necessary regulations, and to make sure that any use of personal data will observe privacy principles relating to disclosure, security, integrity, retention and accessibility.

Our businesses are susceptible to cybersecurity risk, hence, we have continuously strengthened our efforts during the year to ensure our information security systems are secure. Information security policies are constantly updated ensuring our services are reliable and protected. We endeavour to uphold sound internal policies and practices, to safeguard the data privacy and security of our suppliers, employees and customers. We invest in hardware and software to ensure the security of our services, and also to adhere to the stringent requirements of our systems and services (from design to operation). We also imposed the same strict standards for our suppliers in ensuring that they comply with the standards set in accordance with the best practices in the Information Security System industry.

Certifications

In FY2019, we obtained the Information Security Management System ISO 27001:2013 certification, which is an international standard that specifies the requirements for an Information Security Management System (ISMS). An ISMS is a systematic approach for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving an organization's information security to achieve business objectives. It includes people, processes and IT systems by applying a risk management process. Accredited certification ISO 27001 demonstrates that Scicom is following international information security best practices. Scicom's ISO 27001 certification applies to our customer contact centre services, data centre and disaster recovery operations (primary and secondary), digital platforms, electronic solutions and applications, education and training services and operation functions. This certificate is issued by British Standards International (BSI) and makes Scicom a certified ISO 27001:2013 organisation. We are determined to continously monitor our business processes, policies and procedures to maintain the certification.

Innovation and Digital Transformation

To keep pace with a competitive business environment, Scicom continually responds, adapts and transforms in this dynamic digital age. We constantly strive to deliver quality business and digital solutions that not only add value, but also improve productivity.

Our Scicom Gov-Tech services focus on providing innovative solutions in digital transaction services to enable customers to rapidly deploy digital technology tools and services that are easy to use, easy to maintain and cost effective. These solutions facilitate better integration between resources, create less duplication, and contribute towards greater efficiency while paving the way for a more economical, practical, safe and efficient method of governance.

Ethics and Governance

Code of Conduct

Scicom's Code of Business Ethics and Conduct provides Group-wide standards designed primarily to deter wrongdoing, and to promote honest and ethical business conduct; full, fair and accurate reporting; compliance with applicable laws; prompt reporting of violations; and accountability. The Code establishes clear expectations for employee compliance with policies related to lawful and ethical business conduct and behavior. We make the Code and other corporate policies applicable to employees accessible on the Scicom Enterprise System. In addition, we expect our business partners to meet standards of good business conduct, including complying with applicable laws and regulations, which are reflected in our Vendor Code of Conduct Policy.

Corporate Sustainability Statement

Whistle-blowing Policy

We practice an open and honest policy that encourages our employees to report on any suspected misconduct, corporate misbehaviour and fraudulent activities. We established our whistleblowing policy with the objective to encourage our employees and others who have serious concerns about any aspect of our business operations, and to report those concerns through the whistlebowing process. The whistleblowing policy is uploaded into our corporate website at https://www.scicom-intl.com/corporate-governance/whistleblowing-policy

Supply Chain Management

At Scicom, we believe that sustainability requires close co-operation with our suppliers and third party intermediaries. Therefore, it is essential that our suppliers take active steps to promote and implement compliance with Scicom's Vendor Code of Conduct Policy, dated September 2016, and at the same time we monitor our vendors' adherence to this policy. We establish certain performance indicators in a manner consistent with our sustainability requirements. In selecting and working with our suppliers, we also consider their performance with regards to legal compliance, integrity, intellectual property rights, conflicts of interest, basic employee rights, prohibition of child labour, safety, health, environment, social standards and fair business practices. We continuously improve our interactions with our suppliers to achieve our business objectives.

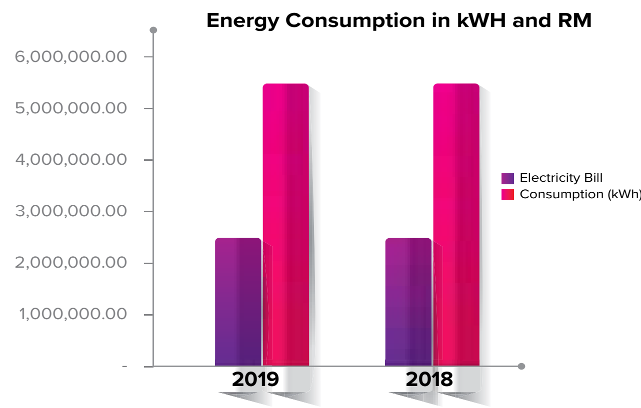
Environmental

Environmental Compliance

We are pursuing a Green Growth strategy by reducing waste generation from our operations through the "3R" strategy – Reuse, Reduce and Recycle. We promote reduction of paper consumption by encouraging paperless communication and the use of double-sided printing. Where possible, our employees are encouraged to avoid or reduce travel by using audio, web and video–conferencing. Additionally, we always consider opportunities to digitalise our existing processes and improve our services by incorporating sustainability features when we research and design our services.

Energy Efficiency – We strive to reduce our carbon emissions with various energy efficiency practices. Our office sustainability practices include the installation of LED lights. We encourage our employees to work to economise and minimise the use of electricity during working hours. Through these energy reduction initiatives, consumption trends have been consistent, and we are aiming to further reduce electricity consumption over the next 3 years.

We achieved a constant consumption pattern of 5.6 million kWh as compared to the year 2018 and regularly consider new technologies that can help to reduce our electricity consumption further.



Waste management – Although we consume a significant amount of paper in the office and use paper for a variety of activities, we have been working towards reducing paper use and minimising its impact to the environment by moving towards digitisation. This has enabled some of our documents to be digitised and accessible through shared folders in the system. We are pleased to highlight we have not been penalised for any matters related to environmental compliance by any regulatory authorities during FY2019 (FY2018: NIL).

Social

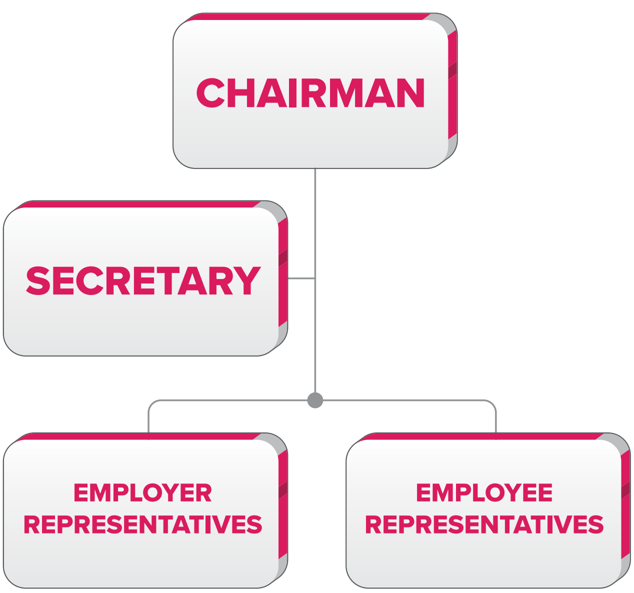
Occupational Health and Safety ("OHS") Management

Scicom is committed to providing a safe and healthy working environment, and we believe this is a responsibility shared by everyone. Although the majority of our employees work in an office environment and face a relatively low risk of occupational health and safety hazards, we do not take any chances but take every effort to carefully manage the personal security of our employees.

Corporate Sustainability Statement

Our health and safety programs are designed to meet regulatory requirements and are the foundation to ensure a safe and healthy work environment for our employees. There were no significant accidents involving fire, property damage or regulatory violations during this reporting period at any of our offices in which we conduct business (FY2018: NIL).

The Group established the OHS Committee, chaired by the Chief Financial Officer, in February 2017 to monitor and review safety and health measures, reporting requirements, and best practices in OHS for all our offices and business locations. During the financial year, the meetings were held bi-annually, where the Committee met to discuss the safety briefing, actions taken and to follow-up on the previous meeting minutes. Illustrated below is our Safety and Health Committee Organisation Chart.



Diversity and Equal Opportunities

At Scicom, we recognise our employees as valuable company assets and important contributors to the company's sustainability. Therefore, we take special care to ensure their talents are developed to their best potential in a working environment which allows them to shine. We believe that we must take action to care for our employees and ensure they have a sense of belonging.

We have launched many diversity initiatives focusing on the skill sets, experience and background of our employees, regardless of race, colour, religion, gender, nationality, disability status, or any other characteristic protected by human resource and human rights regulations.

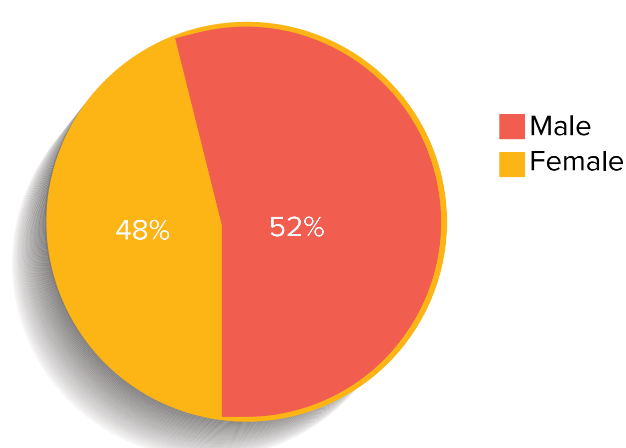
Employment opportunities in Scicom are equal for all applicants with due regard to the diversity of skills, experience, age, ethnicity, and gender in the workplace. We believe innovative services are achieved through interaction of differences, and the sharing of ideas and knowledge with people of different cultures and background. We encourage participation from our employees. They are encouraged to contribute and provide input on how our business can be better managed via a suggestion box for sharing their constructive ideas.

During FY2019, our employee profiles by gender, age and ethnicity are as follows:

GENDER PROFILE

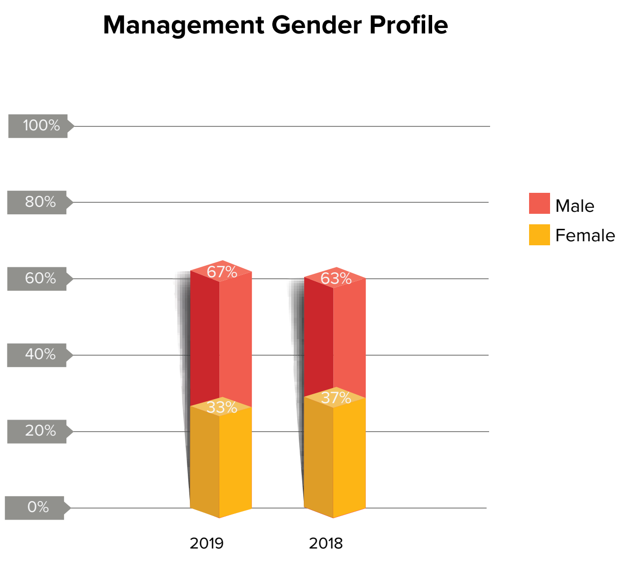
As at FY2019, Scicom reported a total workforce of approximately 2,368 (FY2018: 2,035) employees which included both full time and contractual employees. The success of sustainability and gender equity are intertwined. At Scicom, we want all women and men to have same rights and benefits, as well as equal opportunities for development and career progression to leadership positions. Our overall gender split was 48% women and 52% men.

Employee Gender Profile

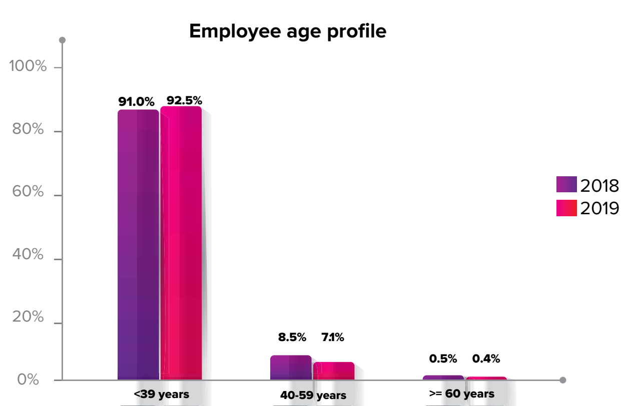


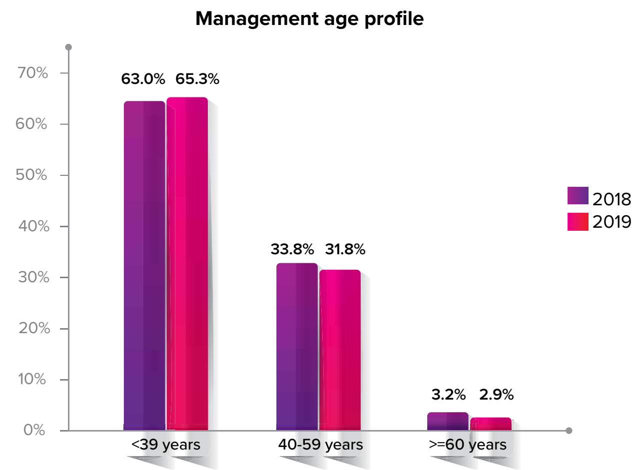
Corporate Sustainability Statement

We are committed to encourage women to take up leadership roles and enhance performance. 33% of management were women in FY2019 (FY2018: 37%)

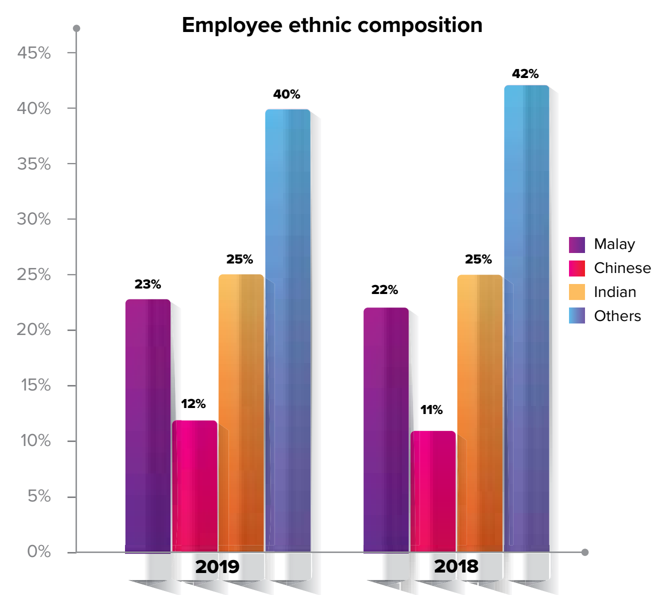


Approximately 92.5% of our workforce comprises young people below the age of 39. These young employees are dynamic and focused on achieving their dreams while 7% of our workforce were between 40 to 59 years of age. The remaining 0.5% of the workforce is represented by our experienced employees aged 59 years and above, with their roles centering around providing guidance, direction and mentorship to our young employees. The following chart shows the number of employees by age category:





In Scicom, the management team aged 39 years and below makes up of 65% of the workforce distribution, followed by 32% making up members between 40 to 59 years of age, while the remaining 3% are employees aged above 59.



Training and Education

Scicom is firmly committed to developing staff to their full potential. We believe that knowledge and skills are absolutely necessary and essential to building sustainable growth and stronger communities, thereby achieving the Group's ultimate objectives.

Corporate Sustainability Statement

During FY2019, we focused on providing four (4) types of trainings to our employees, and recorded a total of 56,287 (FY2018: 41,986) training hours across 3,916 training sessions for employees (FY2018: 3,505). We list below the types and frequencies of training programmes that were carried out in FY2019 and FY2018.

Training Type	FY2019		FY2018	
	Number of sessions	Total Training hours	Number of sessions	Total Training hours
Internal	3,871	56,061	3,502	41,962
External	45	226	3	24
Total	3,916	56,287	3,505	41,986

Training Type	FY2019		FY2018	
	Number of sessions	Total Training Hours	Number of sessions	Total Training Hours
Product & quality training	550	980	1,114	6,732
Professional & Personal Development	1,902	22,594	1,085	15,048
Organizational	1,429	32,643	1,306	20,206
Safety	35	70	-	-
Total	3,916	56,287	3,505	41,986

Relevant personnel are nominated by the individual business department Heads who then work with the HR department to attend periodic internal and external training programmes. Internal trainings involving respective clients' product and soft skills training were organised with the help of our subsidiary company, Scicom (Academy) Sdn Bhd, which focuses in providing customer service training programs as well as contact centre consulting and marketing services. All external trainings were conducted by outsourced consultants.

All new employees have to undergo a full-day induction programme upon reporting to work on the first day. It is a form of introducing the new employees to their new place of work. The induction programme also includes the safety training features that require the new employees' attention especially while at work. In addition to safety issues, this induction programme also includes general Scicom policies to be complied with.

Employees' benefit

Focusing on building a sustainable workforce is a core objective for Scicom to produce results successfully. We believe in creating a sustainable workforce in the workplace by uniting our employees to create a better work culture and work-life balance. We are committed to providing a conducive working environment for our employees to manage our attrition rate. We strive to strike a balance between cost-efficiency and providing benefits to employees.

As an example, our employees were provided with cash incentives throughout the year to encourage towards opportunities for interaction and affinity amongst employees. In this manner, the total amount spent on staff welfare for FY2019 was RM196,000 (FY2018:RM198,000).

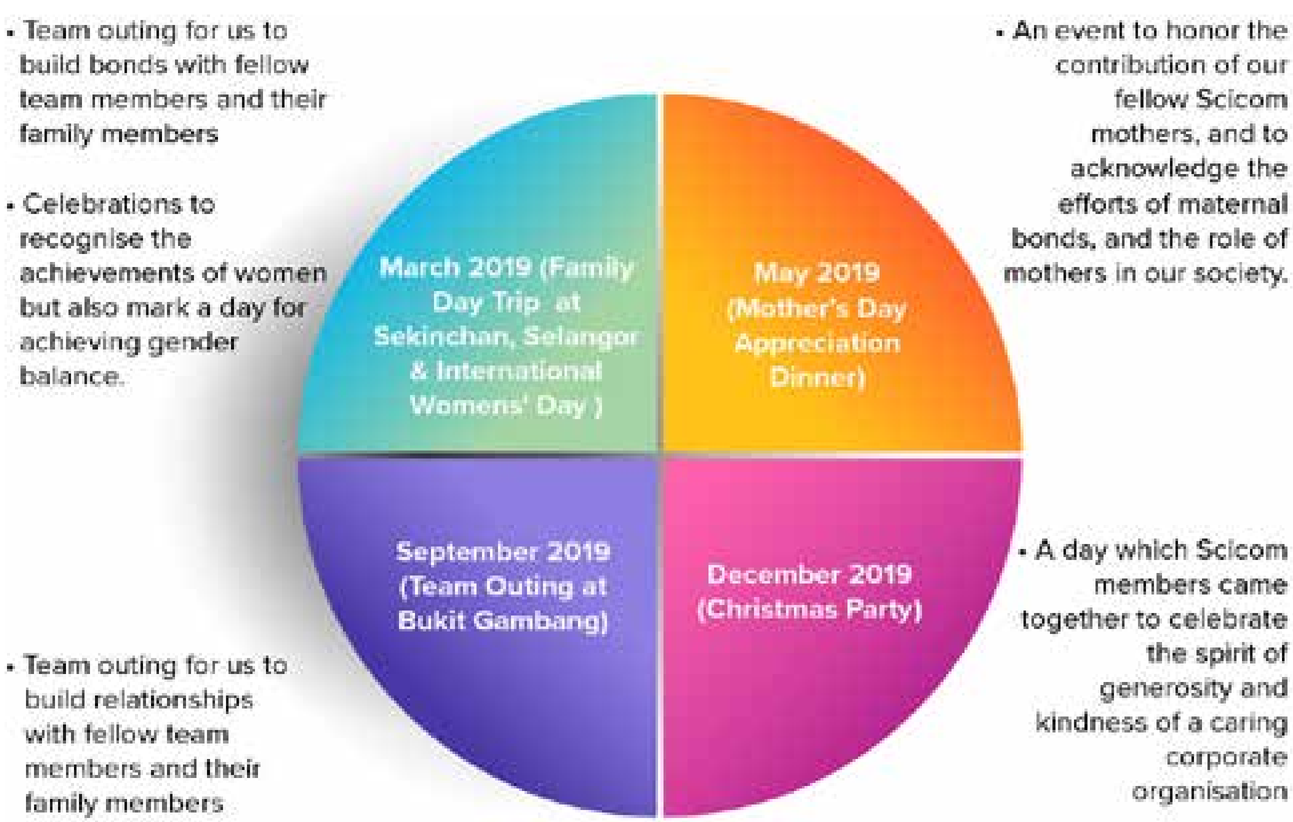
Corporate Sustainability Statement

Scicom provides comprehensive insurance coverage for all staff. The total amount spent on medical and personal/accident insurance premiums by The Group for FY2019 was approximately RM3.09 million (FY2018:RM2.713 million)

Community Engagement and Development

To support non-profitable organisations, donations were made to The Society for the Prevention of Cruelty To Animals ("SPCA Selangor").

Scicom consistently supports global celebrations such as International Women's Day and Mothers' Day. During FY2019, we held team outings which helped to solidify bonds between colleagues, as well as to give employees the opportunity to communicate and collaborate outside the workplace. A summary of the employees' social activities conducted during FY2019 are listed below.



YEAR IN REVIEW

Corporate Governance Overview Statement

The Board of Directors ("Board") of Scicom (MSC) Berhad ("Scicom" or the "Company") recognises the importance of maintaining corporate governance best practices and continues to be committed to ensuring that a high standard of corporate governance is practised throughout Scicom and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding 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 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 share the manner in which the three (3) principles and practices of the Malaysian Code on Corporate Governance ("MCCG") have been applied within the Company throughout the financial year ended 30 June 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.

Corporate Governance Overview Statement

2. Board Composition and Balance

The Board currently has eight (8) members comprising:

- Two (2) Non-Independent Non-Executive Directors;
- One (1) Non-Independent Executive Director; and
- Five (5) Independent Non-Executive Directors.

This is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") 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 21 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 sitting on the Board, reflecting a 25% female representation 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.

The Independent Non-Executive Directors provide 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").

Corporate Governance Overview Statement

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 an 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. Whilst the objective of the LOA is to empower Management, the key principle adhered to the formulation of the LOA is to ensure that a system of internal controls and checks and balances are incorporated therein.

The LOA is implemented in accordance with the Group's policies and procedures and in compliance with the statutory and regulatory requirements. The LOA is periodically reviewed and updated to ensure relevance to the Group's operations.

Corporate Governance Overview Statement

4. Board Meetings

The Board meets at least quarterly to, inter alia, approve the quarterly announcements to Bursa Malaysia Securities Berhad ("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.

During the current financial year, five (5) Board meetings were held. The Directors attendance for the Board meetings held during the financial year was as follows:

1. Mr Krishnan Menon – 5/5 (Chairman)
2. Dato' Mohd Salleh Bin HJ Harun – 5/5
3. Dato' Sri Leo Suresh Ariyanayakam – 5/5
4. Dato' Nicholas John Lough @ Sharif Lough bin Abdullah – 5/5
5. Ms Karen Judith Goonting – 3/5
6. Puan Mahani Binti Amat – 5/5
7. Encik Mohd Rashid Bin Mohd Yusof – 5/5
8. Datuk Joseph Dominic Silva – 4/5

All the Directors complied with the attendance requirement in respect of Board meetings held during the financial year ended 30 June 2019 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

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 meeting 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 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.

●●● Corporate Governance Overview Statement

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.

At the forthcoming AGM, Dato' Mohd Salleh Bin HJ Harun, Karen Judith Goonting and Mahani Binti Amat are due to retire pursuant to Article 84 of the Articles of Association of the Company. All the three Directors have offered themselves for re-election at the forthcoming AGM.

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	1. Petronas Board Excellence: Roundtable Programme (Organized by Group Secretarial & Board Governance ("GSBG") and in collaboration with PETRONAS Leadership Centre ("PLC") and Institute of Corporate Directors Malaysia ("ICDM")) • Module 1: Disruptive Technology – Cybersecurity • Module 2: Organisation's Sustainability 2. Petronas Board of Directors Advance 1: Best Practices for Board Excellence – Context Setting (Organized by PETRONAS Leadership Centre) 3. Petronas BAC – Malaysian Financial Reporting Standards ("MFRS") training 4. Preparation for Corporate Liability on Corruption: "How Ready Is Your Company To Safeguard Your Directors, Top Management and Personnel Against A Corruption Prosecution?"
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	1. Independent Directors' Programme: The Essence of Independence 2. BNM-FIDE FORUM Masterclass on Cybersecurity: Unseen Threats by Jamie Woodruff 3. CG Watch: How Does Malaysia Rank? 4. FIDE Elective Programme – Understanding the Evolving Cybersecurity Landscape 5. PowerTalk on Revisiting the Misconception of Board Remuneration 6. Focus Group Discussion (in preparation for the 6th BNM-FIDE FORUM Annual Dialogue with the Senior Management of BNM) 7. Breakfast Series – "Non-Financials: Does It Matter?" 8. BNM-FIDE Forum Board Conversation 9. Malaysian Anti-Money Laundering, Anti-terrorism Financing & Proceeds of Unlawful Activities Act 2001 10. Anti-Corruption Summit 2018 11. ICLIF – Credit Risk Management – Banking Sector 12. FIDE Forum – IBM THINK Malaysia 13. Anti-Money Laundering/Counter Financing of Terrorism – Banking Sector 14. 1st PIDM-FIDE Forum Annual Dialogue – Up Close with the CEO of PIDM

Corporate Governance Overview Statement

Name of Director	Training/Conference Attended
Mahani Binti Amat	1. Unisem Group Mid-Year Sales Meeting including new products and technology update 2. ICLIF/Bursa Independent Directors Programme: The Essence of Independence
Mohd Rashid Bin Mohd Yusof	1. Credit and Risk Management in Banking, by Icliff Leadership and Governance Centre 2. Tax and Business Summit, by KPMG 3. Islamic Finance for Directors, by International Shariah Research Academy 4. Risk Management in Technology Policy, by FIDE (Financial Institutions Directors Education) 5. Audit Committee Conference 2019, by Malaysian Institute of Accountants 6. PNB Leadership Forum, by Permodalan Nasional Berhad
Dato' Sri Leo Suresh Ariyanayakam	1. Robotic Process Re-engineering by Automation Anywhere 2. Trends In Transport Identity System by Tonnjes
Datuk Joseph Dominic Silva	1. Digitizing your organization by MIDF Berhad 2. Green Financing symposium by MIDF Berhad 3. Shariah Finance dialogue and takeaways from Legal cases in Islamic Finance by MIDF Berhad 4. Creating a digital bank by PWC and MIDF Berhad 5. Securities Commission Malaysia - World Bank - IOSCO - Asia Pacific Hub Conference 2019

Corporate Governance Overview Statement

8. Board Committees

In order to enhance the Board's effectiveness as well as to comply with certain fiduciary duties, the Board has established the following committees, which operate within clearly defined Terms of Reference:

- **Audit and Risk Management Committee**

The Terms of Reference of the Audit and Risk Management Committee ("ARMC") is accessible at the Company's website at www.scicom-intl.com and summary of activities are contained in the ARMC Report as set out on pages 80 to 85 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 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:

1. Karen Judith Goonting - Independent Non-Executive Director (Chairperson)
2. Dato' Mohd Salleh Bin HJ Harun – Non -Independent Non-Executive Director
3. Mahani Binti Amat - 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. All the members attended the meeting during the financial year.

The Executive Director does not participate in any way in determining his own remuneration package. 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 bonus and increment for the financial year.

The summary of activities undertaken by the NRC during the financial year are:

- Reviewed and recommended SMT's remuneration and benefits for the financial year ended 30 June 2019;
- Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors for the financial year ended 30 June 2019;
- Reviewed the effectiveness of the Board, Board Committees and individual Directors and make appropriate recommendation to the Board; and
- Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution.

9. Board Members Appointment Process

The NRC considers and recommends new appointments 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.

Corporate Governance Overview Statement

10. 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. The Board is nevertheless committed to maintain the current level of female representation.

11. 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 an Independent 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 2019, the effectiveness evaluation was conducted on the Board, Board Committees and individual Directors. The review was based on a Board evaluation process that had been established with the assistance of the Company Secretary in order to determine the effectiveness of the Board as a whole, its committees and the contributing performance of each individual director.

The results of the evaluation were summarised by the Company Secretary and discussed by the NRC which were then reported to the Board. The Board reviewed the results of the evaluation and is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

Corporate Governance Overview Statement

12. Directors' Remuneration

The Board has in place policies and procedures to determine the remuneration of Directors taking into account the need for the Group to attract and retain the right talent with the necessary skills and experience required by the Board to function effectively.

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 comprising remuneration received/receivable only from the Company for the financial year ended 30 June 2019, distinguishing between the Executive and Non-Executive Directors is as shown below:

Range of Remuneration	Executive	Non-Executive	Total
RM50,000 to RM100,000	-	7	7
RM1,100,000 to RM1,150,000	1	-	1
Total	**1**	**7**	**8**

The amount of remuneration received by each Director of the Company comprising remuneration received/ receivable only from during the financial year was as follows:

Name of Director	Board/ Director's Fee RM	Audit & Risk Management Committee Meeting Allowance RM	Nomination & Remuneration Committee Meeting Allowance RM	Total RM
Non-Executive Directors				
Krishnan Menon	90,000	-	-	90,000
Dato' Mohd Salleh Bin HJ Harun	60,000	5,000	5,000	70,000
Karen Goonting	60,000	-	10,000	70,000
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	60,000	10,000	-	70,000
Mahani Binti Amat	60,000	-	5,000	65,000
Mohd Rashid Bin Mohd Yusof	60,000	5,000	-	65,000
Datuk Joseph Dominic Silva	60,000	5,000	-	65,000
Total	**450,000**	**25,000**	**20,000**	**495,000**

Salary and Benefits of Executive Director

Description	RM
Salary and Bonus	954,432
Benefits in kind	168,320
Total	**1,122,752**

13. 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 which is published on the Group's website at www.scicom-intl.com.

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 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 at every Board meeting for review and ascertain further action(s) as appropriate.

14. Employees Code of Conduct

The Group's Employee Engagement Team conducts regular engagement, dialogue and training programs to inculcate the core values as the Corporate Culture of the Group.

All employees are required to read, understand and abide by the Code and the Code will be reviewed from time to time by the Board. The Code describes measures put in place to handle issues relating to:

- Conflicts of interest;
- Corrupt practices which include the offering and acceptance of gifts and/or other forms of benefits;
- Unlawful and unethical behaviour;
- Protection and proper use of company assets; and
- Compliance with laws, rules and regulations.

15. 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's performance and prospects in its quarterly announcements, annual reports and other public reports to the shareholders. The Board retains the responsibility for the preparation of the Group's and 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 MASB approved accounting standards in Malaysia for Entities Other Than Private Entities, as well as the rules and regulations under the said Act. In order to properly achieve this, the ARMC assists the Board in over-seeing the Group's financial reporting process and the quality of its financial reporting.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016, in relation to the preparation of the financial statements is set out on page 171 of the Annual Report.

Corporate Governance Overview Statement

2. 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 72 to 79 of the Annual Report.

3. 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 ARMC has appointed an Outsourced Professional Internal Audit firm. The Internal Audit firm conducts regular reviews on the Business Unit operations based on an annually approved Internal Audit Plan. Ad-hoc audits are also commissioned by the ARMC as and when necessary.

The objective of the Internal Audit function is to provide a disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes and serves as source of independent advice to the ARMC on the state of the internal controls and the results of the risk mitigating strategies and to recommend appropriate improvements.

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 Director wishes 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 178 of the Annual Report.

Other facets of the relationship between the ARMC and both the internal and external auditors are elaborated in the ARMC Report as set out on pages 80 to 85 of the Annual Report.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board acknowledges the importance of on-going engagement and communication with stakeholders and ensures that communication is timely, regular, transparent and effective.

The Group has established a dedicated section for Investor Information on the Group's website at www.scicom-intl.com where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels:

- Various disclosures and announcements to Bursa Securities including quarterly results;
- Press releases and announcements to Bursa Securities and to the media;
- Publication of the Group's Annual Report; and
- Annual General Meetings.

Annual Report

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 corporate governance and regulatory requirements.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of the legal and regulatory frameworks governing the release of material and price sensitive information.

The notice of the AGM together with the Annual Report are sent to every shareholder at least 21 days before the meeting. An online version of the Annual Report is also available on the Group's corporate website.

2. 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.

3. 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 address issues that the institutional investors and analysts may have with respect to the business or operations of the Group.

Corporate Governance Overview Statement

4. 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 the MMLR 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.

5. Annual General Meeting & Communication with Stakeholders

The Annual General Meeting ("AGM") is the principal forum for dialogue and communication, and 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 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 performance. The Chairman will also invite shareholders to raise questions pertaining to the audited financial statements and other items for adoption at the meeting before putting the resolution to vote.

The AGM and general meetings serve as principal forums for our shareholders to engage directly with the Board and SMT. As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements.

Focus Areas and Future Priorities

The Board understands that succession planning is important for the continuity of the Group's business operations, hence, formulating a succession planning framework for its Board and Key Senior Management is critical. The Board would ensure that the succession planning aligns with the human resource policies and strategies of the Company and only high calibre personnel with the relevant skills and experience are appointed to the Board and management position of the Company.

This Statement is made in accordance with the Board's approval at its meeting held on 28 August 2019.

YEAR IN REVIEW

Statement On Risk Management And Internal Control

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 2019.

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 entities have 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 risk management and internal control will continue to be enhanced to suit the needs and requirements of the expanding Group.

Statement On Risk Management And Internal Control

RISK MANAGEMENT

The Board is fully cognizant of the importance to establish and maintain 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.

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.

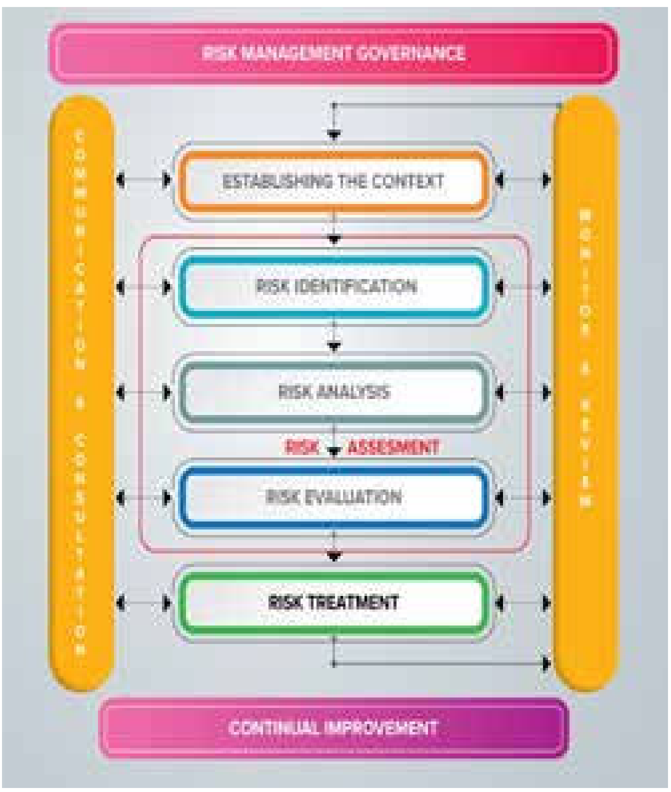
The Risk Officer works closely with the SMT in the implementation of the risk management policy and procedures as well as in the process of identification, evaluation, implementation and monitoring of action plans to mitigate risks identified. Periodic reviews are conducted by the Risk Officer to ensure 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.

Statement On Risk Management And Internal Control

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.

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 a 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. As part of its terms of reference, the ARMC also 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.

Statement On Risk Management And Internal Control

The details of activities carried out by the ARMC are set out in the Audit and Risk Management Committee Report on pages 80 to 85.

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 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.

Statement On Risk Management And Internal Control

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 behaviour by all employees and to avoid conflict of interest situation in any ongoing or potential business dealings with various suppliers and service providers.

Information Security Management

Confidentiality, integrity and availability of information are crucial at various extents to the day-to-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, putting 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.

Statement On Risk Management And Internal Control

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, ISO 27001 on Information Security Management System and Service Capability and Performance ("SCP") Standards certification or accreditation status.

Statutory Audit

As part of the annual statutory audit of the Group, the external auditors are required, under International Standards on Auditing, to obtain an understanding of the accounting and internal control systems sufficient to plan their audit and develop an effective audit approach. In doing so, the external auditors may carry out a review of certain internal control systems that are significant to the Group, and may identify any internal control deficiencies, together with their respective recommendations for improvement, if any. These 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 2019. The limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 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 Board's approval at its meeting held on 28 August 2019.

YEAR IN REVIEW

Audit And Risk Management Committee Report

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 2019.

A. COMPOSITION AND MEETINGS

(i) General

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

1. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
   Chairman/ Independent Non-Executive Director
2. Dato' Mohd Salleh Bin HJ Harun
   Non - Independent Non-Executive Director
3. Mohd. Rashid Bin Mohd Yusof
   Independent Non-Executive Director
4. Datuk Joseph Dominic Silva
   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 attendance of members is as follows:

1. Dato' Nicholas John Lough @ Sharif Lough bin Abdullah – 4/4
2. Dato' Mohd Salleh Bin HJ Harun – 4/4
3. Encik Mohd Rashid Bin Mohd Yusof – 4/4
4. Datuk Joseph Dominic Silva – 4/4

The Company Secretary acts as the Secretary in all the Committee's meetings. The external auditors attended two (2) out of the four (4) meetings. Two separate private sessions were conducted without the Management's presence on 27 August 2018 and 23 May 2019.

A brief profile of the individual Committee members is included in the Board of Directors – Profiles as set out on pages 16 to 21.

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:

(ii) Composition

The Committee members shall be appointed by the Board from amongst their members and shall consist of at least three (3) 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 ("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.

(iii) 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.

Audit And Risk Management Committee Report

(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 upon confirmation by the Committee.

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.

(iv) 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.

Audit And Risk Management Committee Report

(v) Duties and Responsibilities

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

- **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.

- **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.

Audit And Risk Management Committee Report

B. SUMMARY OF ACTIVITIES

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

(i) 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 organisational 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 CEO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

(ii) 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 the scope, functions, resources and competencies of the 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.

(iii) External Audit

- Reviewed the external auditor's terms of engagement, proposed remuneration and the audit plan for the financial year covering audit scope, independence, audit focus areas and audit timetable to ensure that their scope of work adequately covers the activities of the Group, before recommending the same to the Board for approval.

Audit And Risk Management Committee Report

- Reviewed audit report presented and discussed with External Auditors on the Audited Financial Statements for the financial year ended 30 June 2019, 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 issues encountered during the course of audit and significant matters related to audit plan and strategy.
- 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 suitability of the External Auditors taking into consideration amongst others, their competency, audit quality, adequacy of resources, communication and interaction and made recommendations to the Board of Directors on their re-appointment and remuneration.

Description	Amount (in RM)
Statutory audit fees	234,000
Non-audit fees	71,768
% of non-audit fees, over statutory audit fees	30.67%

(iv) 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.

(v) Related Party Transactions

- 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.
- 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.

(vi) Others

- Reviewed the Statement on Risk Management and Internal Control, the Corporate Governance Overview Statement and the Audit and Risk Management Committee Report and recommended to the Board for approval prior to their inclusion in the annual report.

C. INTERNAL AUDIT FUNCTION

The 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 function, which reported directly to Committee, assists 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.

Audit And Risk Management Committee Report

The Group's internal audit function is outsourced to a third party professional firm, 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 FY2018/2019

Prepared and presented the audit plans for FY2018/2019 to the Committee for deliberation and approval. The audit plans were prepared using risk-based approach to ensure that the audit plans are prioritised 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 RM60,000.

This Audit and Risk Management Committee Report is made in accordance with the Board's approval at the Board meeting held on 28 August 2019.

YEAR IN REVIEW

Statement Of Directors' Responsibility

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 2019.

In preparing the financial statements for the financial year ended 30 June 2019, 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 171 of the Audited Financial Statements.

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REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

SCICOM (MSC) BERHAD
(Incorporated in Malaysia)

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DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019.

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
Net profit for the financial year attributable to:		
- Owners of the Company	20,210,513	19,415,018
- Non-controlling interest	(186,716)	-
Net profit for the financial year	20,023,797	19,415,018

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2018 were as follows:

		RM
(a)	In respect of the financial year ended 30 June 2018, a fourth interim dividend of 3 sen, tax exempt, per ordinary share, paid on 28 September 2018	10,663,607
(b)	In respect of the financial year ended 30 June 2019, a first interim dividend of 2 sen, tax exempt, per ordinary share, paid on 21 December 2018	7,109,071
(c)	In respect of the financial year ended 30 June 2019, a second interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 26 March 2019	5,331,803
(d)	In respect of the financial year ended 30 June 2019, a third interim dividend of 1 sen, tax exempt, per ordinary share, paid on 25 June 2019	3,554,536
		26,659,017

On 28 August 2019, the Board of Directors declared a fourth interim dividend of 1 sen, tax exempt, per ordinary share of RM3,554,536 which is to be paid on 30 September 2019.

DIRECTORS' REPORT

(CONTINUED)

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
Karen Judith Goonting
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani Binti Amat
Mohd Rashid Bin Mohd Yusof
Datuk Joseph Dominic Silva

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.

DIRECTORS' REPORT

(CONTINUED)

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 2019 was RM62,312.

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 in the Company			
	At 1 July 2018	Bought	Disposed	At 30 June 2019
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	3,235	-	(2,600)	635
Dato' Mohd Salleh bin Hj. Harun	1,886	-	-	1,886
Dato' Sri Leo Suresh Ariyanayakam	88,566	1,162	-	89,728
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	1,045	-	-	1,045

	Number of ordinary shares in the Company			
	At 1 July 2018	Bought	Disposed	At 30 June 2019
	'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]	1,063	-	-	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.

DIRECTORS' REPORT

(CONTINUED)

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) 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.

(d) 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.

(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 of the Group and the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

   (i) the results of the operations of the Group and the Company 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 and the Company for the financial year in which this report is made.

DIRECTORS' REPORT

(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 PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 28 August 2019. Signed on behalf of the Board of Directors:

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR

KRISHNAN A/L C. K. MENON
DIRECTOR

Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
REVENUE	6	**161,160,327**	165,289,245	**154,358,353**	156,936,956
OTHER OPERATING INCOME	17	**-**	-	**133,749**	-
		161,160,327	165,289,245	**154,492,102**	156,936,956
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(6,289,131)**	(7,854,251)	**(5,049,088)**	(5,982,607)
- Employee benefit costs	7	**(95,126,321)**	(86,555,570)	**(88,367,362)**	(80,974,077)
- Impairment loss		**-**	-	**(1,837,295)**	(1,640,138)
- Maintenance expenses		**(3,309,023)**	(2,874,621)	**(2,373,117)**	(2,369,170)
- Rental expenses	8	**(10,681,327)**	(10,686,968)	**(8,393,230)**	(8,609,545)
- Telecommunication and utilities expenses		**(4,486,493)**	(4,398,875)	**(3,928,947)**	(3,913,660)
- Travelling expenses		**(1,278,060)**	(1,124,897)	**(1,146,770)**	(989,618)
- Marketing expenses		**(6,532,121)**	(7,887,347)	**(6,515,054)**	(7,886,795)
- Other operating expenses		**(7,264,174)**	(7,878,097)	**(10,567,002)**	(8,978,625)
		(134,966,650)	(129,260,626)	**(128,177,865)**	(121,344,235)
PROFIT FROM OPERATIONS		**26,193,677**	36,028,619	**26,314,237**	35,592,721
FINANCE INCOME	9	**871,145**	994,456	**831,404**	980,126
SHARE OF (LOSS)/PROFIT OF THE JOINT VENTURE	17	**(2,501)**	5,143	**-**	-
PROFIT BEFORE TAXATION	10	**27,062,321**	37,028,218	**27,145,641**	36,572,847
TAXATION	11	**(7,038,524)**	(5,112,545)	**(7,730,623)**	(5,110,690)
NET PROFIT FOR THE FINANCIAL YEAR		**20,023,797**	31,915,673	**19,415,018**	31,462,157

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
OTHER COMPREHENSIVE LOSS					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(725,659)**	(567,600)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**19,298,138**	31,348,073	**19,415,018**	31,462,157
NET PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**20,210,513**	32,219,597	**19,415,018**	31,462,157
- Non-controlling interest		**(186,716)**	(303,924)	**-**	-
		20,023,797	31,915,673	**19,415,018**	31,462,157
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**19,484,854**	31,651,997	**19,415,018**	31,462,157
- Non-controlling interest		**(186,716)**	(303,924)	**-**	-
		19,298,138	31,348,073	**19,415,018**	31,462,157
Earnings per share:					
- Basic/Diluted (sen)	12	**5.69**	9.06		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 103 to 170.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		RM	RM	**RM**	RM
NON-CURRENT ASSETS					
Plant and equipment	14	**8,491,792**	10,742,628	**6,670,666**	8,260,317
Software licences	15	**9,283,290**	7,301,940	**6,082,474**	5,560,836
Interests in subsidiaries	16	**-**	-	**14**	-
Investment in joint venture	17	**-**	140,022	**-**	1
Deferred tax assets	24	**700,000**	-	**-**	-
		18,475,082	18,184,590	**12,753,154**	13,821,154
CURRENT ASSETS					
Trade receivables	18	**44,178,593**	38,178,154	**41,960,362**	36,405,322
Other receivables	19	**7,884,898**	8,181,121	**6,042,333**	5,666,654
Amounts due from subsidiaries	20	**-**	-	**2,440**	-
Tax recoverable		**195,518**	201,821	**-**	-
Investments in cash funds	21	**14,969,400**	13,485,070	**14,969,400**	13,485,070
Cash and bank balances	22	**25,536,264**	38,787,217	**23,430,283**	35,014,772
		92,764,673	98,833,383	**86,404,818**	90,571,818
LESS: CURRENT LIABILITIES					
Trade and other payables	23	**12,449,457**	11,398,735	**10,767,781**	9,592,734
Tax liabilities		**1,447,535**	734,134	**1,447,535**	733,755
Amounts due to a subsidiary		**-**	**-**	**301,442**	-
		13,896,992	12,132,869	**12,516,758**	10,326,489
NET CURRENT ASSETS		**78,867,681**	86,700,514	**73,888,060**	80,245,329
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	24	**66,089**	247,551	**34,747**	216,017
		66,089	247,551	**34,747**	216,017
NET ASSETS		**97,276,674**	104,637,553	**86,606,467**	93,850,466

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019 (CONTINUED)

	Note	Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	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	**(3,388,950)**	(2,663,291)	**-**	-
Retained earnings	26	**66,730,480**	73,178,984	**51,061,111**	58,305,110
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**98,886,886**	106,061,049	**86,606,467**	93,850,466
NON-CONTROLLING INTEREST		**(1,610,212)**	(1,423,496)	**-**	-
TOTAL EQUITY		**97,276,674**	104,637,553	**86,606,467**	93,850,466

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 103 to 170.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		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 2018		355,453,560	35,545,356	(2,663,291)	73,178,984	(1,423,496)	104,637,553
Currency translation difference		-	-	(725,659)	-	-	(725,659)
Net profit for the financial year		-	-	-	20,210,513	(186,716)	20,023,797
Total comprehensive income for the financial year		-	-	*(725,659)*	*20,210,513*	*(186,716)*	*19,298,138*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2018	13	-	-	-	(10,663,607)	-	(10,663,607)
- 30 June 2019	13	-	-	-	(15,995,410)	-	(15,995,410)
Total transactions with owners recognised directly in equity		-	-	-	*(26,659,017)*	-	*(26,659,017)*
Balance as at 30 June 2019		355,453,560	35,545,356	(3,388,950)	66,730,480	(1,610,212)	97,276,674

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

		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 2017		355,453,560	35,545,356	(2,095,691)	72,950,207	(1,119,572)	105,280,300
Currency translation difference		-	-	(567,600)	-	-	(567,600)
Net profit for the financial year		-	-	-	32,219,597	(303,924)	31,915,673
Total comprehensive income for the financial year		-	-	*(567,600)*	*32,219,597*	*(303,924)*	*31,348,073*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2017	13	-	-	-	(10,663,607)	-	(10,663,607)
- 30 June 2018	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 2018		355,453,560	35,545,356	(2,663,291)	73,178,984	(1,423,496)	104,637,553

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

		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 2018		355,453,560	35,545,356	58,305,110	93,850,466
Net profit for the financial year		-	-	19,415,018	19,415,018
Total comprehensive income for the financial year		-	-	*19,415,018*	*19,415,018*
Transactions with owners:					
Dividends for financial year ended:					
- 30 June 2018	13	-	-	(10,663,607)	(10,663,607)
- 30 June 2019	13	-	-	(15,995,410)	(15,995,410)
Total transactions with owners recognised directly in equity		-	-	*(26,659,017)*	*(26,659,017)*
Balance as at 30 June 2019		355,453,560	35,535,356	51,061,111	86,606,467

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

		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 2017		355,453,560	35,545,356	58,833,773	94,379,129
Net profit for the financial year		-	-	31,462,157	31,462,157
Total comprehensive income for the financial year		-	-	*31,462,157*	*31,462,157*
Transactions with owners:					
Dividends for financial year ended:					
- 30 June 2017	13	-	-	(10,663,607)	(10,663,607)
- 30 June 2018	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 2018		355,453,560	35,545,356	58,305,110	93,850,466

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 103 to 170.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**20,023,797**	31,915,673	**19,415,018**	31,462,157
Adjustments for:				
(Write back of impairment)/Impairment loss:				
- investment in subsidiaries	**-**	-	**2,388,115**	615,263
- amounts due from subsidiaries	**-**	-	**(550,820)**	1,024,875
Amortisation of software licences	**1,788,837**	1,729,469	**1,439,504**	1,358,960
Bad debts written off	**305,513**	367,698	**305,513**	367,698
Depreciation of plant and equipment	**4,500,294**	6,124,782	**3,609,584**	4,623,647
Loss on disposal of plant and equipment	**1,214**	1,417	**1,214**	1,417
Plant and equipment written off	**-**	402	**-**	402
Dividend income	**-**	-	**(133,749)**	-
Finance income	**(871,145)**	(994,456)	**(831,404)**	(980,126)
Share of loss/(profit) of the joint venture	**2,501**	(5,143)	**-**	-
Unrealised foreign exchange loss/(gain)	**736,983**	1,178,151	**734,140**	1,518,342
Gain on acquisition of a subsidiary	**3,770**	-	**-**	-
Taxation	**7,038,524**	5,112,545	**7,730,623**	5,110,690
Operating profit before changes in working capital	**33,530,288**	45,430,538	**34,107,738**	45,103,325
Changes in working capital:				
Trade and other receivables	**(6,009,729)**	12,041,407	**(6,236,232)**	11,274,044
Trade and other payables	**1,050,722**	2,317,134	**1,175,047**	1,275,114
Intercompany balances	**-**	-	**2,905,548**	1,607,076
Cash generated from operating activities	**28,571,281**	59,789,079	**31,952,101**	59,259,559
Interest received	**871,145**	994,456	**831,404**	980,126
Net tax paid	**(7,202,632)**	(4,741,244)	**(7,198,113)**	(4,919,862)
Net cash generated from operating activities	**22,239,794**	56,042,291	**25,585,392**	55,319,823

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Distribution received from joint venture		**133,749**	-	**133,749**	-
Proceeds from disposal of plant and equipment		**3,859**	14,762	**3,858**	14,762
Purchase of software licences	15	**(3,875,252)**	(4,642,622)	**(1,961,142)**	(2,914,466)
Purchase of plant and equipment	14	**(2,472,332)**	(2,905,660)	**(2,025,006)**	(2,260,225)
Advances to subsidiaries		**-**	-	**(5,339,719)**	(7,085,633)
Repayment of advances to subsidiaries		**-**	-	**-**	3,484,179
Repayment of advances by subsidiaries		**-**	-	**915,544**	-
Subscription of shares in subsidiaries		**-**	-	**(13)**	-
Increase in investments in cash funds		**(1,484,330)**	(5,422,533)	**(1,484,330)**	(5,422,533)
(Increase)/Decrease in fixed deposits with maturity of more than 3 months		**(4,000,000)**	5,000,000	**(3,000,000)**	5,000,000
Net cash used in investing activities		**(11,694,306)**	(7,956,053)	**(12,757,059)**	(9,183,916)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends		**(26,659,017)**	(31,990,820)	**(26,659,017)**	(31,990,820)
Net cash used in financing activities		**(26,659,017)**	(31,990,820)	**(26,659,017)**	(31,990,820)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(16,113,529)**	16,095,418	**(13,830,684)**	14,145,087
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**(1,137,424)**	(1,373,823)	**(753,805)**	(1,296,059)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**35,787,217**	21,065,622	**32,014,772**	19,165,744
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22	**18,536,264**	35,787,217	**17,430,283**	32,014,772
Deposits with maturity of more than 3 months		**7,000,000**	3,000,000	**6,000,000**	3,000,000
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR		**25,536,264**	38,787,217	**23,430,283**	35,014,772

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 103 to 170.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company has applied the following standards and amendments for the first time for the financial year beginning on 1 July 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'

<u>MFRS 9: Comparative information not restated</u>

The Group and the Company has applied MFRS 9 retrospectively with the date of initial application of 1 July 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for 2018 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018.

The adoption of MFRS 9 resulted in changes in accounting policies. The main changes are as follows:

(i) Classification and measurement of financial assets

Until 30 June 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ('FVTPL'), loans and receivables, and available-for-sale ('AFS') financial assets. Note 3(f) set out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 July 2018, the Group and the Company apply the following MFRS 9's classification approach to all types of financial assets, including those that contain embedded derivative features:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ('FVOCI') or through profit or loss ('FVTPL').

- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Group and the Company has made an irrevocable choice to present changes in fair value in other comprehensive income ('OCI') for investments that are not held for trading.

The new accounting policies for classification and measurement of financial instruments under MFRS 9 are set out in Note 3(f).

(ii) Impairment

Until 30 June 2018, the Group and the Company assessed the impairment of loan and receivables and AFS financial assets based on the incurred impairment loss model. Note 3(f) set out the details of accounting policies for impairment of financial assets under MFRS 139.

From 1 July 2018, the Group and the Company apply the expected credit loss ('ECL') model to determine impairment on investment in debt instruments that are measured at amortised cost and at FVOCI and financial guarantee contracts. The new accounting policies for impairment under MFRS 9 are set out in Note 3(f).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

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

MFRS 9: Comparative information not restated (continued)

(ii) Impairment (continued)

(a) Trade receivables that do not contain significant financing components

For all trade receivables that do not contain significant financing components, the Group and the Company apply the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. The Group and the Company assessed the additional loss allowance on 1 July 2018 to be immaterial.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries that are repayable on demand and interest-free are classified as amortised cost in the Company's financial statements because the Company's business model is to hold and collect the contractual cash flows and those cash flows represent solely payment of principal and interest ('SPPI').

The Company applied the general 3-stage approach when determining ECL for these amounts due to subsidiaries.

Additional loss allowance is recognised on these amounts due to subsidiaries to the extent that the Company could fully recover the outstanding balance.

MFRS 15: Modified retrospective transition method

The Group and the Company has applied MFRS 15 with the date of initial application of 1 July 2018 by using the modified retrospective transition method. Under the modified retrospective transition method, the new policy is applied retrospectively only to contracts that are not completed contracts at the date of initial application and accordingly, the 2018 comparative information is not restated and cumulative effect from initial application are recognised in opening retained earnings. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111. There are no cumulative effects of initial application of MFRS 15 for the Group and the Company.

The Group and the Company conducted the analysis on the different types of existing contracts with customers and there is no significant effect on the Group and the Company's revenue based on current scope, and will have no impact on the cash flows. The detail change in accounting policy on revenue is disclosed in Note 3(q).

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except the following set out below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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.

  The Group and the Company will apply the standard from its mandatory adoption date of 1 July 2019. The Group and the Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group and the Company has assessed that the material impact of MFRS 16 upon adoption date of 1 July 2019 will be in relation to the lease of office building.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

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

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- Amendments to MFRS 119 'Plan amendment, curtailment or settlement' (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(c) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight line basis over its useful life, not exceeding five years.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

Accounting policies applied from 1 July 2018

(i) Classification

From 1 July 2018, the Group and the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments

The Group and the Company currently classifies its debt instrument into the following category:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

(iii) Measurement (continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Subsequent measurement – Impairment

Impairment for debt instruments

The Group and the Company assesses on a forward looking basis the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company has two types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for other receivables

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

(iv) Subsequent measurement – Impairment (continued)

Significant increase in credit risk

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(a) Quantitative criteria:

The Group and the Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 30 days of when they fall due.

(b) Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company considers the following instances:
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

(iv) Subsequent measurement – Impairment (continued)

<u>Groupings of instruments for ECL measured on collective basis</u>

(i) Collective assessment

To measure ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company has therefore concluded that the expected loss rates for trade receiables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade and other receivables which are in default or credit-impaired are assessed individually.

<u>Write-off</u>

(a) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables

The Group and the Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Accounting policies applied until 30 June 2018

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied until 30 June 2018 (continued)

(i) Classification (continued)

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 22).

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 (Note 21).

(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(u)ii).

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied until 30 June 2018 (continued)

(iv) Subsequent measurement - impairment (continued)

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.

<u>Assets classified as available-for-sale</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Accounting policies applied until 30 June 2018 (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 receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

<u>Basic earnings per share</u>

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; and
- 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.

<u>Diluted earnings per share</u>

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 subsequently measured at amortised cost using the effective interest method.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and joint 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition for contracts with customers

The revenue of the Group and the Company is derived from provision of outsourcing services and education.

Outsourcing services

Outsourcing services consist of Business Process Outsourcing ('BPO') services which offers multi-lingual, multichannel customer care, technical support help desk, consultative sales and associated fulfilment.

Revenue is recognised at point of time when the outsourcing services are delivered according to the terms of the respective contracts with customers. Revenue from providing outsourcing services is recognised over the period in which the services are rendered.

For some contracts, the revenue recognised by the Group and the Company is determined based on the fixed-price in the contracts and the number of staff allocated to perform the outsourcing services.

Certain contract include multiple deliverables, such as fulfilment of different outsourcing application services. Therefore, different services are accounted for as a separate performance obligation. In this case, the transaction price will be allocated based on the stand-alone selling price, which is derived based on the fixed-price detailed in the contract.

For fixed-price contracts, the customers pay the fixed amount to the Group and the Company based on a payment schedule. If the outsourcing services rendered by the Group and the Company exceed the payment, a contract asset is recognised. If the payments exceed the outsourcing services rendered, contract liability is recognised.

Education

Education consists of sales of education vouchers and educational and industrial training services primarily focused on customer care in the service industry.

(i) Education vouchers

Revenue from sale of education vouchers is recognised when the control of the vouchers has been transferred, being when the vouchers are transferred to retail customers and there is no unfulfilled obligation that could affect the customer's acceptance of the voucher. Transfer occurs when the risks of obsolescence and loss have been transferred to retail customer, and either the customer has accepted and used the voucher in accordance with the terms and conditions of the sales, the acceptance provision has been lapsed or the Group has objective evidence that all criteria for acceptance has been satisfied.

Revenue is recognised based on the price specified in the contract, net of rebates and agency cost. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the vouchers are sold as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group's obligation to transfer vouchers to retail customers for which the Group has received consideration in advance from customer is presented as contract liability. A contract liability is also recognised for expected volume discounts granted to customer for future purchases.

(ii) Rendering of services

Revenue from educational and industrial training services is recognised over the period from which the services are delivered. For fixed price contracts, revenue recognised by the Group is determined by the education and training services delivered and the number of attendance by customers.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contract balances

(i) Contract assets

A contract asset is recognised when the Group and Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 (Note 2(a)(ii)). Typically, the amount will be billed within 30 days of the provision of outsourcing services or education to customers. The amounts of the outsourcing services and education rendered or sold to customers based on fixed price contract before the bills are issued is recognised as contract asset. Payment is expected within 30 days from the billing date for all trade receivables.

(ii) Contract liabilities

A contract liability represents the obligation of the Group and Company to transfer education or outsourcing services to a customer for which consideration has been received (or the amount is due) from the customers.

No contract liabilities have been recognised in the year.

(s) 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.

(t) 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.

(u) 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.

(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'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (continued)

(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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group and the Company 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 RM2,388,115 (2018: RM615,263) in respect of its interests in subsidiaries as disclosed in Note 16. The recoverable amounts were determined based on value-in-use ('VIU').

The discount rates used reflect specific risks relating to the interests 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% (2018: 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) Capitalisation of internally-generated intangible assets

During the financial year, as disclosed in Note 15, the Group and the Company capitalised RM3,172,779 (2018: RM2,335,102) and RM1,486,451 (2018: RM1,662,784) respectively of software development cost as intangible assets. The total cost capitalised as at 30 June 2019 for the Group and the Company is RM5,507,882 (2018: RM2,352,648) and RM3,149,236 (2018: RM1,680,330) respectively.

The software development costs were capitalised on the basis that there is an active market for the software developed and that the Group and the Company has the intention to complete the development of the software to generate future economic benefit from these software. These key assumptions are based on the Group and the Company's business strategy and expectation of market demands. Critical judgement was also involved in measuring the cost involved in the development of the software and the expected timeline to complete the development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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 sales of education vouchers and 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2019

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	160,642,359	517,968	-	161,160,327
Inter segment revenue	-	4,604,300	(4,604,300)	-
Total revenue	160,642,359	5,122,268	(4,604,300)	161,160,327
Segment results	31,336,528	1,146,280	-	32,482,808
Unallocated income/ other gains				-
Operating profit				32,482,808
Finance income				871,145
Depreciation and amortisation expenses				(6,289,131)
Share of loss of the joint venture (net of tax)				(2,501)
Profit before taxation				27,062,321
Taxation				(7,038,524)
Net profit for the financial year				20,023,797

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2019

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	69,057,207	1,004,662	(228,922)	69,832,947
Unallocated assets:				
- Deferred tax asset				700,000
- Tax recoverable				195,518
- Cash and bank balances				25,536,264
- Investment in cash funds				14,969,400
- Others				5,626
Total assets				111,239,755
Segment liabilities	42,453,179	12,902,036	(42,908,757)	12,446,458
Unallocated liabilities				
- Tax liabilities				1,447,535
- Deferred tax liabilities				66,089
- Others				2,999
Total liabilities				13,963,081

For the financial year ended 30 June 2019

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	6,361,629	3,500	-	6,365,129
Depreciation and amortisation expenses	6,226,843	62,288	-	6,289,131
Significant non-cash expenses:				
- Unrealised foreign exchange (gain)/loss	752,035	-	(15,052)	736,983
- Bad debts	305,513	-	-	305,513
- Impairment loss	1,837,295	-	(1,837,295)	-

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2018

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	165,041,693	247,552	-	165,289,245
Inter segment revenue	-	1,607,076	(1,607,076)	-
Total revenue	165,041,693	1,854,628	(1,607,076)	165,289,245
Segment results	45,764,814	(1,881,944)	-	43,882,870
Unallocated income/ other gains				-
Operating profit				43,882,870
Finance income				994,456
Depreciation and amortisation expenses				(7,854,251)
Share of profit of the joint venture (net of tax)				5,143
Profit before taxation				37,028,218
Taxation				(5,112,545)
Net profit for the financial year				31,915,673

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2018

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	64,072,413	521,730	(195,964)	64,398,179
Unallocated assets:				
- Investment in joint venture				140,022
- Tax recoverable				201,821
- Cash and bank balances				38,787,217
- Investment in cash funds				13,485,070
- Others				5,664
Total assets				117,017,973
Segment liabilities	39,977,163	13,442,268	(42,023,752)	11,395,679
Unallocated liabilities				
- Tax liabilities				734,134
- Deferred tax liabilities				247,551
- Others				3,056
Total liabilities				12,380,420

For the financial year ended 30 June 2018

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	7,375,759	172,523	-	7,548,282
Depreciation and amortisation expenses	7,859,490	42,409	(47,648)	7,854,251
Significant non-cash expenses:				
- Unrealised foreign exchange (gain)/loss	1,419,507	-	(241,356)	1,178,151
- Bad debts	367,698	-	-	367,698
- Impairment loss	1,640,138	-	(1,640,138)	-

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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 **	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Malaysia *	**89,432,768**	94,016,822	**14,079,598**	14,999,542
Philippines	**25,730,379**	37,937,879	**-**	-
China	**16,486,683**	8,758,170	**-**	-
Singapore	**10,409,102**	8,175,826	**-**	-
Sri Lanka	**5,743,034**	5,588,390	**3,695,484**	3,185,048
United States	**5,855,580**	3,094,163	**-**	-
Thailand	**2,980,260**	2,593,683	**-**	-
United Kingdom	**1,383,583**	3,133,067	**-**	-
Others	**3,138,938**	1,991,245	**-**	-
	161,160,327	165,289,245	**17,775,082**	18,184,590

* 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:

	2019		2018	
	%	**RM**	**%**	**RM**
Customer 1	**26**	**42,002,437**	30	49,335,937
Customer 2	**16**	**25,730,379**	22	36,584,350
Customer 3	**11**	**16,926,331**	9	15,505,223
	53	**84,659,147**	61	101,425,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

6 REVENUE

Revenue represents the following types of services rendered:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Outsourcing services	**160,642,359**	165,041,693	**154,358,353**	156,936,956
Education	**517,968**	247,552	**-**	-
	161,160,327	165,289,245	**154,358,353**	156,936,956

The Group and the Company recognises revenue at point in time when performance obligations are satisfied.

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and bonuses	**81,284,013**	74,004,383	**75,755,798**	69,319,794
Defined contribution plans	**7,290,246**	6,523,407	**6,577,474**	5,922,728
Other employee benefits	**4,359,873**	3,612,117	**3,863,973**	3,360,845
Staff welfare	**742,757**	998,731	**720,685**	953,778
	93,676,889	85,138,638	**86,917,930**	79,557,145
Directors' remuneration:				
- Salaries and bonuses	**954,432**	954,432	**954,432**	954,432
- Fees	**495,000**	462,500	**495,000**	462,500
	95,126,321	86,555,570	**88,367,362**	80,974,077

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

7 EMPLOYEE BENEFIT COSTS (CONTINUED)

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

Executive Director

Dato' Sri Leo Suresh Ariyanayakam

Non-executive Directors

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Karen Judith Goonting
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani Binti Amat
Mohd Rashid Bin Mohd Yusof
Datuk Joseph Dominic Silva

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Executive Director:				
- Salaries and bonuses	**954,432**	954,432	**954,432**	954,432
- Estimated monetary value of benefits-in-kind	**168,320**	222,100	**168,320**	222,100
	1,122,752	1,176,532	**1,122,752**	1,176,532
Non-executive Directors:				
- Fees	**495,000**	462,500	**495,000**	462,500
	1,617,752	1,639,032	**1,617,752**	1,639,032

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

8 RENTAL EXPENSES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Rental:				
- Apartments	**205,049**	444,090	**167,196**	489,000
- Offices	**10,292,890**	10,197,354	**8,093,045**	8,103,806
- Office equipment	**21,375**	21,749	**20,619**	16,739
- Others	**162,013**	23,775	**112,370**	-
	10,681,327	10,686,968	**8,393,230**	8,609,545

9 FINANCE INCOME

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Finance income:				
- Interest income	**871,145**	994,456	**831,404**	980,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers PLT ("PwC"), Malaysia	**234,000**	234,000	**192,000**	192,000
- Other auditors	**13,014**	16,435	**-**	-
- Fees for other services				
- Member firms of PwC Malaysia	**71,768**	53,075	**36,110**	24,975
Bad debts written off	**305,513**	367,698	**305,513**	367,698
Depreciation of plant and equipment	**4,500,294**	6,124,782	**3,609,584**	4,623,647
Amortisation of software licences	**1,788,837**	1,729,469	**1,439,504**	1,358,960
Employee benefit costs (Note 7)	**95,126,321**	86,555,570	**88,367,362**	80,974,077
Foreign exchange loss/(gain):				
- Realised	**(459,622)**	72,273	**(466,103)**	71,184
- Unrealised	**736,983**	1,178,151	**734,140**	1,518,342
Loss on disposal of plant and equipment	**1,214**	1,417	**1,214**	1,417
Immigration expenses	**1,091,288**	849,292	**1,077,491**	843,836
(Write back of impairment)/impairment loss:				
- investment in subsidiaries	**-**	-	**2,388,115**	615,263
- amounts due from subsidiaries	**-**	-	**(550,820)**	1,024,875
Marketing expenses	**6,532,121**	7,887,347	**6,515,054**	7,886,795
Office supplies expenses	**1,060,751**	1,121,588	**928,035**	999,271
Other professional fees	**600,393**	436,196	**897,626**	328,603
Plant and equipment written off	**-**	402	**-**	402
Recruitment expenses	**83,631**	97,205	**83,275**	95,629
Security service	**610,394**	595,901	**567,227**	540,216
Software integration and support services	**2,245,546**	2,184,335	**2,209,570**	2,184,335
Staff training expenses	**49,053**	2,373	**4,055,839**	1,609,449
Gain from acquisition in subsidiary	**3,770**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

11 TAXATION

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Income tax:				
Current financial year:				
- Malaysian tax	**7,335,620**	5,625,800	**7,326,690**	5,625,493
- Foreign tax	**-**	1,476	**-**	-
Under/(Over)provision of tax in prior financial years				
- Malaysian tax	**584,366**	(79,161)	**585,203**	(79,161)
- Foreign tax	**-**	-	**-**	-
	7,919,986	5,548,115	**7,911,893**	5,546,332
Deferred taxation (Note 24):				
Relating to origination and reversal of temporary differences	**(881,462)**	(435,570)	**(181,270)**	(435,642)
	7,038,524	5,112,545	**7,730,623**	5,110,690

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

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

During the financial year ended 30 June 2018, one of the subsidiaries has been granted with the Pioneer Status Incentive for 100% income tax exemption on statutory income derived from the MSC Malaysia Qualifying Activities for a period of 10 years from the date of the Pioneer Certificate subject to the Conditions of the Grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

11 TAXATION (CONTINUED)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
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	**3**	1	**3**	2
- Income not subject to tax	**(1)**	(12)	**(1)**	(12)
- Under provision of tax in prior year	**2**	-	**2**	-
- Deferred tax on current year losses of subsidiaries not recognised	**(2)**	1	**-**	-
Average effective tax rate	**26**	14	**28**	14

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	
	2019	**2018**
Net profit for the financial year attributable to owners of the Company (RM'000)	**20,211**	32,220
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**5.69**	9.06

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

13 DIVIDENDS

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

	2019		2018	
	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 2019	**3.0**	**10,663,607**	-	-
- 30 June 2018	**-**	**-**	2.0	7,109,071
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2019	**2.0**	**7,109,071**	-	-
- 30 June 2018	**-**	**-**	2.0	7,109,071
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2019	**1.5**	**5,331,803**	-	-
- 30 June 2018	**-**	**-**	2.0	7,109,071
Fourth interim dividends paid in respect of the financial years ended:				
- 30 June 2019	**1.0**	**3,554,536**	-	-
- 30 June 2018	**-**	**-**	3.0	10,663,607
	7.5	**26,659,017**	9.0	31,990,820

Subsequent to the financial year, on 28 August 2019, the Board of Directors declared a fourth interim dividend of 1 sen, tax exempt, per ordinary share of RM3,554,536 which is to be paid on 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

14 PLANT AND EQUIPMENT

	As at 1 July 2018	Additions	Write-offs	Disposals	Currency translation differences	As at 30 June 2019
	RM	RM	RM	RM	RM	RM
2019						
Group						
At cost						
Furniture and fittings	6,482,260	172,558	-	(7,599)	(148,189)	6,499,030
Office equipment and computers	50,991,495	2,169,698	(41,804)	(266,518)	(481,217)	52,371,654
Telecommunications equipment	8,875,560	-	-	-	-	8,875,560
Office renovations	10,181,181	130,076	-	-	(230,639)	10,080,618
Motor vehicles	1,067,818	-	-	-	-	1,067,818
	77,598,314	2,472,332	(41,804)	(274,117)	(860,045)	78,894,680

	As at 1 July 2018	Charge for the financial year	Write-offs	Disposals	Currency translation differences	As at 30 June 2019
	RM	RM	RM	RM	RM	RM
2019						
Group						
Accumulated depreciation						
Furniture and fittings	5,386,436	441,793	-	(7,599)	(137,132)	5,683,498
Office equipment and computers	42,305,608	3,625,178	(41,804)	(261,445)	(277,717)	45,349,820
Telecommunications equipment	8,713,907	37,430	-	-	-	8,751,337
Office renovations	9,686,050	259,893	-	-	(227,395)	9,718,548
Motor vehicles	763,685	136,000	-	-	-	899,685
	66,855,686	4,500,294	(41,804)	(269,044)	(642,244)	70,402,888

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2017	Additions	Reclassi-fications	Write-offs	Disposals	Currency translation differences	As at 30 June 2018
	RM	RM	RM	RM	RM	RM	RM
2018							
Group							
At cost							
Furniture and fittings	6,415,925	159,049	-	(8,525)	(18,689)	(65,500)	6,482,260
Office equipment and computers	49,205,057	2,512,772	231,812	(421,744)	(344,945)	(191,457)	50,991,495
Telecommunications equipment	8,875,560	-	-	-	-	-	8,875,560
Office renovations	10,049,848	233,839	-	-	-	(102,506)	10,181,181
Motor vehicles	1,067,818	-	-	-	-	-	1,067,818
Work-in-progress	231,812	-	(231,812)	-	-	-	-
	75,846,020	2,905,660	-	(430,269)	(363,634)	(359,463)	77,598,314

	As at 1 July 2017	Charge for the financial year	Write-offs	Disposals	Currency translation differences	As at 30 June 2018
	RM	RM	RM	RM	RM	RM
2018						
Group						
Accumulated depreciation						
Furniture and fittings	4,810,639	642,382	(8,525)	(11,837)	(46,223)	5,386,436
Office equipment and computers	38,886,010	4,249,425	(421,342)	(335,618)	(72,867)	42,305,608
Telecommunications equipment	8,647,158	66,749	-	-	-	8,713,907
Office renovations	8,734,667	1,030,226	-	-	(78,843)	9,686,050
Motor vehicles	627,685	136,000	-	-	-	763,685
	61,706,159	6,124,782	(429,867)	(347,455)	(197,933)	66,855,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2018	Additions	Disposals	As at 30 June 2019
	RM	RM	RM	RM
2019				
Company				
At cost				
Furniture and fittings	3,960,129	152,813	(7,599)	4,105,343
Office equipment and computers	39,654,387	1,765,567	(266,518)	41,153,436
Telecommunications equipment	5,372,412	-	-	5,372,412
Office renovations	6,424,887	106,626	-	6,531,513
Motor vehicles	1,065,161	-	-	1,065,161
	56,476,976	2,025,006	(274,117)	58,227,865

	As at 1 July 2018	Charge for the financial year	Disposals	As at 30 June 2019
	RM	RM	RM	RM
2019				
Company				
Accumulated depreciation				
Furniture and fittings	3,190,389	362,808	(7,599)	3,545,598
Office equipment and computers	32,737,002	2,893,370	(261,445)	35,368,927
Telecommunications equipment	5,300,771	37,430	-	5,338,201
Office renovations	6,227,469	179,976	-	6,407,445
Motor vehicles	761,028	136,000	-	897,028
	48,216,659	3,609,584	(269,044)	51,557,199

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2017	Additions	Write-offs	Disposals	As at 30 June 2018
	RM	RM	RM	RM	RM
2018					
Company					
At cost					
Furniture and fittings	3,867,411	119,932	(8,525)	(18,689)	3,960,129
Office equipment and computers	38,365,197	1,989,663	(355,528)	(344,945)	39,654,387
Telecommunications equipment	5,372,412	-	-	-	5,372,412
Office renovations	6,274,257	150,630	-	-	6,424,887
Motor vehicles	1,065,161	-	-	-	1,065,161
	54,944,438	2,260,225	(364,053)	(363,634)	56,476,976

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.

	As at 1 July 2017	Charge for the financial year	Write-offs	Disposals	As at 30 June 2018
	RM	RM	RM	RM	RM
2018					
Company					
Accumulated depreciation					
Furniture and fittings	2,846,427	364,324	(8,525)	(11,837)	3,190,389
Office equipment and computers	29,939,472	3,488,274	(355,126)	(335,618)	32,737,002
Telecommunications equipment	5,234,022	66,749	-	-	5,300,771
Office renovations	5,659,169	568,300	-	-	6,227,469
Motor vehicles	625,028	136,000	-	-	761,028
	44,304,118	4,623,647	(363,651)	(347,455)	48,216,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**815,532**	1,095,824	**559,745**	769,740
Office equipment and computers	**7,021,834**	8,685,887	**5,784,509**	6,917,385
Telecommunications equipment	**124,223**	161,653	**34,211**	71,641
Office renovations	**362,070**	495,131	**124,068**	197,418
Motor vehicles	**168,133**	304,133	**168,133**	304,133
	8,491,792	10,742,628	**6,670,666**	8,260,317

15 SOFTWARE LICENCES

Group	As at 1 July 2018	Additions	Disposal	Currency translation differences	As at 30 June 2019
	RM	RM	RM	RM	RM
2019					
Cost					
Software licence	8,920,284	702,473	17,545	(215,407)	9,424,895
Work-in-progress	2,352,648	3,172,779	(17,545)	-	5,507,882
	11,272,932	3,875,252	-	(215,407)	14,932,777

	As at 1 July 2018	Charge for the financial year	Currency translation differences	As at 30 June 2019
	RM	RM	RM	RM
2019				
Accumulated amortisation				
Software licence	3,970,992	1,788,837	(110,342)	5,649,487
Work-in-progress	-	-	-	-
	3,970,992	1,788,837	(110,342)	5,649,487

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

15 SOFTWARE LICENCES (CONTINUED)

Group	As at 1 July 2017	Additions	Reclassi-fications	Currency translation differences	As at 30 June 2018
	RM	RM	RM	RM	RM
2018					
Cost					
Software licence	6,521,205	2,307,520	128,934	(37,375)	8,920,284
Work-in-progress	146,480	2,335,102	(128,934)	-	2,352,648
	6,667,685	4,642,622	-	(37,375)	11,272,932

	As at 1 July 2017	Charge for the financial year	Currency translation differences	As at 30 June 2018
	RM	RM	RM	RM
2018				
Accumulated amortisation				
Software licence	2,244,123	1,729,469	(2,600)	3,970,992
Work-in-progress	-	-	-	-
	2,244,123	1,729,469	(2,600)	3,970,992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

15 SOFTWARE LICENCES (CONTINUED)

Company	As at 1 July 2018	Additions	Reclassi-fications	As at 30 June 2019
	RM	RM	RM	RM
2019				
Cost				
Software licence	7,141,064	474,691	17,545	7,633,300
Work-in-progress	1,680,330	1,486,451	(17,545)	3,149,236
	8,821,394	1,961,142	-	10,782,536

	As at 1 July 2018	Charge for the financial year	As at 30 June 2019
	RM	RM	RM
2019			
Accumulated amortisation			
Software licence	3,260,558	1,439,504	4,700,062
Work-in-progress	-	-	-
	3,260,558	1,439,504	4,700,062

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

15 SOFTWARE LICENCES (CONTINUED)

Company	As at 1 July 2017	Additions	Reclassi-fications	As at 30 June 2018
	RM	RM	RM	RM
2018				
Cost				
Software licence	5,760,448	1,251,682	128,934	7,141,064
Work-in-progress	146,480	1,662,784	(128,934)	1,680,330
	5,906,928	2,914,466	-	8,821,394

	As at 1 July 2017	Charge for the financial year	As at 30 June 2018
	RM	RM	RM
2018			
Accumulated amortisation			
Software licence	1,901,598	1,358,960	3,260,558
Work-in-progress	-	-	-
	1,901,598	1,358,960	3,260,558

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Net book value				
Software licences	**3,775,408**	4,949,292	**2,933,238**	3,880,506
Work-in progress	**5,507,882**	2,352,648	**3,149,236**	1,680,330
	9,283,290	7,301,940	**6,082,474**	5,560,836

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

(ii) Work-in-progress refers to capitalised software development costs. The critical estimates and judgements used by the Group and the Company are disclosed in Note 4(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

16 INTERESTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM	RM
Unquoted shares at cost	**3,177,394**	3,177,380
Advances to subsidiaries	**27,303,675**	24,915,560
	30,481,069	28,092,940
Less: Impairment loss	**(30,481,055)**	(28,092,940)
	14	-

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 RM2,388,115 (2018: RM615,263) 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).

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

16 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries of the Company (continued)				
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	Dormant.
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.
SciSolutions (Mauritius) Ltd ^#	Mauritius	**100**	-	Provision of e-government and BPO services and solutions.
Asian Contact Centres Sdn Bhd*	Malaysia	**100**	50	Dormant.

* Audited by PricewaterhouseCoopers PLT ("PwC"), Malaysia.
** Audited by a firm other than PwC Malaysia.
^ Not required by their local laws to appoint statutory auditors.
# This entity has not commenced operations.

Non-controlling interests are not material to the Group.

On 24 October 2018, the Company has acquired the entire issued and paid up share capital comprising 100 ordinary shares of Mauritius Rupees ('MUR') 1 (approximately RM0.12) each for a total consideration of MUR100 (approximately RM12) in SciSolutions (Mauritius) Ltd ('SML'). The principal activity of SML is for the promotion and provision of Scicom's suite of e-government and BPO services and solutions.

On 10 January 2019, the Company acquired the remaining one (1) ordinary share in the share capital of Asian Contact Centres Sdn Bhd, at a total cash consideration of RM1.00 ('the Acquisition'). Subsequent to the Acquisition, ACCSB became a wholly-owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

17 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unquoted shares at cost	-	1	-	1
Share of net assets of the joint venture	-	140,021	-	-
	-	140,022	-	1

	Group	
	2019	2018
	RM	RM
At 1 July	**140,022**	134,879
Distribution of dividends	**(133,749)**	-
Share of (loss)/profit	**(2,501)**	5,143
Derecognition of investment in joint venture**	**(3,772)**	-
At 30 June	**-**	140,022

** On 10 January 2019, the Company acquired the remaining one (1) ordinary of Asian Contact Centres Sdn Bhd ('ACCSB'), at a total cash consideration of RM1.00 ('the Acquisition'). Subsequent to the Acquisition, ACCSB became a wholly-owned subsidiary.

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

Name	Group's effective interest		Principal activities
	2019	2018	
	%	%	
Incorporated in Malaysia			
Asian Contact Centres Sdn. Bhd. ('ACCSB')*	**100**	50	Managing customer contact centre outsourcing services.

* Audited by PricewaterhouseCoopers PLT, Malaysia.
The financial year end of ACCSB is 30 June.

ACCSB 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture

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

	Group	
	2019	**2018**
	RM	**RM**
Current		
Cash and bank balances	-	267,537
Other current assets (excluding cash)	-	51,758
Total current assets	-	319,295
Financial liabilities (excluding trade payables)	-	-
Other current liabilities (including trade payables)	-	(39,251)
Total current liabilities	-	(39,251)
Non-current		
Assets	-	-
Net assets	-	280,044

	Group	
	2019	**2018**
	RM	**RM**
Summarised statement of comprehensive income		
Revenue	-	939,059
Profit from continuing operations	-	21,692
Finance income	-	167
Income tax expense	-	(11,573)
Net profit for the financial year/Total comprehensive income	-	10,286

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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	
	2019	**2018**
	RM	**RM**
Summarised financial information		
Opening net assets 1 July	-	269,758
Distribution of dividends	-	-
Profit for the financial year	-	10,286
Closing net assets	-	280,044
Interest in joint venture @ 50%	-	140,022
Carrying value	-	140,022

During the financial year ended 30 June 2019, the Group and the Company rendered services to the Joint Venture ('JV') totalling RM NIL (2018: RM882,996). There is no amount due from the JV to the Group and Company as at 30 June 2019 (2018: NIL).

18 TRADE RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties - Billed	**24,931,762**	21,512,751	**23,353,437**	20,275,929
Third parties - Unbilled	**19,246,831**	16,665,403	**18,606,925**	16,129,393
	44,178,593	38,178,154	**41,960,362**	36,405,322

Credit terms of trade receivables range from 30 to 90 days (2018: 30 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	**35,649,528**	32,474,368	**34,085,946**	31,341,004
Past due but not impaired:				
- 1 to 30 days past due not impaired	**6,052,992**	2,162,614	**5,575,559**	1,599,314
- 31 to 60 days past due not impaired	**1,405,457**	1,831,120	**1,258,713**	1,831,120
- 61 to 90 days past due not impaired	**655,142**	578,832	**655,128**	578,832
- More than 90 days past due not impaired	**415,474**	1,131,220	**385,016**	1,055,052
	44,178,593	38,178,154	**41,960,362**	36,405,322

All unbilled receivables are from third party 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 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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Existing customers with no history of defaults	**34,468,612**	31,907,747	**33,191,410**	30,814,983
New customers within the last 6 months	**1,180,916**	566,621	**894,536**	526,021
	35,649,528	32,474,368	**34,085,946**	31,341,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

18 TRADE RECEIVABLES (CONTINUED)

Trade receivables and unbilled 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 RM15,048,631 (2018: RM15,011,124) and RM14,909,259 (2018: RM14,413,769) of the Group's and Company's trade receivables as at 30 June 2019.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables of RM7,782,391 (2018: RM5,698,434) and RM7,127,741 (2018: RM5,058,967) 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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
At 1 July	**-**	-	**-**	-
Charge during the financial year	**305,513**	367,698	**305,513**	367,698
Written-off during the financial year	**(305,513)**	(367,698)	**(305,513)**	(367,698)
At 30 June	**-**	-	**-**	-

The impairment of trade receivables are individually determined.

The fair value of trade receivables approximates its carrying value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

19 OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Financial assets				
Other receivables	**700,224**	849,333	**493,781**	628,338
Deposits	**4,354,339**	4,435,883	**4,056,365**	3,776,236
Less: Impairment loss	**(159,200)**	(159,200)	**(159,200)**	(159,200)
	4,195,139	4,276,683	**3,897,165**	3,617,036
	4,895,363	5,126,016	**4,390,946**	4,245,374
Non-financial assets				
Prepayments	**2,161,970**	1,997,667	**1,628,654**	1,421,280
Other receivables	**827,565**	1,057,438	**22,733**	-
	7,884,898	8,181,121	**6,042,333**	5,666,654

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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
At 1 July/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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

20 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2019	**2018**
	RM	**RM**
Amounts due from subsidiaries	**18,467,465**	19,015,845
Less: Impairment loss	**(18,465,025)**	(19,015,845)
	2,440	-

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	
	2019	**2018**
	RM	**RM**
Neither past due nor impaired	**-**	-
Impaired:		
- More than 90 days	**18,467,465**	19,015,845
	18,467,465	19,015,845
Less: Impairment loss	**(18,465,025)**	(19,015,845)
	2,440	-

Impairment loss

The movement in impairment loss is as follows:

At 1 July	**19,015,845**	17,990,970
(Reversal)/ Charge for the financial year	**(550,820)**	1,024,875
At 30 June	**18,465,025**	19,015,845

The impairment of amounts due from subsidiaries are individually determined. The impairment loss recognised during the financial years ended 30 June 2019 and 30 June 2018 are in relation to subsidiaries with indication of impairment estimated based on the financial condition of the respective subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

21 INVESTMENTS IN CASH FUNDS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Investments in cash funds	**14,969,400**	13,485,070	**14,969,400**	13,485,070

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) (2018: Level 1).

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Investments in cash funds				
AAA	**7,466,472**	6,242,484	**7,466,472**	6,242,484
AA2	**7,502,928**	7,242,586	**7,502,928**	7,242,586
	14,969,400	13,485,070	**14,969,400**	13,485,070

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

22 CASH AND BANK BALANCES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**13,086,264**	30,844,175	**11,980,283**	29,014,772
Deposits with licensed banks	**12,450,000**	7,943,042	**11,450,000**	6,000,000
Cash and bank balances	**25,536,264**	38,787,217	**23,430,283**	35,014,772
Less:				
- deposits with maturity of more than 3 months	**(7,000,000)**	(3,000,000)	**(6,000,000)**	(3,000,000)
Cash and cash equivalents	**18,536,264**	35,787,217	**17,430,283**	32,014,772

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash in-hand	**179,830**	541,366	**179,818**	541,366
Cash at bank and deposits with licensed banks				
AAA	**25,356,434**	38,245,851	**23,250,465**	34,473,406
	25,536,264	38,787,217	**23,430,283**	35,014,772

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**1,486,061**	277,380	**1,425,693**	277,380
Accruals	**1,890,630**	1,730,520	**1,526,191**	1,421,962
Other payables	**4,896,798**	6,290,071	**4,569,332**	5,555,899
	8,273,489	8,297,971	**7,521,216**	7,255,241
Non-financial liabilities				
Performance-related bonus	**1,150,230**	865,311	**953,973**	614,998
Other payroll-related liabilities	**2,954,917**	1,323,050	**2,292,592**	1,234,584
Other payables	**70,821**	912,403	**-**	487,911
	12,449,457	11,398,735	**10,767,781**	9,592,734

Credit terms of trade payables range from 30 to 90 days (2018: 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	
	2019	2018	2019	2018
	RM	RM	RM	RM
Deferred tax assets:				
- To be settled after more than 12 months	**700,000**	-	**-**	-
Deferred tax liabilities:				
- To be settled within 12 months	**34,747**	216,017	**34,747**	216,017
- To be settled after more than 12 months	**31,342**	31,534	**-**	-
	66,089	247,551	**34,747**	216,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

24 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Deferred tax assets (before offsetting)				
- Tax losses	**700,000**	-	**-**	-
Offsetting	**-**	-	**-**	-
Deferred tax assets (after offsetting)	**700,000**	-	**-**	-
Deferred tax liabilities (before offsetting)				
- Plant and equipment	**66,089**	84,227	**34,747**	84,227
- Others	**-**	163,324	**-**	131,790
Offsetting	**-**	-	**-**	-
Deferred tax liabilities (after offsetting)	**66,089**	247,551	**34,747**	216,017

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities				
At the beginning of the financial year	**247,551**	683,121	**216,017**	651,659
Charged/(credited) to profit or loss (Note 11):				
- Plant and equipment	**(181,462)**	(388,965)	**(181,270)**	(388,965)
- Provisions	**-**	(560,930)	**-**	(560,930)
- Others	**-**	514,325	**-**	514,253
At the end of the financial year	**66,089**	247,551	**34,747**	216,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

24 DEFERRED TAXATION (CONTINUED)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Deferred tax assets:				
At the beginning of the financial year	-	-	-	-
Charged/(credited) to profit or loss (Note 11):				
- Tax losses	**(700,000)**	-	-	-
At the end of the financial year	**(700,000)**	-	**-**	-

The Group reviewed previously unrecognised tax losses for Scicom Lanka (Private) Limited, a fully own subsidiary in Sri Lanka, and determined that it is probable that taxable profits will be available against which the tax losses can be utilised. As a consequence, a deferred tax asset of RM700,000 was recognised for these losses as at 30 June 2019.

The amount of unutilised capital allowances (with no expiry date) and unutilised tax losses (shall be carried forward and utilised for a period of 7 consecutive Years of Assessment) 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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Unutilised capital allowances	**-**	144,957	**-**	-
Unutilised tax losses	**10,653,079**	9,918,937	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

25 SHARE CAPITAL

Share capital is the amount subscribed for shares.

	Company	
	2019	**2018**
	RM	**RM**
Issued and fully paid ordinary shares with no par value		
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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

27 COMMITMENTS

(a) Capital expenditure

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**1,843,048**	26,400	**1,086,924**	26,400

(b) Non-cancellable operating lease commitments

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
- Not later than one year	**10,061,958**	6,057,061	**8,814,314**	4,457,008
- Later than one year and not later than five years	**6,759,179**	3,457,653	**4,692,847**	-
	16,821,137	9,514,714	**13,507,161**	4,457,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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
SciSolutions (Mauritius) Ltd	Subsidiary
Asian Contact Centres Sdn. Bhd.	Subsidiary

(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	
	2019	**2018**
	RM	**RM**
Purchase of services from subsidiaries	**(4,019,500)**	(1,607,076)
Expenses paid on behalf of subsidiaries	**3,673,090**	3,696,212
Advances to subsidiaries	**2,430,145**	3,389,421
Repayment of advances to subsidiaries	**(565,888)**	(3,484,179)
Rendering of services to a joint venture	**-**	882,996
Dividends received from a joint venture	**133,749**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

28 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(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	
	2019	2018
	RM	RM
Amount due from joint venture	-	-

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's financial position and cash flows.

(i) Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of foreign currency transactions entered into currencies other than their functional currency, mainly US Dollar ('USD'), Sri Lankan Rupee ('LKR'), and Great Britain Pounds ('GBP'). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Impact on profit after tax for the financial year:				
USD				
5% increase in USD exchange rate against MYR	**449,877**	1,066,688	**449,877**	1,064,467
5% decrease in USD exchange rate against MYR	**(449,877)**	(1,066,688)	**449,877**	(1,064,467)
LKR				
5% increase in LKR exchange rate against MYR	**76,029**	114,135	**-**	(453)
5% decrease in LKR exchange rate against MYR	**(76,029)**	(114,135)	**-**	453
GBP				
5% increase in GBP exchange rate against MYR	**210,052**	101,550	**210,052**	101,550
5% decrease in GBP exchange rate against MYR	**(210,052)**	(101,550)	**(210,052)**	(101,550)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

29 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Credit and counterparty risk (continued)

(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 2019, where two (2018: four) customers contributed RM8.4million (2018: RM23.0 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 2019, 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 2019, the amounts due from the subsidiaries have been fully impaired, except for SciSolutions (Mauritius) Ltd.

(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 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
On demand or less than three months:				
Trade and other payables	**8,273,489**	8,297,971	**7,521,216**	7,255,241
Bank guarantees	**590,221**	-	**100,000**	622,192
	8,863,710	8,297,971	**7,621,216**	7,877,433

(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 2018.

As of 30 June 2019, the Group and the Company had no outstanding borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Financial assets – at amortised cost				
Trade receivables	**44,178,593**	38,178,154	**41,960,362**	36,405,322
Other receivables excluding prepayments	**4,895,363**	5,126,016	**4,390,946**	4,245,374
Cash and bank balances	**25,536,264**	38,787,217	**23,430,283**	35,014,772
	74,610,220	82,091,387	**69,781,591**	75,665,468
Financial assets - FVOCI				
Investments in cash funds	**14,969,400**	13,485,070	**14,969,400**	13,485,070
Financial liabilities – at amortised cost				
Trade and other payables excluding statutory liabilities	**8,273,489**	8,297,971	**7,521,216**	7,255,241

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

31 CONTINGENT LIABILITY

As reported previously, a subsidiary of the Company has received tax assessment notices of RM1.4 million, INR23.8 million (2018: RM1.4 million, INR23.8 million) for years of assessment 2005 to 2012. 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 UPDATE ON LITIGATION

On 24 July 2019, the Company received an Originating Summons ('Summons') filed by the Education Malaysia Global Services ('EMGS'). The Summons was filed by EMGS pursuant to an agreement dated 1 November 2012 entered into between the Company and EMGS wherein EMGS is seeking to enforce a right under the said agreement to access the data captured in the Company's proprietary system.

Although the OS sought general damages and costs to be assessed by the Court, the Company sees no merit or basis for such claims and even if any such claim were to succeed, it would not have a material financial impact on the Company.

On the 15th August 2019 an application to stay proceedings ('Stay Application') was filed on behalf of the Company in the High Court. The court has put on hold the Summons temporarily to enable the Stay Application to be heard. The Stay Application is listed for a case management hearing on 15th October 2019 and a substantive hearing date will be set on 15th October 2019.

33 CHANGES IN ACCOUNTING POLICIES

MFRS 9 – Financial Instruments

As disclosed in Note 2(a), the Group and Company has adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position at 1 July 2018.

On 1 July 2018 (the date of initial application of MFRS 9), the Group and Company has assessed which business models apply to the financial instruments held by the Company. Based on the assessment, no reclassification and change in measurement method of the financial instruments was required post adoption of MFRS 9 except as follows:

(i) Investment in cash funds previously classified as available-for-sale

The Group and Company elected to present in OCI changes in the fair value of all its investments in cash fund previously classified as available for sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short term. As a result an asset with a fair value of RM13,485,070 was reclassified from available for sale financial assets to financial assets at FVOCI.

There are no changes in the classification of other financial assets held by the Group and the Company upon adoption of MFRS 9.

(ii) Impairment on financial assets

The Group and Company adopted the expected credit loss 'ECL' model instead of the current incurred loss model for receivables as disclosed in Note 2(a) to the financial statements. No additional loss allowance was recognised as at 1 July 2018.

As disclosed above, the adoption of MFRS 9 in 2018 resulted in reclassification of certain financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

33 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

MFRS 9 – Financial Instruments (continued)

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows:

	Measurement category		Carrying amount		
	Original MFRS 139	New MFRS 9	Original MFRS 139	Reclassification	New MFRS 9
Group					
Current assets					
Trade receivables	Amortised cost	Amortised cost	38,178,154	-	38,178,154
Other receivables excluding prepayments	Amortised cost	Amortised cost	5,126,016	-	5,126,016
Investment in cash funds	AFS	-	13,485,070	(13,485,070)	-
Investment in cash funds	-	FVOCI	-	13,485,070	13,485,070
Cash and bank balances	Amortised cost	Amortised cost	38,787,217	-	38,787,217
Current liabilities					
Trade and other payables excluding statutory liabilities	Amortised cost	Amortised cost	8,297,971	-	8,297,971
Company					
Current assets					
Trade receivables	Amortised cost	Amortised cost	36,405,322	-	36,405,322
Other receivables excluding prepayments	Amortised cost	Amortised cost	4,245,374	-	4,245,374
Investment in cash funds	AFS	-	13,485,070	(13,485,070)	-
Investment in cash funds	-	FVOCI	-	13,485,070	13,485,070
Cash and bank balances	Amortised cost	Amortised cost	38,014,772	-	38,014,772
Current liabilities					
Trade and other payables excluding statutory liabilities	Amortised cost	Amortised cost	7,255,216	-	7,255,216

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 August 2019.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 93 to 170 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 2019 and financial performance of the Group and of the Company for the financial year ended 30 June 2019 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 August 2019.

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, Loke Cheong Hian, 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 93 to 170 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.

LOKE CHEONG HIAN
OFFICER

Subscribed and solemnly declared by the abovenamed Loke Cheong Hian at Kuala Lumpur in Malaysia on 28 August 2019, before me.

LAI DIN (NO.W668)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD

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 2019, 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 2019 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 93 to 170.

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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)

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

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.

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 2019, the Group and the Company recognised revenue of RM 161.2 million and RM154.4 million respectively, primarily derived from outsourcing services. Revenue is recognised upon satisfaction of services at the pre-agreed terms which includes the required resources to render the service and rates agreed with the respective customers. The terms with each customer may vary and this will impact the revenue recognised. The Group and the Company had adopted MFRS 15 'Revenue from contract with customers' ('MFRS 15') during the year and applied the modified retrospective transition method. Based on the assessment from management, there are no significant adjustments to the opening retained earnings on 1 July 2018. We focused on revenue recognition as it required significant time and resources to audit the revenue at transaction level, which is material to the financial statements.	We performed the following audit procedures: • Obtained management's MFRS 15 assessment on the identification of separate performance obligations over material customer contracts and sighted to the customer contracts on a sampling basis; • Reviewed management's analysis in determining whether the Group and the Company is acting as a principal or an agent in material contracts based on the contractual terms and conditions in the contract with customers and relevant suppliers or service providers; • Checked the standalone selling prices and allocation of consideration specified in contracts for separate performance obligations; • Performed walkthrough on the Group's and the Company's processes on revenue recognition, in particular contracts approval and invoice processing; • Tested the operating effectiveness of controls over revenue recording and invoice processing; and • Examined material non-standard journal entries and other adjustments posted to revenue accounts. Based on the procedures performed above, we did not find any material adjustments to the opening retained earnings and revenue recognised during the year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)

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
Originating Summons served by Education Malaysia Global Services ('EMGS') *Refer to Note 32 – Updates on Litigation* On 24 July 2019, the Company received an Originating Summons ('summons') filed by Education Malaysia Global Services ('EMGS') to the High Court. The summons is pursuant to an agreement dated 1 November 2012 ('agreement') entered between the Company and EMGS whereby EMGS is seeking to enforce a right under the agreement to access the information processed by the Company's proprietary system. The Directors of the Company have assessed that based on the external legal view obtained, the outflow of resources on the summons is remote. We focused on this area due to significant judgement involved with regards to the possible outcome of the court proceedings arising from the summons and the corresponding accounting for this matter.	We have performed the following audit procedures: • Obtained and read the summons and the agreement signed with EMGS; • Discussed and obtained legal confirmation from the Company's external legal counsel to understand the legal basis and impact which supports the Directors' assessment; • Enquired the legal counsel of any further legal correspondences by EMGS to the Company and read these relevant documents to determine the impact of these correspondences to the Directors' assessment; and • Checked Directors' assessment of the summons and its legal merits in line with the requirements of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'. Based on the procedures performed above, we did not find any material exception.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 sections of the 2019 Annual Report, which is expected to be made available to us after that date, but 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, 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)
(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)

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)

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

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 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 PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SOO KWAI FONG
03144/07/2021J
Chartered Accountant

Kuala Lumpur
28 August 2019

ADDITIONAL COMPLIANCE INFORMATION

1. **STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS**

   The Company did not undertake any corporate proposal to raise proceeds during the financial year.

2. **NON-AUDIT FEES**

   The amount of non-audit fees paid by the Group and the Company for the financial year ended 30 June 2019 were RM71,768 and RM36,110 respectively, representing fees for tax and advisory services.

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

   For the financial year ended 30 June 2019, no contracts of a material in nature were entered into or were subsisting between the Group and its Directors, or major shareholders.

4. **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")**

   There were no recurrent related party transactions entered by the Group and the Company during the financial year ended 30 June 2019.

CORPORATE INFORMATION

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 27 SEPTEMBER 2019

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 27 SEPTEMBER 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	112	3.17%	3,974	0.00%
100 to 1,000 shares	419	11.88%	290,759	0.08%
1,001 to 10,000 shares	1,768	50.11%	9,411,381	2.65%
10,001 to 100,000 shares	1,027	29.11%	33,386,809	9.39%
100,001 to less than 5% of issued shares	198	5.61%	176,736,683	49.72%
5% and above of issued shares	4	0.12%	135,623,954	38.16%
	3,528	100.00%	355,453,560	100.00%

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 27 SEPTEMBER 2019
(As shown in the record of Depositors)

No.	Name of Shareholder	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NETINSAT ASIA SDN BHD (PB)	39,010,000	10.974
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	33,135,060	9.321
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NETINSAT ASIA SDN BHD (PBCL-0G0024)	28,430,000	7.998
5	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	15,026,900	4.227
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	14,590,000	4.104
7	ALI BIN ABDUL KADIR	13,200,000	3.713
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,231,300	2.597
9	SIEH KOK SWEE	8,003,600	2.251
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	5,924,500	1.666
11	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	4,496,400	1.264
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	4,471,300	1.257
13	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,253,000	1.196
14	KHOO LOON SEE	4,195,288	1.180
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	3,630,700	1.021
16	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	3,549,500	0.998

CORPORATE INFORMATION

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

No.	Name of Shareholder	No. of Shares Held	%
17	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	3,545,500	0.997
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JAGANATH DEREK STEVEN SABAPATHY (PB)	3,500,000	0.984
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMAR SHARIFF BIN MYDEEN	3,027,000	0.851
20	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KUN LEE	2,600,000	0.731
21	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MY2262)	2,000,000	0.562
22	GAN BOON AIK	1,891,400	0.532
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD	1,865,000	0.524
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	1,841,700	0.518
25	MOHD SALLEH BIN HJ HARUN	1,570,800	0.441
26	CITIGROUP NOMINEES (ASING) SDN BHD CEP FOR PHEIM SICAV-SIF	1,551,500	0.436
27	BENNY PHILIP	1,452,000	0.408
28	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,452,000	0.408
29	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	1,394,000	0.392
30	MICHAEL GAN EU KHEONG	1,320,000	0.371
	Total	**255,207,342**	**71.782**

SUBSTANTIAL SHAREHOLDERS AS AT 27 SEPTEMBER 2019

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	89,727,763	25.24%	0	0.00%
2	Netinsat Asia Sdn Bhd	68,518,704	19.28%	0	0.00%
3	Krishnan A/L C K Menon	734,520	0.21%	68,518,704	19.28%
4	Sreekumar A/L Narayana Pillai	0	0.00%	68,518,704	19.28%
5	Employees Provident Fund Board	21,359,200	6.01%	0	0.00%
6	Dato' Jaganath Derek Steven Sabapathy	18,816,472	5.29%	0	0.00%

DIRECTORS' SHAREHOLDING AS AT 27 SEPTEMBER 2019

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	89,727,763	25.24%	0	0.00%
2	Krishnan A/L C K Menon [1]	734,520	0.21%	68,518,704	19.28%
3	Dato’ Mohd Salleh bin Hj. Harun	1,886,000	0.53%	0	0.00%
4	Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [2]	1,045,000	0.29%	1,063,000	0.30%
5	Karen Judith Goonting	0	0.00%	0	0.00%
6	Mahani Binti Amat	0	0.00%	0	0.00%
7	Mohd Rashid Bin Mohd Yusof	0	0.00%	0	0.00%
8	Datuk Joseph Dominic Silva	0	0.00%	0	0.00%

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

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS

Act	Companies Act 2016
AGM	Annual General Meeting
ACCSB	Asian Contact Centre Services Sdn Bhd
AI	Artificial Intelligence
APS	Advanced Passenger Screening
ASEAN	Association of Southeast Asian Nations
B2C	Business to Consumer
B2G	Business to Government
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
BSI	British Standards International
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
COO	Chief Operating Officer
Code	Code of Business Conduct
CRM	Customer Relationship Management
CX	Customer Experience
EES	Economic, Environmental and Social
eKYC	Electronic Know Your Customer
ELT	English Language Training
EPS	Earnings per Share
ESL	English as a Second Language

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS (CONTINUED)

FCF	Free Cash Flow
FY	Financial Year
GBP	British Pound Sterling
GRI	Global Reporting Initiative
HR	Human Resource
INR	Indian Rupee
IoT	Internet of Things
IP	Intellectual Property
IPO	Initial Public Offering
ISMS	Information Security Management System
ISO	International Standards Organization
IT	Information Technology
KL	Kuala Lumpur
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MFRS	Malaysia Financial Reporting Standards
MSC	Multimedia Super Corridor
OHS	Occupational Health and Safety
PAT	Profit After Taxation
PBT	Profit Before Taxation
PDPA	Personal Data Protection Act
PLC	Private Limited Company
RDA	Robotic Desktop Automation
RPA	Robotic Process Automation

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS (CONTINUED)

RM	Ringgit Malaysia
ROCE	Return on Capital Employed
ROI	Return on Investment
SICDA	Securities Industry (Central Depositories) Act 1991
Scicom	Scicom (MSC) Berhad
Scicom Academy	Scicom (Academy) Sdn Bhd
SCP	Support Center Practices
SCP	Service, Capability & Performance
SMT	Senior Management Team
SPCA	Society for the Prevention of Cruelty to Animals
Statement	Corporate Sustainability Statement
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
UK	United Kingdom
USA	United States of America
USD	United States Dollar

CORPORATE INFORMATION

GROUP DIRECTORY

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

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 : upskill@scicom.com.my

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
Fax : 94 11 5520000

PT Scicom Indonesia
Gedung The Landmark Centre Tower II Lt 5
Jl. Jend Sudirman No 1 Setiabudi, Jakarta Selatan,
DKI Jakarta Raya, 12910

Scicom (Cambodia) Co., Ltd
No. 33, Street 29 Corner Street 294
Phum 4, Sangkat Tonle Bassac
Khan Chamkarmorn, 120301 Phnom Penh

CORPORATE INFORMATION

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Banyan & Casuarina, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000, Kuala Lumpur, Malaysia on **Monday, 25 November 2019** 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 2019 together with the Reports of the Directors and Auditors thereon.	(Please refer to Note 2)
2. To re-elect the following Directors who retire pursuant to Article 84 of the Constitution of the Company:-	
(i) Dato' Mohd Salleh Bin HJ Harun	(Ordinary Resolution 1)
(ii) Karen Judith Goonting	(Ordinary Resolution 2)
(ii) Mahani Binti Amat	(Ordinary Resolution 3)
3. To approve the payment of Directors' Fees of RM495,000 for the financial year ended 30 June 2019.	(Ordinary Resolution 4)
4. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 5)

B. Special Business

5. PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION") — (Speacial Resolution) (Please refer to Note 3)

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution attached hereto as Annexure A with effect from the date of passing this special resolution.

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

C. Other Business

6. 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)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries

Kuala Lumpur
25 October 2019

CORPORATE INFORMATION

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:-

1. APPOINTMENT OF PROXY

(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company. 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, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, 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 18 November 2019 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 2019

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

Special Resolution on Proposed Alteration

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to Annexure A enclosed together with this Notice of General Meeting of the Company dated 25 October 2019.

CORPORATE INFORMATION

PROXY FORM

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

No. of ordinary shares held	CDS Account No.

TELEPHONE NO.

....
(DURING OFFICE HOURS)

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

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

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

....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No..
of ....

....
(FULL ADDRESS)

or failing him ....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No..
of ....

....

or the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Seventeenth Annual General Meeting of the Company to be held at Banyan & Casuarina, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000, Kuala Lumpur, Malaysia on **Monday, 25 November 2019** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

Ordinary Business		***FOR***	***AGAINST***
Ordinary Resolution 1	Re-election of Dato' Mohd Salleh Bin HJ Harun as Director pursuant to Article 84 of the Constitution of the Company		
Ordinary Resolution 2	Re-election of Karen Judith Goonting as Director pursuant to Article 84 of the Constitution of the Company		
Ordinary Resolution 3	Re-election of Mahani Binti Amat as Director pursuant to Article 84 of the Constitution of the Company		
Ordinary Resolution 4	Approval of Directors' Fees of RM495,000 for the financial year ended 30 June 2019		
Ordinary Resolution 5	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors		
Special Resolution	Proposed Alteration of the existing Memorandum and Articles of Association by replacing with a new Constitution		

(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 shareholdings to be represented by my/our proxy(ies) are as follows:

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

Dated this ____________ *day of* ________________ *2019*

____
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.

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SCICOM (MSC) BERHAD (597426-H)

www.scicom-intl.com