scicom

TOTAL CUSTOMER DELIGHT

CHANGE. INNOVATE. GROW.

ANNUAL REPORT **2020**

CHANGE. INNOVATE. GROW

Despite a global paradigm shift due to the COVID-19 outbreak, Scicom's commitment to providing bespoke solutions and excellent service to our clients remains unwavering. **"Change. Innovate. Grow."** is our motto for this year, reflecting our mindset since the onset of the pandemic, where smart and agile thinking has allowed us and our clients to excel during this time with minimal disruption.

We have shown resilience during these challenging times through proactive leadership and decisive action. When the Movement Control Order (MCO) was announced by the Malaysian government, our Business Process Outsourcing (BPO) division managed to swiftly implement emergency plans, moving 94% of BPO employees across Sri Lanka and Malaysia from WFO (work from office) to WFH (work from home) within 7 days with no loss of performance on overall KPIs. We also successfully launched two major new customer projects with nearly 200 staff being recruited and trained offsite.

A combination of advanced workforce management and selective use of more automated services was critical in meeting client expectations during uncertain times.

In addition, across our different lines of business we are also augmenting our business strategies, our methods of service delivery, and our capabilities to thrive in the era of the new normal. Our top priority is to keep our staff safe while delivering high quality service that our clients and customers expect. We are also grateful to all of our employees for exhibiting dedication and professionalism throughout the critical times of the outbreak and seamlessly adapting to new rules and regulations.

We are optimistic about the future. We will continue to adopt new technologies such as cloud computing, robotic process automation, artificial intelligence, and digital platforms to develop innovative solutions for our clients. We believe these technologies are pertinent to our growth as consumers increasingly rely on online platforms, and remote working environments become ubiquitous.

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ABOUT SCICOM

"SCICOM CONTINUOUSLY DELIVERS ROBUST AND ADAPTIVE BUSINESS TRANSFORMATION SOLUTIONS THAT GENERATE MAXIMUM IMPACT IN AN EXCEEDINGLY VOLATILE ERA."

Since 1997, Scicom has been a trusted partner to large corporations and government agencies. Renowned in the industry for delivering innovative and value-added solutions, Scicom firmly believes its fundamental values – Quality, Teamwork, Innovation, Integrity, and People are the driving force behind its success. Scicom became a Public Listed Company (PLC) in 2005 and is listed on the Main Market of Bursa Malaysia Securities Berhad. With a total headcount of 2,408 Scicom engages with millions of customers every year across multiple channels while forging ahead in industry best practices and delivering world-class performance.

The global impact of the COVID-19 pandemic has made outsourcing and mobilisation of a digital workforce more crucial to business operations than ever before. As a forward-thinking solutions provider in Malaysia, Scicom is strongly positioned to continue delivering cutting-edge business transformation services in the era of a new normal. Our portfolio of integrated solutions in Customer Lifecycle Management, Education, e-Commerce, Digital Marketing, and Gov-Tech has proven to be responsive and adaptable despite evolving business challenges.

Scicom plays an integral role in ensuring business continuity in the face of unforeseen disruptions and new complexities. In the world of BPO, our Customer Support arm creates thousands of valuable customer experiences daily that increase customer retention and establish trust with brands we represent. Our Gov-Tech solutions help solve complex challenges our government clients face by streamlining processes and adopting intelligent automation technologies to produce results with greater efficiency. In Education, we utilise digital education tools and distance learning methods to upskill corporate executives and equip students with marketable skills and knowledge. Our Digital & E-Commerce teams are blazing forward creating new digital spaces and solutions to drive online growth.

Scicom's integrated portfolio of services combined with deep industry expertise enable companies to transform their strategic vision into optimal solutions that create substantial value and establish unique differentiators amongst the competition. Our innovative approach and technological capabilities help our clients build resilience, empower transformation, and drive growth.

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

CUSTOMER LIFECYCLE MANAGEMENT

While social restrictions and lockdowns in the COVID-19 era have hampered traditional methods of business, consumers are still engaging in millions of transactions on digital platforms. At Scicom, we believe the key to long term customer retention is in meeting or exceeding customers' expectations. Scicom Customer Management BPO provides multi-lingual and omni-channel solutions for customer acquisition & sales, customer care support, and back-office support. Our back-office services add extra value by offering customer experience analytics and data-driven insights that improve customer satisfaction and increase efficiency.

Scicom Global Connect was added in early 2020 to our arsenal of service offerings as a strategic response to the needs of large corporations. It empowers companies to recruit and manage remote teams using comprehensive e-learning based training, remote agent management platforms, and enhanced security support.

Through this service, companies can outsource business processes to remote teams with greater ease, efficiency, and reassurance that operations will remain productive and smooth.

Although technology is at the core of our business, we believe our strongest asset is our human capital. Scicom BPO recruits, trains, and manages linguistically diverse teams of knowledgeable, friendly and tech-savvy Customer Service agents.

We continuously invest in upskilling our agents and equipping them with leading customer service platforms to provide exceptional customer support.

Scicom BPO's emphasis on tech-based solutions and developing human capital continues to bring outstanding results for our clients' businesses. Our bespoke customer care solutions 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.

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OUR SOLUTION SETS

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

"WE CONSTANTLY PROVIDE INNOVATIVE SOLUTIONS WHILE BEING AGILE AND ADAPTABLE WITH EMERGING TECHNOLOGIES AND SHIFTING BUSINESS PRIORITIES."

SCICOM GOV-TECH

Scicom Gov-Tech has promptly responded to the urgent needs of the Government sector to effectively communicate and provide valuable digital solutions to citizens in the COVID-19 era. We empower Government clients to solve complex macro challenges facing various industries in the public sector.

At our Gov-Tech digital labs, we took a proactive approach in reacting to the COVID-19 pandemic, implementing contact tracing systems on digital platforms to identify high-risk individuals and help prevent further spread of the virus. We are continuously exploring avenues in multiple sectors where this technology can create value and enhance services with the benefit of the public in mind.

We are strong proponents of digitally-enabled service transformation, partnering with government clients to streamline and automate business processes and implement digital solutions that reduce operational costs, increase productivity, and enable data analytics and insights to improve the speed and quality of service delivery.

> "SCICOM GOV-TECH WORKS IN LOCKSTEP WITH THE GOVERNMENT SECTORS, CREATING INNOVATIVE DIGITAL SOLUTIONS THAT EXPAND ACCESS TO VITAL GOVERNMENT SERVICES WHILE ENHANCING A CITIZEN'S OVERALL EXPERIENCE."

OUR SOLUTION SETS

- 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

SCICOM EDUCATION GROUP

"SCICOM EDUCATION'S DIGITAL LEARNING SOLUTIONS PLAY A CRUCIAL ROLE IN EMPOWERING THE PROFESSIONALS OF TOMORROW TO ENTER A HIGHLY COMPETITIVE MARKET."

Built on a foundation of flexibility and responsiveness, Scicom Education has seamlessly transitioned into the digital era to cater to the high demand for skilled talent by businesses around the world. Through a wide range of language, vocational, and professional training programmes, we help prepare students and professionals overcome challenges in the private and public job sectors by equipping them with marketable, in-demand training solutions that bring value.

Scicom Education's dynamic capabilities provide comfort to students and professionals who are hampered by COVID-19 restrictions in Malaysia and abroad. Our range of corporate training programmes can be customised to suit the needs of changing company objectives. We have expertise in developing staff competency in the areas of stress, time and conflict management, customer relations, and leadership. Based on client feedback, our programmes have shown to substantially increase productivity and performance in the workplace.

Scicom Education also offers a range of products in skills development, psychometric, and aptitude assessments. These programmes are designed to produce outstanding students who are prepared to tackle the job market and develop competencies for career success.

Scicom Education is dedicated to the digital upskilling of the Malaysian workforce. We create programmes that focus on developing skills in areas such as English proficiency, customer support, and digital readiness. By providing both dedicated classrooms and highly individualised coaching, our programs help students achieve their goals faster.

Armed with an experienced faculty of lecturers and practitioners, Scicom Education provides holistic and comprehensive learning solutions for clients and individuals across the spectrum of industry sectors. We take pride in having helped thousands of students and professionals develop their skills and become productive members of Malaysia's workforce.

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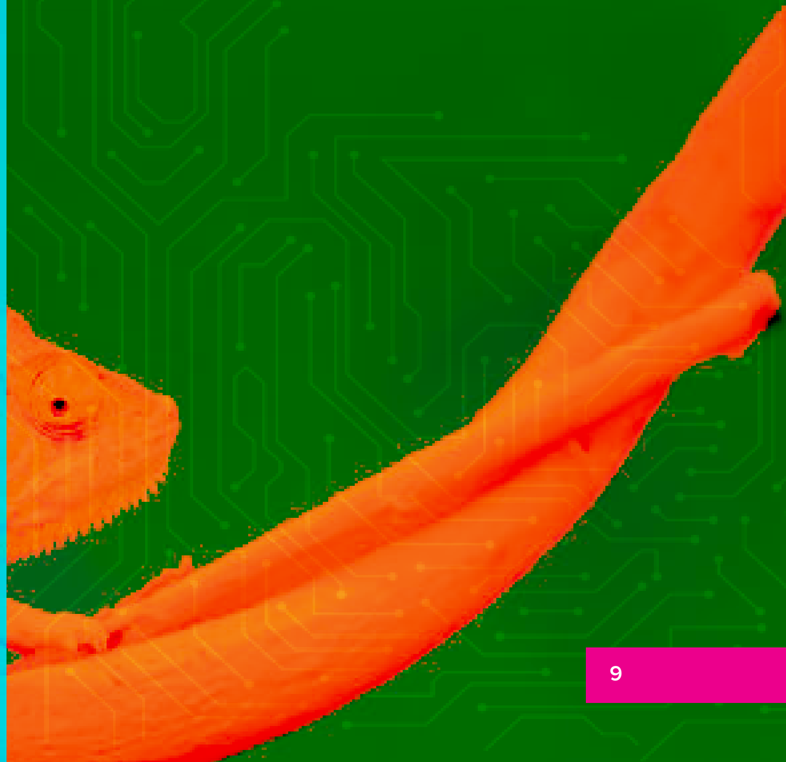
OUR SOLUTION SETS

- Scicom Academy English Language Development Centre
- Talent Transformation & Certifications
- Pyschometric Assessments



SCICOM E-COMMERCE

Scicom e-Commerce Solutions puts businesses at the front of the Web by providing custom-built commercial strategies, website & mobile applications, graphic design, catalogue & inventory management, order processing and fulfilment as well as digital marketing, analytics and customer support services. We are an end-to-end e-commerce solutions provider who seamlessly blend traditional retail tactics into innovative online platforms to drive web traffic to our clients' storefronts.

Our e-commerce mobile applications can be custom tailored to provide a personalised shopping experience to our clients' customers, generating greater revenue and establishing trust between the customer and the brand. Features such as real-time communication with customers via personalised messages and push notifications facilitate an engaging customer shopping journey which ultimately leads to higher customer retention across multiple channels.

Scicom is a strong believer in evidence-based optimisation, utilising consumer data analytics to make optimal business decisions and improve effectiveness of each sales channel. We help our clients understand their customers better, allowing for the deployment of targeted product marketing, personalised platform features, and effective advertising campaigns to yield the best return on investment (ROI).

"WE POSITION OUR CLIENTS TO EXCEL IN THE ONLINE MARKETPLACE BY PROVIDING DATA-DRIVEN SOLUTIONS TO DRIVE TRAFFIC AND MAXIMISE SALES GROWTH."

Scicom Annual Report 2020

OUR SOLUTION SETS

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

SCICOM DIGITAL

"SCICOM DIGITAL LOOKS AT YOUR BUSINESS FROM EVERY ANGLE AND FINDS THE AREAS WHERE DIGITAL TRANSFORMATION COULD LEAD TO DRAMATIC SUCCESS."

Scicom Digital harnesses the power of the digital age to create transformative change within businesses from across a wide variety of industry sectors. We help businesses accelerate the creation of new digital solutions by identifying key areas where digital solutions can streamline workflow processes, increase productivity and reduce unnecessary costs.

We have proven experience in digital transformation and take a lean and agile approach in developing digital solutions. From the drawing board to implementation, we develop smart digital strategies that are focused on the long-term success of our clients' businesses. Our team of cross-functional experts with decades of experience and domain knowledge in the areas of customer experience, technology, marketing, communications and business strategy work together to build optimal solutions that are best suited for the technologically-focused, digitally-enabled environment we live in.

Our powerful digital solutions are enhanced by our partnership 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 is ready to digitally transform the businesses of major clients in the public and corporate sectors. We continue to spread our footprint across Asia and other emerging markets to intensify business outreach and appeal to new clients seeking to elevate their businesses.

OUR SOLUTION SETS

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

CORPORATE PROFILE

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

NOMINATING & REMUNERATION COMMITTEE

Karen Judith Goonting
Chairperson

Dato' Mohd Salleh Bin Hj Harun
Member

Mahani Binti Amat
Member

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358) (SSM PC No.202008001472)
Te Hock Wee (MAICSA 7054787) (SSM PC No.202008002124)

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

Public Mutual Berhad
Menara Public Bank 2,
No.78, Jalan Raja Chulan,
50200 Kuala Lumpur, Malaysia

CORPORATE 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

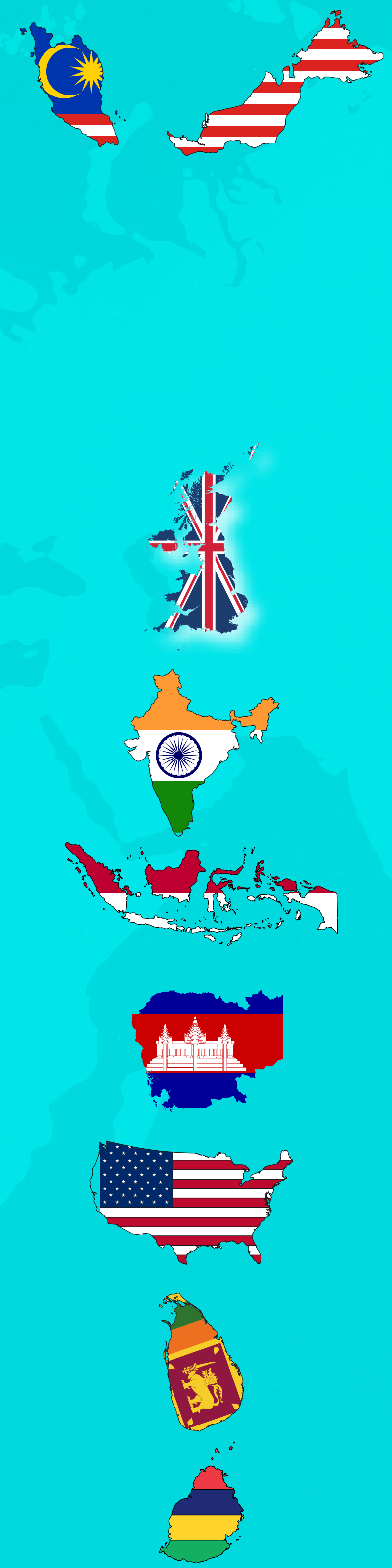
STOCK EXCHANGE LISTING

Main Market of 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 E-SOLUTIONS SDN BHD
(Kuala Lumpur and Cyberjaya Malaysia) 100% owned

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

ASIAN CONTACT SOLUTIONS SDN BHD
(formerly known as Asian Contact Centres Sdn Bhd)
(Kuala Lumpur, Malaysia) 50% 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

KRISHNAN MENON

Non-Independent Non-Executive Director/Chairman

Age	: 70
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. He has attended all the four (4) Board meetings held during the financial year.

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DATO' SRI LEO ARIYANAYAKAM

Non-Independent Executive Director/Chief Executive Officer

Age	: 57
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. He has over 25 years of senior level experience in technology solutions, process development and the commercial and strategic aspects of business development culminated from senior level positions in startups and global multinationals. His main responsibilities as the Chief Executive Officer and Group Executive Director are to maximise shareholders' value, make high-level decisions in terms of the Group's business development, finance, human capital, culture, operations and strategies, and chart the future growth and direction of the Group globally. He does not hold any directorship in public companies and listed issuers in Malaysia other than the Company. He has attended all the four (4) Board meetings held during the financial year.

DATO' NICHOLAS JOHN LOUGH @ SHARIF LOUGH BIN ABDULLAH

Independent Non-Executive Director

Age	: 68
Gender	: Male
Nationality	: British /Malaysian Permanent Resident
Date Of Appointment	: 14 May 2014

Dato' 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. Dato' Nicholas is currently a director of GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust, as well as director of Hong Leong MSIG Takaful Berhad and Hong Leong Bank Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad. He has attended all the four (4) Board meetings held during the financial year.

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DATO' MOHD SALLEH BIN HJ HARUN

Non-Independent Non-Executive Director

Age	: 76
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 Nominating 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 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) and Asia Capital Reinsurance Malaysia Sdn. Bhd., as well as Chairman of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Etiqa Insurance Pte Ltd, Maybank Ageas Holdings Berhad and Maybank Philippines. He is the current Chairman of ACR ReTakaful Berhad. He has attended all the four (4) Board meetings held during the financial year.

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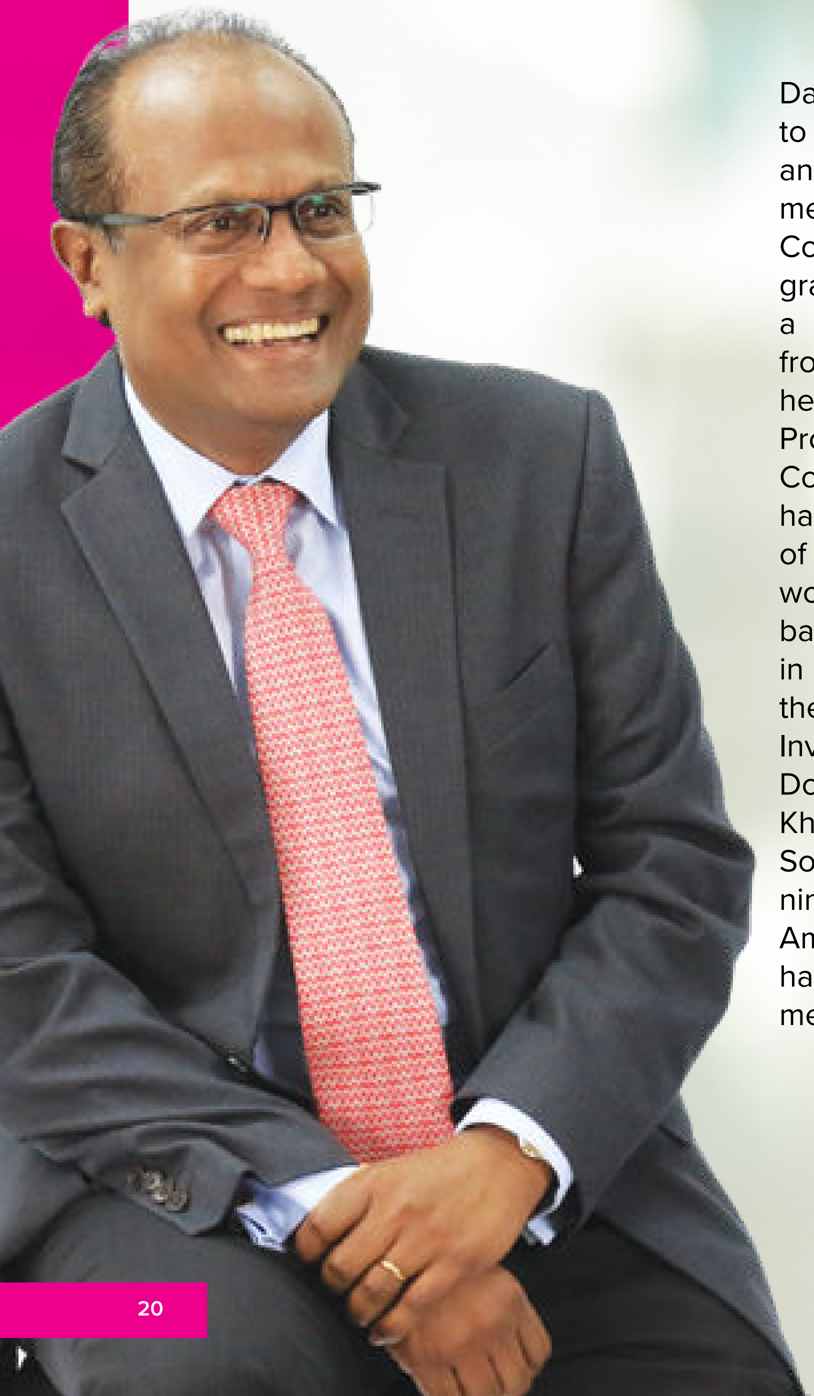
DATUK JOSEPH DOMINIC SILVA

Independent Non-Executive Director



Age	: 55
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 Programme at the Henley Management College in the United Kingdom. Datuk Dominic has over 30 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 the Chief Executive Officer of MIDF Amanah Investment Bank Berhad. Prior to this, Datuk Dominic was the Head of Investments at Khazanah Nasional Berhad – Malaysia's Sovereign Investment Fund, where he spent nine years. He is currently a Director of MIDF Amanah Asset Management Berhad. He has attended two (2) out of four (4) Board meetings held during the financial year.

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, Sistem Television Malaysia Berhad and Chairman/ Director of Petronas ICT Sdn Bhd and Synchrosound Studio Sdn Bhd. Whilst in South Africa, he was also the Chairman of the South African Petroleum Industry Association in 2007. Mohd Rashid is currently a Director of several public listed companies namely Media Prima Berhad, Velesto Energy Berhad and Standard Chartered Bank Malaysia Berhad. He has attended all the four (4) Board meetings held during the financial year.

KAREN JUDITH GOONTING

Independent Non-Executive Director

Age	: 58
Gender	: Female
Nationality	: Malaysian
Date Of Appointment	: 14 May 2014

Karen Goonting is the Chairperson of the Nominating and Remuneration Committee. She 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 33 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. Karen has been a partner in Zaid Ibrahim & Co., the National Road Safety Advisor for Malaysia for the Asian Development Bank and a Research Fellow at the Malaysian Institute of Road Safety Research. She does not hold any directorship in public companies and listed issuers in Malaysia other than the Company. She has attended all the four (4) Board meetings held during the financial year.

MAHANI BINTI AMAT

Independent Non-Executive Director

Age	: 66
Gender	: Female
Nationality	: Malaysian
Date Of Appointment	: 15 June 2017

Mahani Binti Amat was appointed on 4 September 2017 as a member of the Nominating 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 two other public listed companies on the Main Market of Bursa Securities Berhad, namely Unisem (M) Bhd and Leong Hup International Berhad. She is also an Independent Director for AIA Berhad and a member of the Investment Committee of Opus Asset Management Sdn. Bhd. She has attended all the four (4) Board meetings held during the financial year.

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*

SENIOR MANAGEMENT TEAM

KELVIN LOKE CHEONG HIAN

Chief Financial Officer

Kelvin, a Malaysian, male, 45, joined Scicom on 20 September 2004 and was appointed as Chief Financial Officer on 31st July 2019. 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 worked as an auditor at Ernst and Young, and as Corporate Analyst at another public listed company in Malaysia. Kelvin graduated with a Bachelors in Accountancy with Honours from the Northern University of Malaysia (University Utara Malaysia) and is a member of the Malaysian Institute of Accountants.

BENNY PHILIP

Chief Operating Officer - Outsourcing

Benny, a Malaysian permanent resident, male, 52, 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 Group Global Resourcing division. 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.

JASIM PUTHUCHEARY

Chief Operating Officer - e-Solutions & Gov-Tech

Jasim, a Malaysian, male, 50, joined Scicom on 15 January 2009. As COO for CRM & Consulting, Jasim is responsible for Scicom's client focused internet and online 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, 57, 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, 66, 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 Programme 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, 55, 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 at 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 multinational 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, 47, joined Scicom on 1 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 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 Accountants (UK).

SHEREEN DYER

Senior Vice President - Legal Affairs

Shereen, a British national, female, 45, joined Scicom on 1 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.

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	
	2020 RM	2019 RM	2020 RM	2019 RM
PROFITABILITY (RM'000)				
Operating revenue	181,330	161,160	174,259	154,358
Profit before taxation ("PBT")	30,672	27,062	31,787	27,146
Net profit for the financial year	22,053	20,024	23,198	19,415
Net profit attributable to the equity holders of the Company	22,052	20,211	23,198	19,415
KEY BALANCE SHEET DATA (RM'000)				
Total assets	121,519	111,240	108,598	99,158
Total liabilities	20,158	13,963	16,566	12,552
Capital and reserves attributable to equity holders of the Company	101,361	97,277	92,032	86,606
Net Cash Position	29,116	40,506	27,949	38,400
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	12.52%	-2.5%	12.9%	-1.6%
- PBT growth (%)	13.3%	-26.9%	17.1%	-25.8%
- Net profit growth (%)	10.1%	-37.3%	19.5%	-38.3%
- Basic earnings per share (sen)	6.20	5.69	N/A	N/A
- Diluted earnings per share (sen)	N/A	N/A	N/A	N/A
- Asset turnover (times)	1.49	1.45	1.60	1.56
- Net return on equity (times)	0.22	0.21	0.25	0.22
Liquidity:				
- Current (times)	5.08	6.68	5.92	6.90
- Cash over total assets (%)	24.0%	36.4%	25.7%	38.7%
- Trade receivables turnover (months)	3.47	3.29	3.46	3.26
Financing (excluding lease liabilities):				
- Debt over equity (times)	-	-	-	-
- Gearing (times)	-	-	-	-
Market Based (as at 30 June):				
Market capitalisation (RM'000)	334,126	291,472		
Price-earning ratio (times)	15.16	14.41		
Dividend Yield (%)	5.3%	6.7%		
Net Asset Per Share (sen)	28.52	27.37		

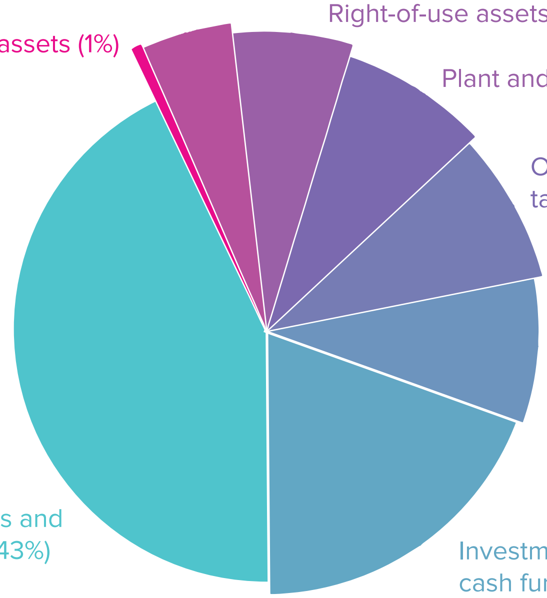
REVENUE AND PROFIT BEFORE TAXATION

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

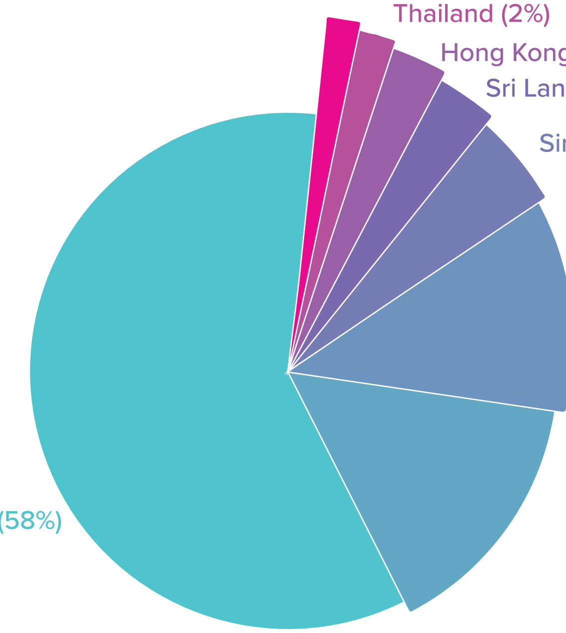
SHAREHOLDERS' FUNDS AND NET CASH

Scicom Annual Report 2020

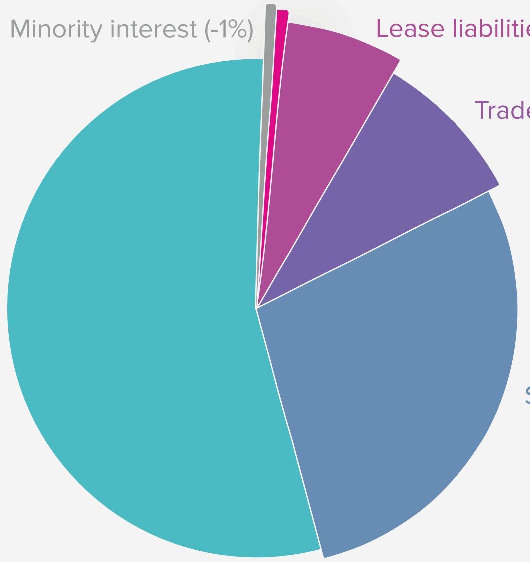
TOTAL ASSETS



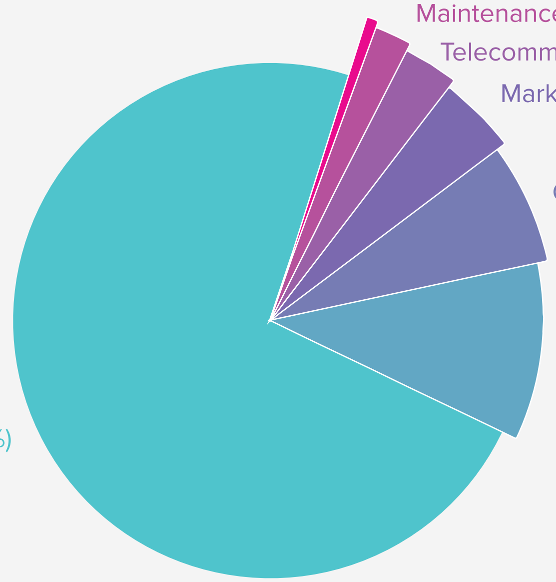
REVENUE BY LOCATION



TOTAL LIABILITIES, CAPITAL AND RESERVES



OPERATING EXPENSES



MANAGEMENT DISCUSSION AND ANALYSIS

SCICOM AT A GLANCE

Scicom is one of Malaysia's leading integrated solution providers. We provide a suite of 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).

Despite the impact from the Movement Control Order ("MCO") and travel ban imposed in Malaysia due to the Covid-19 pandemic that came into effect at the end of the 3rd quarter of the financial year under review, the Group registered an increase in revenue and profit before tax of 12.5% and 13.3% respectively for the current financial year under review as compared to the preceding year. The improvement in the Group's performance for the current financial year is primarily contributed by an increase in transactional volume and its corresponding billings for existing clients as well as newly secured clients.

The Group continues to expand its suite of products and services using internally developed Intellectual Property ('IP'). These products and services are designed to create value for the Group from our existing and prospective client base.

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 set up of a Research and Development ('R&D') arm for the development of Identity Management and Digital Government related products and services.

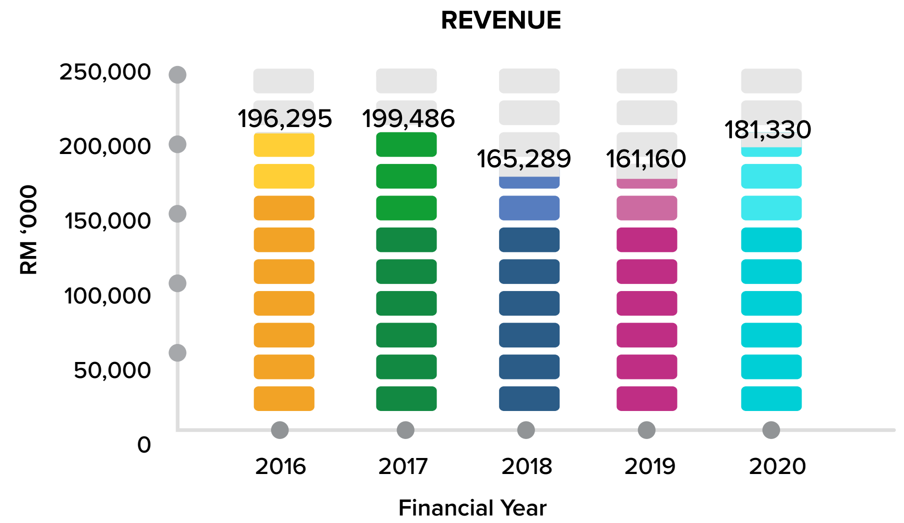
Year in Review - FY2020 Performance Summary

RM (MILLION)	FY2019	FY2020	Change
REVENUES	161.2	181.3	⬆ 12.5%
PROFIT BEFORE TAX ("PBT")	27.1	30.7	⬆ 13.3%
PROFIT AFTER TAX ("PAT")	20.0	22.1	⬆ 10.1%

Scicom reported an encouraging revenue and net profit growth for financial year 2020. Our team delivered on commitments to create value for our clients, our people, our shareholders and the communities we serve in, even in the midst of the COVID-19 global pandemic.

Malaysia's Movement Controlled Order (MCO) came into effect at the tail end of Q3 of FY20. Our business operations never stopped expanding during the global and nationwide shutdowns. Large-scale remote working became a necessity and Scicom's BPO operations took immediate steps to protect the well-being of employees while also ensuring business continued during the crisis. The rapid, large-scale development of work-at-home capabilities is still being used by our employees.

The Group registered an increase of 12.5% in revenue and 10.1% in net profit in FY2020. This improvement is attributed to a rise in billable headcount for our BPO operations, expansion of services for existing clients and start-up of operations for new clients. Our financial results attest to the durability of our business, the breadth and depth of our team, the continued strong demand for our services, and the growth opportunities ahead.



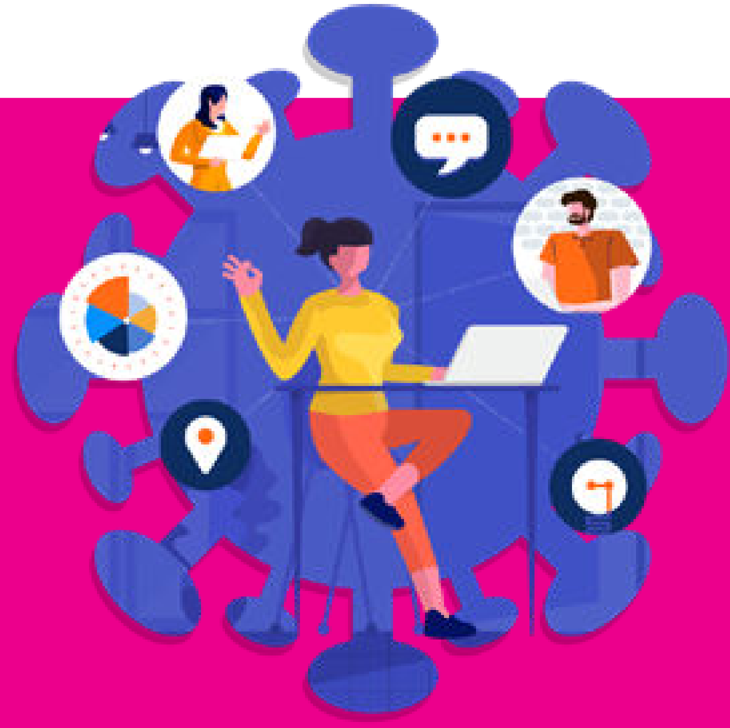
The Group's revenue grew by 12.5% in the current financial year ('FY2020') to RM181.3 million. This is attributable to the organic growth of the Group's existing clients and new clients secured which have contributed to an increase in the Group's revenue of RM11.5 million and RM9.1 million respectively. Revenue from existing clients increased from RM160.6 million in FY2019 to RM172.1 million in FY2020 due mainly to an increase in billable operational headcount.

China has been identified as one of the key target markets by the Group and concerted business development efforts therein accounted for 45.2% of the incremental revenue growth of the Group.

Virtually all of the Group's revenue is contributed by the BPO segment of the Group which includes the following verticals:

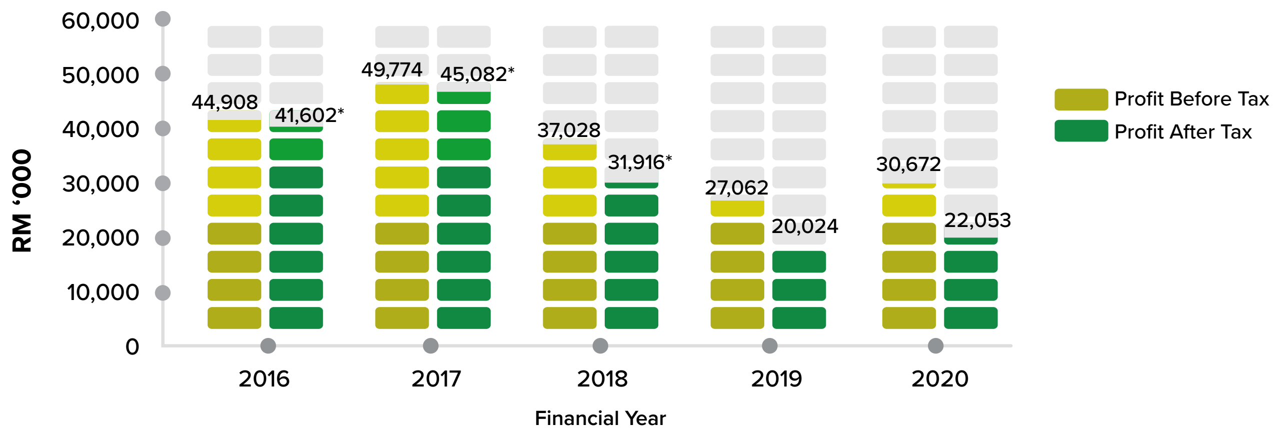
- Customer Lifecycle Management
- E-Government ('Gov-Tech') Solutions
- Digital/E-Commerce Solutions

"Scicom enabled our clients to run effective business services during the early stages of COVID-19 pandemic. Our clients relied on us to help them drive growth in an increasingly complex and disruptive environment. We deployed more than 94% of work-at-home workstations in less than one week, which not only safeguarded our employees' health and their jobs, but also strengthened our growth, delivering business continuity for our customers during a crisis."



In FY2020, the Group recorded a profit before tax ('PBT') and profit after tax ('PAT') of RM30.7 million and RM22.1 million respectively. In tandem with revenue growth for FY2020, both PBT and PAT of the Group recorded an increase of 13.3% and 10.5% respectively as compared to FY2019.

GROUP PROFIT (2016-2020)



**The Company was granted a Customised Incentive by MDEC amounting to 100% of income tax exemption on all statutory income derived from Scicom (MSC) Berhad until the 6th of November 2015. This was subsequently revised to 70% from the 7th of November 2015 until the 6th of November 2017.*

Group Financial Position

The Group continues to maintain a healthy balance sheet with zero-debt (excluding lease liabilities) to support its operations and dividend requirements. The Group's balance sheet remained strong as the Group ended FY2020 with RM29.1 million (FY2019: RM40.5 million) in cash. Free cash flows ('FCF') of the Group has improved to RM16.9 million for FY2020 as compared to RM15.9 million for FY2019.

A drop in cash and bank balances for FY2020 as compared to FY2019 was predominantly caused by delays in payment processing by certain clients during the lockdown period across most countries around the globe. However, debtors' turnover of the Group for FY2020 remains within an acceptable threshold of 3.47 months as compared to 3.29 months for FY2019.

Earnings per Share ("EPS") of the Group for FY2020 stands at 6.20 sen which is 9% higher as compared to FY2019. The Group's Return on Capital Employed ("ROCE") has also improved to 21.3% for FY2020 as compared to 20.6% for FY2019.

The Group's Current Ratio of assets over liabilities is 5.08 in FY2020 as compared to 6.68 in FY2019 attributed to slower collections in the second half of the financial year. However the Group's Cash Over Total Assets Ratio remained at a healthy 24.0% for FY2020.

Capital Expenditure

Out of the total RM9.2 million capital expenditure incurred for FY2020, software development related costs amounted to RM1.5 million, RM4.7 million was procured specifically for new BPO project requirements, with the remaining RM3.0 million deployed for cutting edge enterprise wide software and hardware refreshes and upgrades. The net book value of fixed assets (comprising of plant, equipment and software licenses) amounted to approximately RM21.08 million as at 30th June 2020. The Group's Fixed Assets Turnover Ratio stands at 8.6, indicating an efficient utilisation of the Group's fixed assets for revenue generation.

Shareholders' Value

Scicom's share price ended FY2020 at RM0.94 per share (FY2019: RM0.82), with a corresponding market capitalisation of RM327.0 million. Since our IPO in 2005, Scicom shares have delivered a Compound Annual Total Return to Shareholders (including dividends reinvested at spot prices) of 558.30%.

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 85% of its net profit to shareholders in the form of dividends over the last five (5) financial years.

For FY2020, the first interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 24th December 2019. The second interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 20th March 2020. The third and fourth interim dividends of 1.0 sen per share each (equivalent to RM3.6 million for each payment) were paid on the 29th June 2020 and 29th September 2020 respectively. This brings the total dividend declared for FY2020 to 5.0 sen per share, equivalent to approximately RM17.8 million or 81% of the Group's PAT for FY2020. The dividend yield for FY2020 was 5.3% against 6.7% in the preceding year.

STRATEGY IN REVIEW - BPO OPERATIONS

> **"Continuity in crisis: Enabling clients to run effective business services during COVID-19 lockdowns."**

During times of crisis, business operations became more important than ever. Our BPO operations team established a command centre for a virtual workforce to measure quality, productivity, compliance, people engagement and workforce well-being. Post-lockdown, the best combination of working from home and office - depending on the nature and type of work will be continued. Using a mixture of service models to improve customer service while reducing operations risk in a volatile world will be our focus.

The COVID-19 pandemic has reset major work trends and will have a lasting impact on the future of work. Scicom's management has accelerated digital transformation, established variable cost structures, and implemented agile operations. The pandemic forced us to re-evaluate how our BPO workforce deliver relevant customer experiences, where they work, and how digital channels and automation can be used to support business continuity beyond the crisis.

When the pandemic eventually recedes, companies will not be returning to the old ways of operating. Many businesses are already looking to cut cost during the pandemic and are planning to outsource their customer service operations. The BPO industry has witnessed an increase in demand at 4% per year for the past four (4) years and it is expected to grow by 3.5% in the next three (3) years according to Everest Research. Customer Experience Management ('CXM') is becoming mission critical and many companies are turning to outsourcing providers to address rising customer expectations, reduce costs, optimise operations, and to improve Customer Experience. Scicom is well positioned to benefit from the rising demand for outsourced contact centre service.

For FY2021, our key focus for BPO operations would include:

- **Ongoing expansion to targeted regions and industries,** specifically in China, Singapore and Japan. We have implemented a structured global sales approach for our BPO solutions that has enabled the business to achieve revenue growth of 12.8% the past year. We are constantly innovating and strengthening our value proposition. Our target is to increase revenues in high-growth industries and regions.
- **Enhancing workforce flexibility and fluidity.** We are making investments to improve workforce agility and engagement to enable us to scale exceptional customer experiences. We have implemented an efficient and effective work-from-home business model for business-critical functions and will continue to make investments to prepare for the post pandemic future of work, recruit for the right skills, provide highly engaging training and preparing our workforce for the post pandemic future of work.
- **Improving digital platforms to implement 'high tech' and 'high touch' strategies.** Customer engagement will rely heavily on digital, social and virtual assistant technology in the future. Scicom is continually refining the use of Artificial Intelligence and Robotics technologies to provide a seamless experience to customers, lower call time queuing, and to provide 100% reliability for routine enquiries. Only complex cases are escalated to a highly trained customer support team, striking the right balance between high tech and high touch.

We are continuing the focus to grow our business in targeted BPO markets, which remains dynamic as the world economies begin their gradual recovery. Building on FY2020 growth, our proven business model and with our dedicated team, we are confident that we will continue to deliver client and shareholder value.

"Providing human authenticity and empathy in a digital world. Being there for customers at their channel of choice – both voice and non-voice."

Scicom enabled our eCommerce client to scale their work-from-home call centre overnight, and to expand operations by 30% during the lockdown months.

We brought in skilled and distributed teams that can log in anytime, anywhere and deliver on customer commitments at scale and at the same time providing them with digital platforms that support analytics, artificial intelligence, and machine learning, alongside greater automation, to drive digital experiences that help their operations to gain insights and become more intelligent.

GOV-TECH

Scicom's Gov-Tech provides digital transformation and outsourcing services for public service agencies. We are a trusted partner to governments, delivering citizen and business centric services across the identity management and digital government space.

Governments worldwide are facing challenges to deliver better services for less, and many are turning to the private sector for support. There is significant business opportunity post pandemic, as cash strapped governments are expected to outsource more and to form long term private-public partnerships to lower the cost of delivering government services. We expect to see increase in demand for digital solutions that will reduce the dependence on labour intensive tasks.

For FY2021, Scicom Gov-Tech will focus on providing end-to-end business architecture and solutions that are data driven, connected, and secure. We are proactively working with current clients to prepare for what's next and identifying areas to implement technology and business solutions that are relevant to government clients. Scicom's Gov-Tech team is continuously testing and implementing new services, capabilities and utilising technologies such as artificial intelligence, machine learning, intelligent automation to enhance productivity and create new growth opportunities.

DIGITAL

The global demand for digital transformation services has been aided by the onset of the COVID-19 pandemic, with this market expected to grow to USD 500 million by 2024 from USD 250 million in 2019. Companies are now focussing on providing high quality digital User Experiences ("UX") and Customer Experiences ("CX") as a means of eliminating unnecessary spending, attracting new customers and promoting customer loyalty. Recent trends point to high demand for these services in the following three (3) sectors:

Higher Education

The impact of COVID-19 on global international student recruitment will be felt long after 2020, with a significant proportion of international students expected to defer or not complete their studies abroad. In response, international student recruitment teams are having to be imaginative, embracing digital recruitment methods and venturing into unchartered territory with new in-country partners. Universities with a high proportion of students from affected countries are suffering more than those with a more even spread of nationalities, putting more pressure on institutions to embrace new forms of digital recruitment to diversify their international student bodies.

Healthcare

The global Healthcare Information Technology ("HealthTech") market is estimated to reach $297 billion by 2022 - driven primarily by the rising incidence of COVID-19, government mandates, and the need to curtail escalating healthcare costs. While the healthcare industry has traditionally been slow to use data and analytics due to disconnected systems and stubborn provider behaviour, the growing demand amongst employees and end-consumers for transparency around price, quality and safety is driving the integration of data-driven healthcare systems. Virtual health/telehealth, health sensors, wearables and biometrics will be at the forefront of this revolution.

eCommerce

COVID-19 has also led to significant growth of eCommerce penetration across all industries, with new studies projecting global retail eCommerce sales to reach a new high (USD4.9 trillion) by 2021. Here, omnichannel commerce and social shopping are on the rise, with consumers now expecting to be able to conveniently and quickly purchase products, while also engaging with brands seamlessly on the online platforms of their choice.

In line with the trends mentioned above, Scicom's FY2021 strategy will be to continue to create end-to-end digital solutions to specifically respond to the issues prevalent in these sectors across both Malaysian and regional markets, providing clients with the following solutions:

	Higher Education	Healthcare	eCommerce
Solutions	• Online student applications platforms • Targeted student-focused digital marketing services	• Telehealth web platforms and mobile applications • Benefits tracking web platforms and mobile applications for employers	• eCommerce websites and mobile applications • Omnichannel digital marketing campaigns

EDUCATION

Aided by the COVID-19 pandemic, the education sector is on the cusp of a digital revolution. In this new age of digitisation, conventional teaching methods can no longer be the only way for students to learn.

The implementation of technology will force schools and institutions to offer more innovative solutions ubiquitously; with e-learning tools, immersive content via Augmented Reality ("AR")/Virtual Reality ("VR"), and online courses at the forefront of innovation. As part of this shift, the next seven (7) years are expected to see the continued growth of the digital English learning market, with the sector reaching a value of USD5.97 billion by 2027. Within this segment, the overall market for online education is projected to reach USD350 Billion by 2025, with language apps, virtual tutoring, video conferencing tools and online learning software becoming mainstream.

The past year has also redefined the dynamics of the global labour market, with the International Labour Organization estimating that the equivalent of 400 million jobs were lost worldwide during the second quarter of 2020. Within Malaysia specifically, 58% of Malaysians have said that they intend to look for a new job in the next twelve (12) months, with 15% citing that they had been retrenched. Globally, unemployed graduates, retrenched and displaced workers will require significant upskilling to meet the requirements of today's jobs, with demand for a range of digital services expected to continue beyond the current crisis.

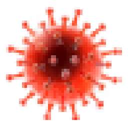
Scicom's FY2021 strategy will focus on promoting new English language assessment products, in addition to a variety of digital certifications to upskill the Malaysian workforce:

- Scicom will promote remote English assessment services to public and private sector clients in Malaysia and across the APAC region. These assessments will be deployed using custom designed e-learning platforms to facilitate effective two-way interactions and participant KPI tracking.
- Scicom will continue to promote its Digital Warrior training programmes to both public and private sector clients in Malaysia. These programs will also be deployed using Scicom's custom designed e-learning platforms to create savvy, English-fluent digital workers to re-join the workforce.

CONCLUSION

Scicom continues to evolve in line with a dynamic and constantly changing external environment. Our track record, capability and experience provides us with a platform to change, innovate and grow in tandem with a demanding and discerning customer base. Scicom is confident that it continues to be relevant with its suite of products and services, thereby ensuring a sustainable growth trajectory for the foreseeable future.

SEGMENTAL RISK

Key Segmental Risks	BPO Segment	E-Solutions Segment	Education Segment	How Do We Manage Key Segmental Risks
 Global COVID-19 Pandemic	●	●	●	On 30 January 2020, the World Health Organisation declared the COVID-19 outbreak to be a public health emergency of international concern before the same was declared to be a pandemic on 11 March 2020. Notably, the Group is not spared from disruptions posed by COVID-19 and our financial performance has and will continue to be affected by the COVID-19 counter measures introduced by governments globally. We have experienced some curtailment in our business development activities as a result of travel restrictions imposed by the Malaysian Government and/or governments in target markets. Our BPO Segment has been impacted as clients that operate in the tourism and leisure sectors are severely impacted by the pandemic, the effect of which has nevertheless been largely alleviated by a ramp up in headcount requirements from clients that operate in the online consumer products and ecommerce sectors. Unfavourable impact was also observed in our Education Segment as newly secured training contracts are postponed to a later date at clients' request. The Group undertakes various measures to mitigate COVID-19 related threats to the Group's operations, businesses and employees. These measures include: • Timely activation of our business continuity plan which has successfully mitigated disruption with regard to our services delivery and contractual service level agreements. • Implementation of various health and safety measures such as work-from-home arrangements to reduce travelling and unwarranted contact in public places, distribution of face masks and sanitisers, staff communication on health awareness, temperature screening and regular sanitisation of common areas. • Continuous process reengineering to capitalise the use of technological tools to facilitate on-going service delivery, recruitment, operational management, business development activities as well as online (internal and external) training delivery. • The enforcement and strict compliance of standard operating procedures imposed by the governments in jurisdictions where the Group operates and internal processes established for the health and safety of our employees and other relevant stakeholders. The Group's strong financial position backed by zero gearing and high liquidity has provided a solid footing enabling the Group to effectively mitigate cash flow and collection risks associated with this pandemic.

Key Segmental Risks	BPO Segment	E-Solutions Segment	Education Segment	How Do We Manage Key Segmental Risks
 Long Sales Cycle		●		The sales cycle for the E-Solution segment in the B2G sector is typically long (in excess of twelve (12) months) given the size of the 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 E-Solutions and Education segments are relatively new to the Group as compared to our operations in the BPO segment. To a large extent, the success of these segments are dependent upon awareness and market recognition of our products/services and our brands by targeted consumers. 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 products/services offerings.
 Information Security	●	●	●	In recent years, 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 information and cyber security threats which may adversely impact the Group's operations and profitability. Therefore, information and data security protection has become increasingly critical to our day-to-day operations. The Group has put in place a formalised Information Security Management Framework which drives our policies and procedures to ensure that risks arising from the use of technology are adequately identified, assessed, managed and reported. The Group is ISO 27001 certified. 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	●			The Group considers its human capital a critical factor to its success particularly in our BPO operations. Therefore, we have drawn up a comprehensive human resource strategy which addresses key aspects of human capital and talent management. 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 our products/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.

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CORPORATE MILESTONE

2019

September

Scicom pays fourth interim dividend of 1 sen for financial year 2019

November

Scicom held its 17th AGM at Sime Darby Convention Centre, Kuala Lumpur

December

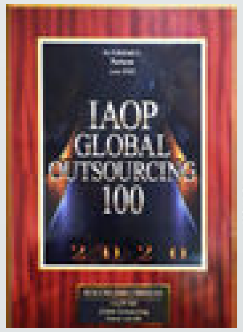
Scicom pays first interim dividend of 1.5 sen for financial year 2020

2020

March

Scicom pays second interim dividend of 1.5 sen for financial year 2020

April



Scicom was listed in the 2020 Global Outsourcing 100 by International Association of Outsourcing Professionals ("IAOP")

June

Scicom pays third interim dividend of 1 sen for financial year 2020

YEAR IN REVIEW

CORPORATE SUSTAINABILITY STATEMENT

About the Sustainability Statement

This Sustainability Statement ("the Statement") is prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This Sustainability Statement covers our sustainability performance of the operations of Scicom (MSC) Berhad ("Scicom" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ("FY") ended 30 June 2020 ("FY2020").

The Statement presented here is an update of the preceding financial year's Statement. The Statement is guided by Global Reporting Initiative ("GRI") Standards and encouraged to be adopted by Bursa Malaysia. We adopted several improvements to our policies, processes, procedures and sustainability database information for the financial year ended 30 June 2020 to complement our sustainability efforts.

This Sustainability Statement takes into consideration material risks and opportunities to our business and consequentially to our stakeholders. The Statement highlights our sustainability efforts and initiatives during the FY ended 30 June 2020 in three (3) main focus areas: Economic, Environmental, and Social for our active entities, Scicom (MSC) Berhad and Scicom Lanka (Private) Ltd.

Sustainability Governance

Governance bodies that safeguard our sustainability commitment

i. Sustainability Committee

A strong and effective sustainability governance structure would allow Scicom to focus on developing and anchoring its sustainability strategy and targets. As part of our sustainability improvement efforts, we have established a Sustainability Committee ("SC"), comprising of the Chief Financial Officer, Chief Operation Officers, Chief Technology Officer, and chaired by the Group Chief Executive Officer. The Sustainability Committee reports to the Board of Directors who are responsible in overseeing and approving sustainability objectives, policies and strategies. The line of accountability is illustrated below.

The Sustainability Committee's Term of Reference ("TOR") was issued during the year, which stipulates the SC's functions and responsibilities in setting and managing the sustainability objectives, strategies, key indicators and performance measures across the Group. The SC also monitors the sustainability matters across divisions in line with the Sustainability Policy. The Sustainability Policy is developed to ensure sustainability and ethical practices of Scicom within the framework of the Economic, Environmental and Social ("EES") principles.

Both TOR and the Sustainability Policy were approved by the Board during the year. With the assistance of the operations team and the SC, we are committed to achieving our objectives throughout FY2021.

ii) Sustainability Policy

This policy aims to achieve the following objectives:

- Endeavour to integrate the principles of sustainability into the Group's strategies, policies and procedures
- Develop and promote sustainable practices within the EES principle; and
- Create a culture of sustainability within the Group, and the community, with an emphasis on integrating the economic, environmental, and social considerations into decision making and the delivery of outcomes.

Our commitments in terms of EES are as follows:

Economic	To generate sustainable returns from our business solution services while creating value for our stakeholders. To harness the latest technologies to improve operational efficiencies and also enhance our deliveries to our clients in terms of customer experience and satisfaction. To improve cybersecurity measures (i.e. people, processes and technology) and develop resilience against any operational risk to our information technology (IT) infrastructure.
Environmental	To continuously identify initiatives for optimising energy consumption. To promote recycling and reducing waste. To create an ever-increasing awareness of this policy within the Group and stakeholders to be part of the Scicom culture.
Social	To increase employee safety awareness while focusing on providing a safe and healthy working environment. To provide equal opportunities for all and prevent racial discrimination. To prevent sexual harassment and other forms of violence against women. To recruit and retain potential and performing employees, respectively. To constantly offer attractive employee remuneration packages and improve the work environment. To improve employee competencies (i.e. professional and personal skills) by providing training programmes. To align our Corporate Social Responsibility initiatives with the Group's activities. To actively encourage our employees to get involved in charity or other social work.

iii. Audit and Risk Management Committee ("ARMC")

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 shareholders' investments and the assets of Scicom.

In discharging its duties in ensuring the effectiveness of Scicom'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 75 to 82 of the Annual Report.

Stakeholders' Engagement

Stakeholder engagement is a crucial element in the operations of our business divisions. We believe that ongoing engagement with stakeholders would allow us to understand their needs and expectations.

We engage with our stakeholder groups through various communication channels, from conventional and electronic documents, web-based media platforms, casual day-to-day interactions and meetings or seminars, to ensure their expectations are effectively met, as listed below:

Stakeholder	Forms of Engagement	Stakeholders' Concern
Investors / Shareholders	Annual General meetings Corporate announcements Analyst briefings & media releases Corporate website	Financial performance Return on investment / equity
Customers	Direct engagements Online platforms – corporate website Operations performance dashboards	Product and service quality and pricing
Business Partners / Suppliers / Consultants	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	Compliance with laws and regulations
Employees	Employee engagement surveys Learning and development programmes Employment contract Employee handbook Training Town hall meetings/discussions Monthly employee events	Career development Employees' benefit Health and wellness
Local Communities	Online platforms – corporate website Community events and contributions	Community living Personal well-being

Key Sustainability Matters

A discussion meeting facilitated by an independent consultant was convened with the Sustainability Committee during the year to review the key sustainability matters for the financial year 2020 with inputs from the Senior Management. No material changes were made to our materiality and the key sustainability matters outlined below are consistent with the previous year's statement: In future reporting, Scicom will continue to review the processes above and expand the depth and scope of current reporting.

Theme	Material Issue	Material Sustainability Matters	Definition
Economic	**Economic Performance**	• Profitability	• Generate sustainable financial and economic returns
	Economic Performance	• Product and Services Responsibility • Digital Data Protection and Privacy • Data Security and Safeguards	• Generate sustainable financial and economic returns for stakeholders • Protection of Scicom's information (includes confidential business data and employee information) and customer data privacy
	Supply Chain Management	• Supply Chain Management	• Relations with suppliers • Strategic partnerships
	Innovation and Digital Transformation	• Innovation and Digital Transformation • Digitalisation of internal processes	• 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**	• Occupational health and safety management	• Comply with health and safety regulations
	Talent Management	• Training and Education	• Provide training and education to employees to expand their knowledge and skill base for career development
	Employee Engagement	• Diversity and Equal Opportunities	• Provision of diverse and equal opportunities for employees
	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

A. Economic

Profitability

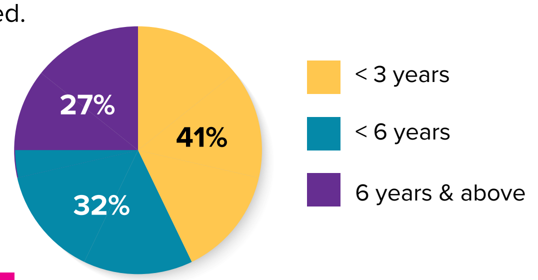
The principles of sustainability are integral in our pursuit of economic growth. In the long-term, we strive to combine strong and sustainable growth with good profitability to generate increased value for our shareholders, and create the conditions for continued positive long term development. For details of our financial results, please refer to Management Discussion & Analysis on pages 38 to pages 47 of this Annual Report.

Product and Services Responsibility

In line with the slogan "Total Customer Delight", a pledge to all stakeholders that we will provide a consistently high level of service and focus on our clients' needs, has been an integral part of Scicom's core value proposition. Scicom has been engaging with clients to understand their needs and identify opportunities to continuously improve a sustainable working relationship on a long-term basis.

As one of Malaysia's leading business process outsourcing companies providing integrated and forward-thinking solutions, we work hard to ensure that our services remain highly innovative and relevant while keeping our solutions value driven and affordable in terms of a discernible Return on Investment ("RoI").

Our consistent success in achieving high scores in our clients' experience and satisfaction performance matrix has resulted in establishing trust and loyalty with our clients. We measure the degree of our clients' satisfaction using the service standards as required by the respective client. The results of the assessment also enable us to identify enhancement opportunities on the existing services for our customers. Almost 59% of our existing clients have been with us for three (3) years or more. These long-term relationships with our customers allow their businesses, and ours, to succeed.



Awards and Certifications

We are proud to announce that on 23 April 2020, Scicom was listed in the 2020 Global Outsourcing 100 by International Association of Outsourcing Professionals ("IAOP"), which recognises the world's best outsourcing service providers and advisors based on the established criteria in relation to customer references, industry and professional awards and certifications, programmes for innovation and corporate social responsibility.

Digital Data Protection and Privacy

Our businesses are susceptible to cybersecurity risk, hence, the safeguarding of data privacy and security of agents, distributors, suppliers, employees and clients' information are of utmost concern to Scicom.

The collection and subsequent usage of our agents, distributors, suppliers, employees and clients' information are clearly communicated to the said parties and documented consent is required prior to any usage of the data collected.

Information technology ("IT") policies and procedures including the security of IT systems, password, email, internet policy, and other safeguarding measures are also in place to protect sensitive and confidential information stored in the Group's IT systems. Access rights of designated employees are also regularly reviewed, audited and removed when necessary. Audit trials of the system are also enabled.

Scicom is pleased to announce that in FY2020, there were no reported incidents of substantiated complaints concerning loss of agents, distributors, suppliers, employees and clients' information and no report of breaches of data privacy. We have been successful in safeguarding our customer data and privacy and continue to maintain a zero instance of breaches of agents, distributors, suppliers, employees and clients' information.

To ensure that our security protection systems are reliable, robust and up to date, we continuously enhance our systems by investing in the latest technology (hardware and software) along with implementing and enforcing stringent policies and procedures under our ISMS certification. For FY2020, we have invested RM7.7 million (FY2019: RM3.2 million)

in hardware and software for our business expansion and the enhancement for our existing IT infrastructure.

Scicom has been accredited with ISO/IEC 27001:2013 certification as of the date of this report. The certification helps Scicom to implement a robust approach to manage the information security for the Group and builds resilience for the provision of operations and its shared service functions of all its business entities, which include:

a) Customer contact centre services within the Business Process Outsourcing space;
b) Data centre and disaster recovery operations (primary and secondary);
c) Digital platforms, electronic solutions and applications including associated consultancy services; and
d) Education and training services with a focus on customer care in the service industry.

Data Security and Safeguards

It is our responsibility to provide our stakeholders with reasonable protection in respect of their personal data. As such, we have implemented appropriate administrative and security safeguards and procedures in accordance with the applicable regulations and certification requirement in order to prevent unauthorised or unlawful processing of personal data.

Scicom's Data Protection Policy, developed in November 2016, and revised on 31 January 2020, has enabled Scicom to comply with all necessary regulations, and to ensure that any use of personal data will observe privacy principles relating to disclosure, security, integrity, retention and accessibility.

Innovation and Digital Transformation

Our Information and Communications Technology Department plays a critical role in promoting sustainability efforts by improving the digital and information technology of our services. Scicom is consistently innovating to ensure it remains relevant thereby cementing its position as a market leader.

An Information and Communications Technology ("ICT") Steering Committee has been established to oversee the development, implementation, monitoring and review of the strategies, policies, procedures, practices and guidelines with regard to IT infrastructure, support and associated services.

Scicom has successfully implemented its Business Continuity Plan ("BCP") during the Government's enforced Movement Control Order ("MCO") which enabled more than 1,890 employees to work from home during the MCO period with no degradation to service level delivery for its clients. The BCP was activated within a week from the date of the MCO announcement by the Government.

Governance Compliance

Code of Business Ethics and Conduct

Scicom's Code of Business Ethics and Conduct was reviewed and approved by the Board of Directors in November 2019. It sets out the fundamental principles and guidelines for the Group 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 behaviour. We make the Code and other corporate policies accessible on the Scicom Enterprise System for our employees.

While we strive to improve the standard of our business practices and conduct, we expect the same from our business partners. The Vendor Code of Conduct Policy includes complying with applicable laws and regulations, besides adhering to minimum expectations in the areas of business ethics, labour and human rights, health and safety, controlled and confidential data, and environmental management.

Whistleblowing Policy

A Whistleblowing policy is in place with the aim of providing a structured mechanism for our employees and any concerned stakeholders to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group.

Complaints can be made directly in writing to Independent Directors of Scicom whose email addresses are stipulated in the Whisteblowing Policy. Whistle-blowers' identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions. A copy of the whistle-blowing policy is available on our corporate website at https://scicom-intl.com/corporate-governance/whistleblowing-policy-procedure.

In FY2020, we had not received any complaints with regard to suspected corrupt or unethical behaviour from our employees or any other stakeholders (FY2019: Nil). We continue to uphold the highest standards of work ethics, honesty and morality.

Supply Chain Management

We work closely with our suppliers and third party intermediaries to ensure they comply with our Vendor Code of Conduct Policy. This covers business ethics, labour practices, occupational health and safety, confidentiality of Scicom information, environmental responsibility and compliance. Vendor standard operating procedures are enforced to reaffirm our commitment towards meeting our stakeholders' expectations and emphasis on providing consistent quality services within the applicable regulatory framework.

Suppliers are assessed through the selection and qualification process prior to its inclusion in an Approved Vendor List. Subsequently, the supplier's performance is assessed based on the established criteria, including adherence to Scicom's Vendor Code of Conduct, timeliness of deliveries, quality of products and services, competitiveness of price, credit terms offered, technical implementation competency and after sales services as guided by the Vendor Continuous Assessment and Vendor Data Analysis Standard Operating Procedures. We constantly improve our dealings with our suppliers to achieve our business objectives.

B. Environmental

Environmental Compliance

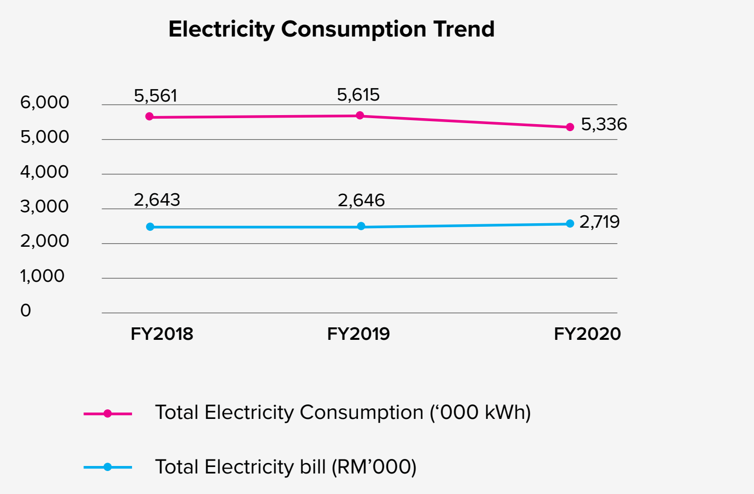
Scicom promotes 3R strategy of Reuse, Reduce and Recycle. We encourage paper consumption reduction by encouraging paperless communication, use of double-sided printing, private code control of printing documents and prior authorisation of colour printing of documents. We focus our efforts to digitalise our processes to reduce our paper usage.

Reduce carbon emission - Our employees are encouraged to avoid or reduce travel by using audio, web and video–conferencing.

Energy & Water Efficiency – to address global warming issue, we are exploring alternative methods to conserve energy, reduce the carbon footprint and to be water-efficient in our operations. Our light and air-conditioning systems are segmented by area and are controlled in a controlled setting to minimise use of electricity. All photocopy machines, computers and laptops are installed with power saving features. In addition, our washrooms are equipped with dual flush system to prevent excessive water usage.

With improved LED lighting technology, we have gradually replaced florescent type lighting system to longer lasting LED lights in our offices. Substituting standard florescent lights with energy efficient LED lights, reduce our energy consumption.

For the FY2020, our electricity consumption (kWh) decreased by 5% as compared to FY2019 as we activated our BCP and moved almost 95% of our workforce to work from home during the MCO period. However, the electricity bill for FY2020 increased by 3% as compared to FY2019 due to a revision of the electricity rate by the landlord in Kuala Lumpur.

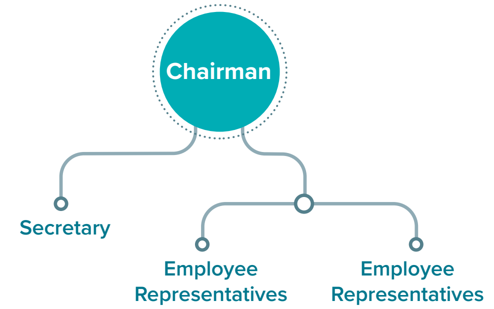


In FY2020, no breach of relevant environmental laws and regulations (FY2019: NIL).

C. Social

Occupational health and safety management

We strive to provide our employees and visitors/guests with a safe and healthy work environment, free from physical harm and hazards.



In embracing the importance of safety and health in Scicom, we established the Occupational Safety and Health ("OSH") Committee. It is headed by a Chairman, Chief Financial Officer and its members, comprising employees and management representatives.

There were four (4) meetings convened in FY2020 to continuously assess working occupational hazards, safe working practices, training and implement various measures to prevent job related hazards from happening.

No significant accidents involving fires, property damage or regulatory violation were reported during the FY2020 at any of our head offices. (FY2019: Zero).

Scicom took immediate and necessary action to safeguard the health and safety of our employees during the Covid-19 pandemic. Information on Covid-19 was circulated via email and video conferencing meetings to our employees to raise awareness, while posters were positioned on all floors to remind employees on the importance of maintaining their hygiene by using sanitizers provided at all entrances and exit points. 3-ply masks were provided free of charge to all employees. We installed thermal scanners at all floors and mandated that employees' body temperature are measured before entering their workplace. Social distancing was enforced and maintained at the workspace for all employees. These actions complied with the Ministry of International Trade and Industry ("MITI")'s Standard Operating Procedures ("SOP") and Ministry of Health ("MOH") guidelines to protect our employees and minimise disruption.

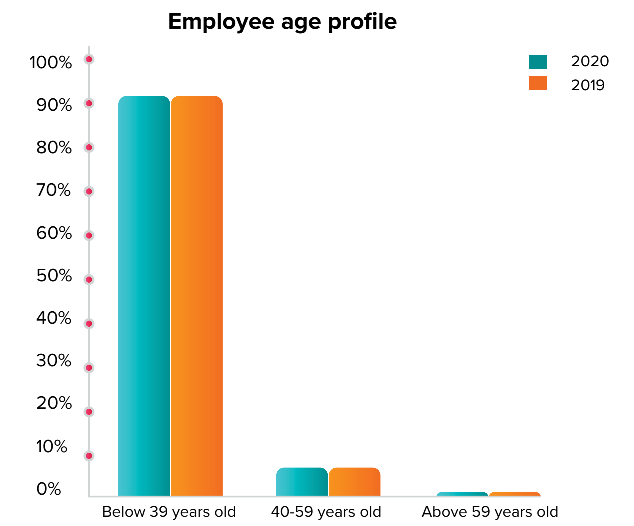
Diversity and Equal Opportunities

Scicom is committed to strive for gender and ethnic diversity as we strongly believe that a diverse workforce, provides a broader exposure for our employees and encourages our people to embrace different perspectives that enhances our culture of performance and innovation.

As at FY2020, we have a total of approximately 2,338 (FY2019:2,368) employees which included both full time and contractual employees. Our overall gender split was 52% (FY2019: 48%) women and 48% (FY2019: 52%) men.

With women facing ongoing challenges in today's workplace, we recognise that prioritising gender equality and women's participation are crucial. We aim to cultivate a harmonious working environment that encourages gender-balance and diversity across the Group. In FY2020, 21% of our senior management team are women. (FY2019: 23%)

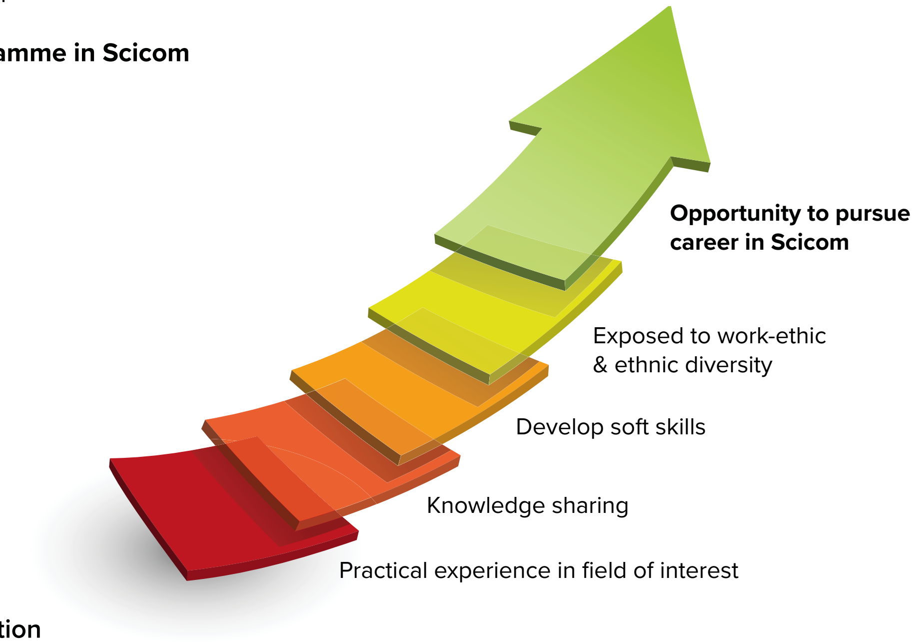
We have a young and vibrant workforce profile as almost 92% (FY2019: 92%) of our workforce are below 39 years of age; while 7% of our workforce are between 40 – 59 years of age (FY2019: 7%), and the remaining 0.4% represented by our experienced employees aged 59 years and above (FY2019: 0.5%). Scicom is of the belief that no one is too old or too young to be trained and given a chance to perform. Our senior employees of 59 years and above provide mentorship to the younger group where they share their experience and knowledge.



The focus on building a sustainable workforce is one of Scicom's primary objectives ensuring talent continuity and diverse creativity. Scicom embraces a healthy professional work culture that comprises a work-life balance, a focused hardworking work-ethic and guided career development and advancement. In FY2020, 1,537 new hires joined our workforce.

During FY2020, we employed five (5) interns of which two (2) management interns were employed as permanent employees after their internship programme. The interns were posted to several departments to experience actual working experience in Scicom.

Internship Programme in Scicom



Training & Education

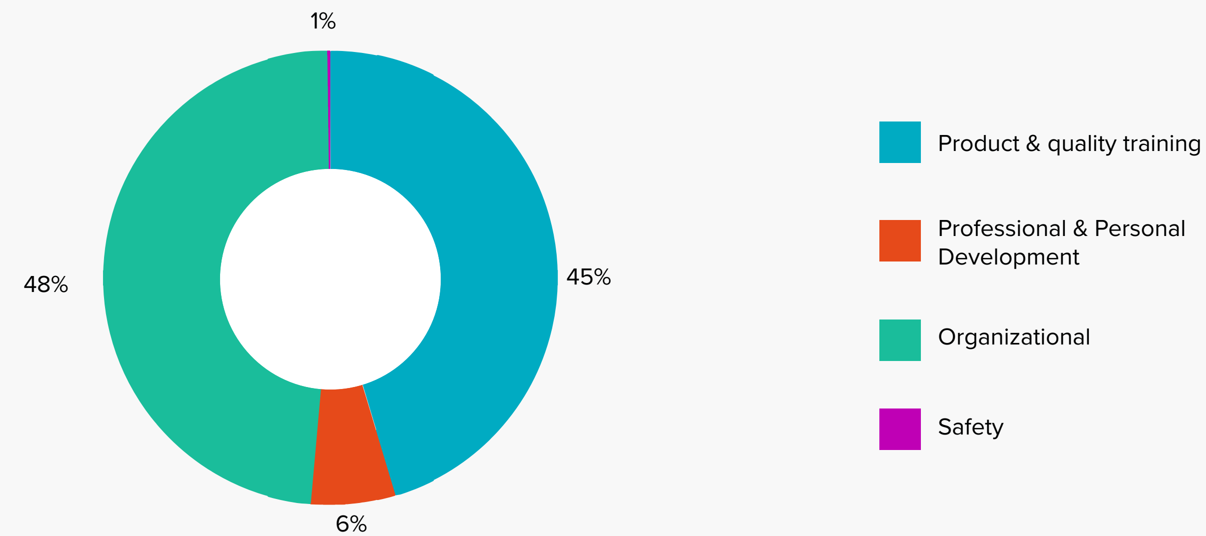
Our people play a crucial role in Scicom's success, being a leading Malaysian technology and BPO company. We ensure our people are kept motivated and inspired through constant learning and professional development to build up an effective and efficient talent pool.

Internally, the Group's education arm, Scicom (Academy) Sdn Bhd designed and conducted training programmes for employees to equip them with the skills for their work including programmes for their personal development. We also offered external training programmes exposing employees with oversights on latest global technologies to support our strategic and operational objectives and further their own professional development.

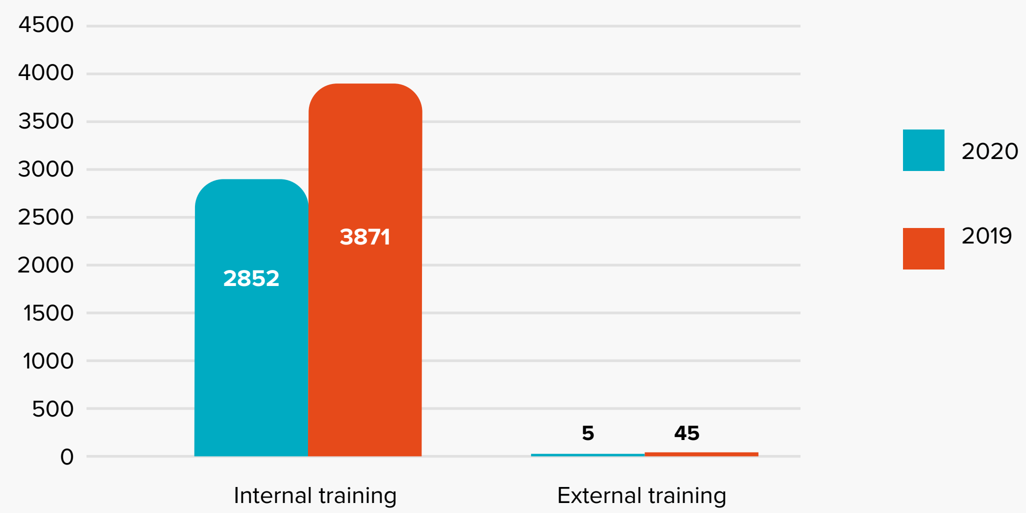
In FY2020, we delivered a total of 20,921 training hours (FY2019: 56,287 training hours) with a total of 2,857 (FY2019: 3,916) employees participated, recording an average training hour per employee of 7 hours per employee (FY2019: 14.4 hour per employee). The lower average training hours recorded were due to the disruption from the Covid-19 pandemic which required social distancing and employees working from home. Even when our employees were working at home, we had arranged online training sessions to achieve our training goals. At the end of the financial year, Scicom (Academy) Sdn Bhd conducted an online English assessment for all employees in the Group. The objective of the assessment was to evaluate the level of English language proficiency for each employee and to address their specific training needs. This will assist their development in Scicom or in any other corporation that they work for.

Training Type	FY2020		FY2019	
	Number Of Pax	Total Training Hours	Number Of Pax	Total Training Hours
Internal	2,852	20,873	3,871	56,061
External	5	48	45	226
Total	2,857	20,921	3,916	56,287

Training Hours



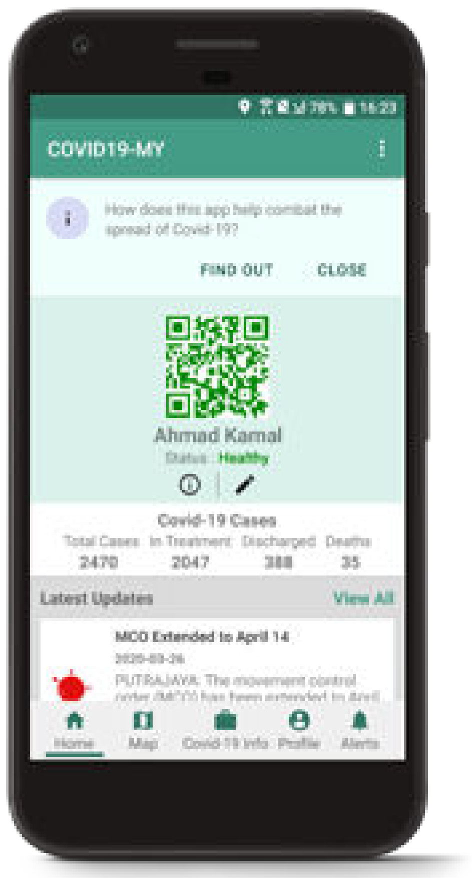
Employee Training Participation



Engagement with Community

As a responsible corporate citizen, Scicom is committed to the betterment of the community around us.

Covid19 MY Mobile Application



While the Covid-19 pandemic caught most businesses around the globe off guard, Scicom launched an internally developed mobile application on 3 April 2020 that enabled location-driven contact tracing for those residing in Malaysia. This was part of our corporate social responsibility initiative to support existing nationwide efforts to combat Covid-19.

In addition to supporting local contact tracing efforts, we also believe that it is our duty to aid this fight on a global scale by allowing access of our Covid-19 application solutions to companies and governments in other countries free of charge.

Employees benefits during MCO

Embracing the 'new normal' in the face of the Covid-19 pandemic, Scicom adopted a work-from-home ("WFH") strategy for more than 1,800 of its employees in Malaysia and 90 employees in Sri Lanka.

During the MCO period, employees working in our offices faced difficulty in sourcing food and the high cost of food delivery. Their health and safety were our main concern and to minimise infection risk, as well as their financial burden, Scicom provided a meal allowance of RM8 per day for each employee.

We will continuously embed the concept of promoting community investments that will lead to the improvement of people's quality of life into our business operations while maintaining an unwavering commitment to foster close relationships between Scicom and its employees.

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 practiced 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 best practices of the Malaysian Code on Corporate Governance ("MCCG") have been applied within the Company throughout the financial year ended 30 June 2020 ("FYE 30 June 2020").

The detailed application for each best practice as set out in the MCCG during the FYE 30 June 2020 is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's corporate website, www.scicom-intl.com as well as the website of Bursa Securities.

The Company has generally applied all the best practices espoused by the MCCG during the FYE 30 June 2020, except for the following which were still being established during the financial year:-

- Practice 6.1 (Having policies and procedures on remuneration of Directors and senior management);
- Practice 7.2 (Disclosure of top five senior management's remuneration on a named basis);
- Practice 11.2 (Adoption of Integrated Reporting); and
- Practice 12.2 (Attendance of all Directors at General Meetings).

The Company will continue its drive to incorporate good corporate governance practices and endeavour to look into the application of the abovementioned best practices.

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 overseeing the conduct, performance, risk management and internal controls of the Group's business activities. In order to ensure a constantly well-balanced Board, careful consideration is given when selecting and balancing the composition of Independent and Non-Independent Directors.

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

- Reviewing and adopting the Group's strategic direction, as proposed by the Group Chief Executive Officer ("Group CEO"). All approved strategies will then be communicated down to respective Heads of Departments for implementation;

- Reviewing the adequacy of significant risks presented by the Audit and Risk Management Committee ("ARMC") and in ensuring the implementation of appropriate measures to manage these risks;

- Reviewing the adequacy and integrity of the Group's systems of internal control and management information, including ensuring that a sound risk management framework, reporting framework and systems for compliance with applicable laws, regulations, directives and guidelines are in place;
- Reviewing, approving and monitoring the implementation of the Group's strategic business plans;
- Assessing and evaluating the Group's business and operational performance so as to ensure that the Group is on track with the strategic direction as approved by the Board;
- Approving significant policies that may have a material impact on the Group's business activities;
- Approving the Group's annual budget which includes all major capital expenditure and all new investment activities;
- Reviewing the Group's financial performance and position on a quarterly basis;
- Reviewing other significant matters that may have a material impact on the Group;
- Reviewing succession planning including appointments, determination of compensation levels and replacement of senior management staff; and
- Reviewing strategies promoting sustainability in ensuring that the Group operates its business through good processes and policies which are applied by competent and responsible employees.

2. Board Composition and Balance

The Board currently has 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 (the "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 23 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 Independent 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 lay 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 Key Senior Management Team ("KSM").

3. Board Charter and Responsibilities

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

(a) Ensuring that the Company's goals are clearly established and strategies are in place for achieving them;

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

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

(d) Monitoring the performance of the corporate strategies;

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

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

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

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

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

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

(k) Ensuring that the Board members have attended relevant training programme 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 dividend payout to shareholders;

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

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

To facilitate efficient management, the Board has approved authority to the management for certain specified activities through a clear and formally defined Limits of Authority ("LOA"), which is the primary instrument which governs and manages the business and operations decisions in the Group. Whist the objective of the LOA is to empower Management, the key principle adhered to the formulation of the LOA is to ensure that a system of internal controls and checks and balances are incorporated therein.

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

4. Board Meetings

The Board meets at least quarterly to, inter alia, approve the quarterly announcements to Bursa Securities, statutory financial statements, the Group's business plans, and also to review the Group's financial performance and standing. Additional meetings are convened as and when necessary to deliberate on urgent matters.

During the current financial year, four (4) Board meetings were held. The Directors attendance for the Board meetings held during the financial year was as follows:

	Number of meetings attended/ Number of meetings held
Mr Krishnan A/L C K Menon (Chairman)	4/4
Dato' Mohd Salleh Bin Hj Harun	4/4
Dato' Sri Leo Suresh Ariyanayakam	4/4
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	4/4
Ms Karen Judith Goonting	4/4
Puan Mahani Binti Amat	4/4
Encik Mohd Rashid Bin Mohd Yusof	4/4
Datuk Joseph Dominic Silva	2/4

All the Directors complied with the attendance requirement in respect of Board meetings held during the FYE 30 June 2020 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 meetings procedures are adhered to. The Company Secretary also advises the Board on matters relating to corporate compliance with relevant laws and regulations affecting the Board and the Group, as well as best practices on governance.

5. Supply of Information

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

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

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

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

6. Retirement and Re-election of Directors

The Company's Constitution 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' Sri Leo Suresh Ariyanayakam, Mohd Rashid Bin Mohd Yusof and Datuk Joseph Dominic Silva are due to retire pursuant to Clause 76(3) of the Constitution 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. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	1. 2nd PIDM-FIDE FORUM Annual Dialogue with the Chief Executive Officer of PIDM by FIDE FORUM 2. The More Things Change, The More They Stay The Same – Lecture Series by Satyajit Das by Malaysian Investment Banking Association (MIBA) & Securities Industry Development Corporation (SIDC) 3. Islamic Jurisprudence and Its Application in Islamic Finance by IBFIM 4. 4th Distinguished Board Leadership Series – Digital to the Core by Bank Negara Malaysia 5. Session on Corporate Governance and Anti-Corruption by Bursa Malaysia & Securities Commission Malaysia 6. 2019 Forum on Corporate Governance in the Capital Market by Malaysian Institute of Corporate Governance (MICG) 7. Invitation to the Securities Commission Malaysia's Audit Oversight Board 8. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia 9. Conversation with Audit Committees by Securities Commission Malaysia 10. Raising Defenses – Section 17A, MACC Act by The Iclif Leadership And Governance Centre 11. Islamic Finance for Board of Directors Programme (Hong Leong) by ISRA Consultancy Sdn Bhd 12. Members' Breakfast Talk - Why Sustainability Matters? By Malaysian Institute of Corporate Governance 13. FIDE FORUM Webinar: "Outthink The Competition: Excelling in a Post Covid-19 World" by FIDE 14. ESG Trends & Regulatory Developments by FIDE / Iclif Executive Education Center 15. Board & Executive Pay During and Post Covid-19 by FIDE / Iclif Executive Education Center
Datuk Joseph Dominic Silva	1. Global Banking Leaders Programme by Asian Banking School, KL and Cass Business School, London. 2. Value Based Intermediation for Islamic Financial Institutions: combating AML / Terrorism Financing and Cybercrime by MIDF
Dato' Mohd Salleh Bin Hj Harun	1. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia

Name of Director	Training/Conference Attended
Mahani Binti Amat	1. Unisem Group Mid-Year Sales and Meeting including new products and technology update. 2. Bursa Malaysia's Thought Leadership: The Convergence of Digitisation and Sustainability. 3. Key Obligations of A Listing Company – Main Market Listing Requirements organised by CKM Advisory Sdn Bhd. 4. Session on Corporate Governance and Anti Corruption organised by Bursa Malaysia and Securities Commission Malaysia. 5. Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 organised by Bursa Malaysia 6. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia 7. AIA In-house Orientation Program
Mohd Rashid Bin Mohd Yusof	1. Embracing Disruption by Malaysia Digital Economy Corporation (MDEC) 2. Current changes in the Corporate Governance landscape by Minority Shareholders Watchdog Group (MSWG) 3. Malaysian Institute of Accountants Conference 2019 by Malaysian Institute of Accountants 4. PNB Corporate Summit 2019 by Permodalan Nasional Berhad (PNB) 5. Raising Defences Section 17A MACC Act by Icliff Leadership and Governance Centre 6. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia 7. Positive vs Negative consent (Syariah views) by Saadiq Syariah Council
Dato' Sri Leo Suresh Ariyanayakam	1. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia
Karen Judith Goonting	1. Section 17A MACC Act 2009: Anti-bribery and Anti-Corruption: SoPs, Templates, Protocols and Digital Tools for Companies Webinar by Learnerbee International Sdn. Bhd. 2. Masterclass: Board Evaluation. If Not, Why Not? By Institute of Corporate Directors Malaysia 3. Conference on Valuation of Intangible Assets by Business Valuers Association Malaysia, the Malaysian Charter of the International Association of Certified Valuation Specialists 4. Preparing Ahead for Corporate Liability Provision (MACC Amendments Act 2018) by Axcelasia 5. Adequate Procedures: The Director's Response to Individual Liability by Institute of Corporate Directors Malaysia

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 standing 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 83 to 87 of this Annual Report.

- Nominating and Remuneration Committee

The Nominating 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 KSM so as to ensure that the Company attracts, retains and motivates the Executive Directors and KSM of the quality needed to manage the business of the Group effectively and in alignment to the Company's long term strategic goals. The remuneration scheme is reflective of the individual Director's and KSM's experience, level of responsibilities and performance. In addition, the remuneration for the Executive Director and KSM is structured to link remuneration and rewards to corporate and individual performance. The remuneration of Independent Non-Executive Directors shall not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.

The members of the NRC are as follows:

1. Karen Judith Goonting - Independent Non-Executive Director (Chairman)
2. Dato' Mohd Salleh Bin Hj Harun – Non -Independent Non-Executive Director
3. Mahani Binti Amat - Independent Non-Executive Director

The NRC met twice during the financial year and all the members attended the meetings.

The summary of activities undertaken by the NRC during the financial year are:
- Reviewed and recommended the payment of Directors' fees payable to the Directors for the FYE 30 June 2019;
- Reviewed the effectiveness of the Board, Board Committees and individual Directors and make appropriate recommendation to the Board;
- Reviewed the term of office and performance of the ARMC and each of its members;
- Reviewed and assessed the level of independence of the Independent Directors;
- Reviewed the character, experience, integrity, competence and time commitment of key officers;
- Evaluate and determine training needs of the Directors; and
- Reviewed and recommended the re-election of Directors who are subject to retirement at the forthcoming AGM in accordance with the Company's Constitution.

9. Board Members Appointment Process

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

10. Board Gender Diversity

The Board has adopted a diversity policy, having regard to balancing the mix of skills, expertise and industry experience, gender, age, ethnicity and backgrounds of Director, required to meet the needs of the Company. 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 and not compromised. 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 above mentioned 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.

During FYE 30 June 2020, the 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 was satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-caliber individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

12. Directors' Remuneration

There is annual evaluation on the performance of the Executive Director and KSM. The remuneration package for the Executive Director and KSM has been structured to link rewards to corporate and individual performance while the remuneration for Non-Executive Directors reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.

The Board recommends the annual fees payable to Non-Executive Directors to the shareholders at the AGM for their approval. The Executive Director however, does not participate in any way when determining his remuneration package.

The Directors did not receive any remuneration from its subsidiaries except for the Company. The breakdown of the Directors' remuneration paid in the financial year is as follows:

Name of Director	Fees RM	Salaries RM	Defined contribution plans RM	Benefits-in-kind RM	Total RM
Executive Director					
Dato' Sri Leo Ariyanayakam	-	954,432	115,547	163,700	1,233,679
Non-executive Directors					
Krishnan a/l C.K Menon	90,000	-	-	-	90,000
Dato' Mohd Salleh Bin Hj. Harun	70,000	-	-	-	70,000
Karen Judith Goonting	70,000	-	-	-	70,000
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	70,000	-	-	-	70,000
Mahani Binti Amat	65,000	-	-	-	65,000
Mohd Rashid Bin Mohd Yusof	65,000	-	-	-	65,000
Datuk Joseph Dominic Silva	65,000	-	-	-	65,000
Total	**495,000**	**954,432**	**115,547**	**163,700**	**1,728,679**

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 Company'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 to ascertain further action(s) as appropriate.

14. Employees Code of Conduct

The Group's Employee Engagement Team conducts regular engagement, dialogue and training programmes 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 which 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 play 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

(i) Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's performance and prospects in its quarterly announcements, annual reports and other public reports to the shareholders. The Board retains the responsibility for the preparation of the Group's and Company's financial statements. The Directors are required by the Companies Act, 2016 to prepare the Group's and the Company's statutory financial statements with all material disclosures, to ensure the accuracy and completeness, in compliance with 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 175 of the Annual Report.

(ii) Risk Management and Internal Controls

The Board continues to maintain and review its risk management process and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' 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 Statement as set out on pages 75 to 82 of the Annual Report.

(iii) Relationship with Auditors

The Board, through the ARMC, has a professional and transparent relationship with both the Group's internal and external auditors.

Internal Auditors

The internal auditors report directly to the ARMC and has unrestricted access to the ARMC. The internal auditors are tasked to independently review the effectiveness of the risk management process and internal controls of the Group.

The 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 Directors wish to highlight or seek clarification on.

External Auditors

The ARMC and the Board place great emphasis on the objectivity and independence of external auditors in providing relevant and transparent reports to the shareholders. The ARMC undertakes an assessment on the independence of the external auditors annually.

The Board has obtained assurance from the external auditors on their independence in discharging their duties throughout the conduct of the audit engagement.

The external auditors attend the ARMC meeting twice during the financial year to discuss their audit plans, fees, audit findings and their review of the Company and the Group financial statements.

Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 182 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 83 to 87 of the Annual Report.

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

(i) 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 to ensure 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

The Annual Report is a vital source of information for shareholders, investors and the general public. Information on the Group's business performance, financials and its management are disclosed in the Annual Report. The contents of the Annual Report are continuously enhanced to take into account the latest development in 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 AGM together with the Annual Report are sent to every shareholder at least 28 days before the meeting. An online version of the Annual Report is also available on the Group's corporate website.

(ii) 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 are also made available on the Group's corporate website.

(iii) Investor Relations

The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. The Chief Executive Officer and Chairman have been appointed as spokespersons to communicate with all audience constituents, providing information, data and analysis and responding to questions concerning the Group's operations and financial position.

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.

(iv) 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 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, Board Policies Code of Conduct and Terms of Reference for ARMC and NRC are made available to the shareholders and public.

(v) Annual General Meeting

The AGM is the principal forum for dialogue and communications, offers an opportunity for the Board and the KSM to interact with the shareholders. During the AGM, the Chairman, other Board members, KSM 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 KSM. 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 recognises the importance of corporate governance against an economic environment characterised by volatile market conditions. While the Board continues to direct its focus on the core duties of the Board, which is grounded on the creation of long-term value for shareholders, it would also ensure that succession plan for the Board and KSM are in place so that only high calibre personnel with the relevant skills and experience are appointed to the Board and management position of the Company.

The Board had also during the financial year established and adopted various Board Policies, as part of its efforts to align the Company's corporate governance with the latest regulatory requirements. This led to the adoption of some new policies including Board Diversity Policy, External Auditors' Assessment Policy, Insider Dealing Policy, Investor Relations Policy and Succession Planning Policy.

This Statement was approved by the Board at its meeting held on 28 August 2020.

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 ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, issued by the Task Force on Internal Control, with the support and endorsement of Bursa Securities as well as the Malaysian Code on Corporate Governance, 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 Company and its group of companies (the "Group") for the financial year ended 30 June 2020.

BOARD ACCOUNTABILITY

The Board is ultimately responsible for the Group's risk management and internal control systems, and for reviewing its effectiveness to safeguard shareholders' investment and the Group's assets. 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 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.

RISK MANAGEMENT

The Board is fully cognisant of the importance of establishing and maintaining a structured risk management framework to sustain and enhance good corporate governance practices. The Board has established a risk governance structure and a 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

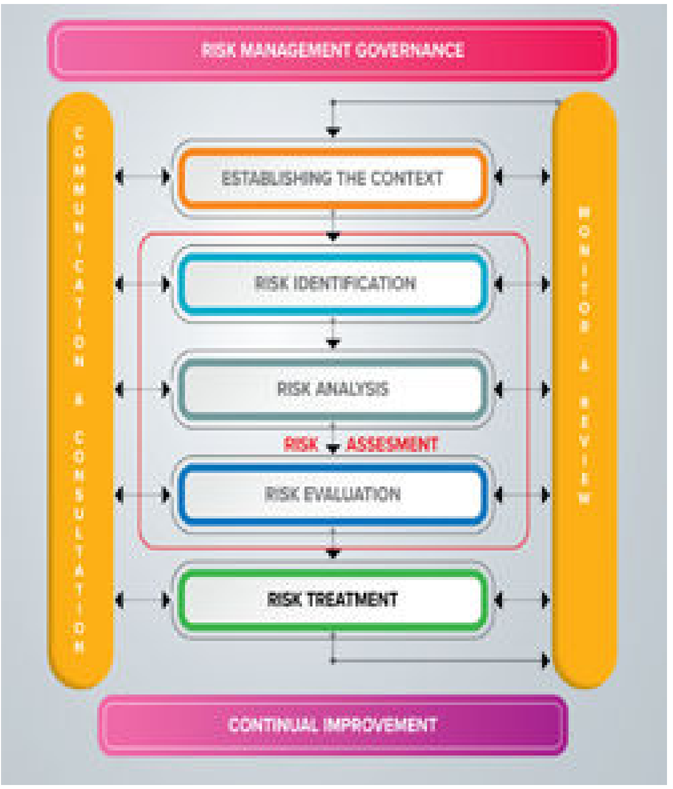
The risk governance structure provides a transparent and effective structure involving active participation of the Board and SMT in the risk management process to ensure a uniform view of risk across the Group with clearly defined roles and responsibilities of all stakeholders, taking into consideration 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 Group 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 Group Risk Officer to ensure compliance and that risks are adequately identified and addressed in a timely manner. Matters arising during the periodic reviews are reported and escalated or cascaded, as the case may be, in a timely manner to the SMT and the ARMC as appropriate.

Risk Management Framework

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

RISK MANAGEMENT FRAMEWORK



DESCRIPTION

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

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

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

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

Monitoring and Review
Regular risk reporting and monitoring.

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

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

The adequacy and effectiveness of risk management processes are continually reviewed by the Board in accordance with the Group's risk monitoring and reporting of significant risks that may impact the achievement of the Group's business operations and evaluating the adequacy and effectiveness of controls in place to mitigate these risks.

Principal Risks

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

- Covid-19 Pandemic
- Economic Environment
- 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 continually assesses the adequacy and effectiveness of the Company's risk management and internal control practices, as well as determining the acceptable risk appetite, reviewed, refined and approved based on the Group's risk management framework.
- The Board reviewed the significant risks identified for the Group and the mitigation plans associated thereto as well as the changes to Group risk profile on a quarterly basis.
- The Board reviewed, refined and approved the Group's Whistleblowing Policy.
- The Board reviewed and approved the Group's Anti-Bribery and Anti-Corruption 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 Board Committees in the execution of some of the Group's fiduciary responsibilities, namely the ARMC and the Nominating and Remuneration Committee. Each Board 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 of Business Conduct and Ethics ("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 Recommendations.

In addition, the ARMC also reviews and approves the adequacy of the scope as per the internal auditors' audit plan for the financial year. The ARMC also receives quarterly updates on the Group's system of risk management and internal controls from the Group Risk Officer and internal auditors.

The details of activities carried out by the ARMC are set out in the ARMC Report on pages 83 to 87.

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 International Professional Practices Framework ('IPPF') that organises authoritative guidance promulgated by the Institute of Internal Auditors with authoritative guidance organised in the IPPF as mandatory and recommended guidance for 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 a 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 as well as to take into account relevant changes to the legal and regulatory requirements that are applicable to the Group (if any). The Board has in place extensive and properly documented policies, guidelines and procedures, which are made readily available to the Group's human capital via the Group's intranet website.

Whistleblowing Policy

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

Code of Business Conduct and Ethics

The Board has in place a written Code of Business Conduct and Ethics which is available on the Group's website that summarises the Group's values, business and ethical principles and standards of professional conduct.

Employees of the Group are also bound by the Employee Code of Conduct and Ethics established which is accessible by all employees via the intranet. This policy outlines the rules and regulations that the Group and all its employees are required to live by and non-compliance may be subject to disciplinary action. Included in the policy 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.

All vendors who are engaged by the Group are required to comply with the terms and conditions as stipulated in the Vendor Code of Conduct.

Anti-Bribery and Anti-Corruption Policy

The Group introduced the Anti-Bribery and Anti-Corruption Policy, which complements its existing Code of Business Conduct and Ethics. The said policy sets out the key guidelines governing areas such as the conduct with customers in relation to entertainment, and the receipt and giving of gifts. The implementation of such policy is in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Office pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The said policy and Code of Business Conduct and Ethics reinforce the Group's zero-tolerance stance against any acts of bribery and corruption, and the commitment to act professionally, fairly and with integrity in all business dealings and relationships.

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 and 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 Securities, 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 programmes and potential candidates are subject to a stringent recruitment process. A Performance Management Process is established with performance indicators to measure employee performance and performance reviews are conducted on a regular basis. Action plans to address employee development needs are prepared and implemented timely in order to ensure that employees are able to deliver expected performance and therefore contribute to meeting the Group's business objectives, plans and targets.

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

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

External Certifications

The Group's operations are periodically monitored, reviewed and evaluated so as to maintain its annual International Organisation for Standardisation ("ISO") 9001 on Quality Management Systems, 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 Securities for inclusion in the Annual Report for the year ended 30 June 2020. 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 sufficient and effective 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 Board's commitment in ensuring the adequacy and effectiveness of the system in protecting the shareholders' investment and the Group's assets.

This Statement is made in accordance with the Board's approval at its meeting held on 28 August 2020.

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 2020.

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
   Member/ Non-Independent Non-Executive Director

3. Mohd Rashid Bin Mohd Yusof
   Member/ Independent Non-Executive Director

4. Datuk Joseph Dominic Silva
   Member/ Independent Non-Executive Director

All members of the Committee are financially literate. None of the members were former key audit partners of the Company's existing External Auditors. Dato' Mohd Salleh Bin Hj Harun is a member of the Malaysian Institute of Certified Public Accountants whilst Encik Mohd Rashid Bin Mohd Yusof is a member of the Association of Chartered Accountants and the Malaysian Institute of Accountants. The composition of the Committee meets the requirements of Paragraph 15.09 of the Main Market Listing Requirements (the "Listing Requirements") of Bursa Securities.

During the financial year, the Committee met four (4) times. The attendance of members is as follows:

Name of Committee Member	Number of meetings attended/ Number of meetings held
Dato' Mohd Salleh Bin Hj Harun	4/4
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	4/4
Encik Mohd Rashid Bin Mohd Yusof	4/4
Datuk Joseph Dominic Silva	2/4

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. Separate private session was conducted without the Management's presence on 23 August 2019.

A brief profile of the individual Committee members is included in the Board of Directors – Profiles as set out on pages 16 to 23.

The Committee was established by the Board on 30 August 2005. The Terms of Reference of the Committee is available on the Company's website at www.scicom-intl.com.

B. SUMMARY OF ACTIVITIES

During the financial year under review, the activities undertaken by the Committee in discharging its duties and responsibilities in accordance with the Committee's Terms of Reference 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 Group 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.

(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.

  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.

Audit and Risk Management Committee Report Scicom Annual Report 2020

- Met with the External Auditors without the presence of Management to discuss audit plan and 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	238,000
Non-audit fees	52,788
% of non-audit fees, over statutory audit fees	22%

(iv) Financial Reporting and Compliance

- 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.
- Reviewed the proposed interim dividends for the financial year under review, taking into consideration the cash flow requirements before recommending to the Board for approval.
- Revised the Terms of Reference of the Committee and recommended to the Board for approval.
- Reviewed the External Auditors' Assessment Policy and recommended to the Board for approval and adoption.

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 reports directly to the 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 auditors also carry out investigative audit where there are improper, dishonest and illegal acts reported.

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

The Group's internal audit function is outsourced to a third party professional firm, which is independent of the activities and operations of the Group. The Internal auditors adopt the International Professional Practices Framework ('IPPF'), that organises authoritative guidance promulgated by the Institute of Internal Auditors with authoritative guidance organised in the IPPF as mandatory and recommended guidance for 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 cognisance 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 FY2019/2020

Prepared and presented the audit plans for FY2019/2020 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 2020.

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities, so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2020.

In preparing the financial statements for the financial year ended 30 June 2020, the Directors have:

- Adopted the appropriate and relevant 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 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 the Company 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 175 of the Annual Report.

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REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2020.

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, which offers multi-lingual, multi-channel customer care, technical support help desk, consultative sales and associated fulfilment. The Group provides electronic solutions and applications for payment on-line processing, border security services, digital platforms, software solutions 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 are in Note 17 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	22,051,902	23,197,970
- Non-controlling interest	1,395	-
Net profit for the financial year	22,053,297	23,197,970

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2019 were as follows:

		RM
(a)	In respect of the financial year ended 30 June 2019, a fourth interim dividend of 1 sen, tax exempt, per ordinary share, paid on 30 September 2019	3,554,536
(b)	In respect of the financial year ended 30 June 2020, a first interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 24 December 2019	5,331,803
(c)	In respect of the financial year ended 30 June 2020, a second interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 20 March 2020	5,331,803
(d)	In respect of the financial year ended 30 June 2020, a third interim dividend of 1 sen, tax exempt, per ordinary share, paid on 29 June 2020	3,554,536
		17,772,678

On 28 August 2020, 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 29 September 2020.

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.

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 ended 30 June 2020 was RM62,312 (2019: 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 2019	Bought	Disposed	At 30 June 2020
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	735	-	-	735
Dato' Mohd Salleh bin Hj. Harun	1,886	50	-	1,936
Dato' Sri Leo Suresh Ariyanayakam	89,728	310	-	90,038
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	1,045	-	-	1,045

	Number of ordinary shares in the Company			
	At 1 July 2019	Bought	Disposed	At 30 June 2020
	'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.

OTHER STATUTORY INFORMATION

(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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of 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 and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries 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 of 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 of 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 17 and Note 21 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 of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 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 2020. 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 2020

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		RM	**RM**	**RM**	**RM**
REVENUE	6	**181,330,222**	161,160,327	**174,258,779**	154,358,353
OTHER OPERATING INCOME	18	**-**	-	**-**	133,749
		181,330,222	161,160,327	**174,258,779**	154,492,102
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(15,983,478)**	(6,289,131)	**(13,427,645)**	(5,049,088)
- Employee benefit costs	7	**(108,528,097)**	(95,126,321)	**(99,917,095)**	(88,367,362)
- Impairment loss		**-**	-	**(3,541,119)**	(1,837,295)
- Bad debts written off		**(345,126)**	(305,513)	**(345,126)**	(305,513)
- Maintenance expenses		**(3,398,880)**	(3,309,023)	**(2,321,694)**	(2,373,117)
- Rental expenses	8	**(364,859)**	(10,681,327)	**(159,122)**	(8,393,230)
- Telecommunication and utilities expenses		**(4,627,229)**	(4,486,493)	**(4,210,357)**	(3,928,947)
- Travelling expenses		**(1,071,976)**	(1,278,060)	**(945,075)**	(1,146,770)
- Marketing expenses		**(6,405,600)**	(6,532,121)	**(6,397,887)**	(6,515,054)
- Other operating expenses		**(10,065,322)**	(6,958,661)	**(11,516,007)**	(10,261,489)
		(150,790,567)	(134,966,650)	**(142,781,127)**	(128,177,865)
PROFIT FROM OPERATIONS		**30,539,655**	26,193,677	**31,477,652**	26,314,237
FINANCE INCOME	9	**971,505**	871,145	**944,559**	831,404
FINANCE COST	9	**(839,056)**	-	**(635,046)**	-
SHARE OF LOSS OF THE JOINT VENTURE	18	**-**	(2,501)	**-**	-
PROFIT BEFORE TAXATION	10	**30,672,104**	27,062,321	**31,787,165**	27,145,641
TAXATION	11	**(8,618,807)**	(7,038,524)	**(8,589,195)**	(7,730,623)
NET PROFIT FOR THE FINANCIAL YEAR		**22,053,297**	20,023,797	**23,197,970**	19,415,018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
OTHER COMPREHENSIVE LOSS					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(196,454)**	(725,659)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**21,856,843**	19,298,138	**23,197,970**	19,415,018
NET PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**22,051,902**	20,210,513	**23,197,970**	19,415,018
- Non-controlling interest		**1,395**	(186,716)	**-**	-
		22,053,297	20,023,797	**23,197,970**	19,415,018
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**21,855,448**	19,484,854	**23,197,970**	19,415,018
- Non-controlling interest		**1,395**	(186,716)	**-**	-
		21,856,843	19,298,138	**23,197,970**	19,415,018
Earnings per share:					
- Basic/Diluted (sen)	12	**6.20**	5.69		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 105 to 174.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
NON-CURRENT ASSETS					
Plant and equipment	14	**10,030,993**	8,491,792	**8,682,386**	6,670,666
Software licenses	15	**11,046,140**	9,283,290	**6,645,032**	6,082,474
Right-of-use assets	16	**8,113,714**	-	**6,838,672**	-
Interests in subsidiaries	17	**-**	-	**-**	14
Deferred tax assets	26	**700,000**	700,000	**-**	-
		29,890,847	18,475,082	**22,166,090**	12,753,154
CURRENT ASSETS					
Trade receivables and contract assets	19	**52,388,276**	44,178,593	**50,308,531**	41,960,362
Other receivables, deposits and prepayments	20	**10,032,943**	7,884,898	**8,174,175**	6,042,333
Amounts due from subsidiaries	21	**-**	-	**-**	2,440
Tax recoverable		**91,147**	195,518	**-**	-
Investments in cash funds	22	**23,408,721**	14,969,400	**23,408,721**	14,969,400
Cash and bank balances	23	**5,707,032**	25,536,264	**4,540,447**	23,430,283
		91,628,119	92,764,673	**86,431,874**	86,404,818
LESS: CURRENT LIABILITIES					
Trade and other payables	24	**11,182,103**	12,449,457	**8,642,216**	10,767,781
Tax liabilities		**580,610**	1,447,535	**580,610**	1,447,535
Lease liabilities	25	**6,282,648**	-	**5,374,632**	-
Amounts due to a subsidiary		**-**	-	**-**	301,442
		18,045,361	13,896,992	**14,597,458**	12,516,758
NET CURRENT ASSETS		**73,582,758**	78,867,681	**71,834,416**	73,888,060
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	**80,876**	66,089	**80,876**	34,747
Lease liabilities	25	**2,031,890**	-	**1,887,871**	-
		2,112,766	66,089	**1,968,747**	34,747
NET ASSETS		**101,360,839**	97,276,674	**92,031,759**	86,606,467

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020 (CONTINUED)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	27	**35,545,356**	35,545,356	**35,545,356**	35,545,356
Currency translation reserve	28	**(3,585,404)**	(3,388,950)	**-**	-
Retained earnings	28	**71,009,704**	66,730,480	**56,486,403**	51,061,111
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**102,969,656**	98,886,886	**92,031,759**	86,606,467
NON-CONTROLLING INTEREST		**(1,608,817)**	(1,610,212)	**-**	-
TOTAL EQUITY		**101,360,839**	97,276,674	**92,031,759**	86,606,467

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 105 to 174.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		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 2019		355,453,560	35,545,356	(3,388,950)	66,730,480	(1,610,212)	97,276,674
Currency translation difference		-	-	(196,454)	-	-	(196,454)
Net profit for the financial year		-	-	-	22,051,902	1,395	22,053,297
Total comprehensive income for the financial year		-	-	*(196,454)*	*22,051,902*	*1,395*	*21,856,843*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2019	13	-	-	-	(3,554,536)	-	(3,554,536)
- 30 June 2020	13	-	-	-	(14,218,142)	-	(14,218,142)
Total transactions with owners recognised directly in equity		-	-	-	*(17,772,678)*	-	*(17,772,678)*
Balance as at 30 June 2020		355,453,560	35,545,356	(3,585,404)	71,009,704	(1,608,817)	101,360,839

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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 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 2020 (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 2019		355,453,560	35,545,356	51,061,111	86,606,467
Net profit for the financial year		-	-	23,197,970	23,197,970
Total comprehensive income for the financial year		-	-	*23,197,970*	*23,197,970*
Transactions with owners:					
Dividends for financial year ended:					
- 30 June 2019	13	-	-	(3,554,536)	(3,554,536)
- 30 June 2020	13	-	-	(14,218,142)	(14,218,142)
Total transactions with owners recognised directly in equity		-	-	*(17,772,678)*	*(17,772,678)*
Balance as at 30 June 2020		355,453,560	35,545,356	56,486,403	92,031,759

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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	35,545,356	51,061,111	86,606,467

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 105 to 174.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**22,053,297**	20,023,797	**23,197,970**	19,415,018
Adjustments for:				
Impairment loss/(Write back of impairment):				
- interests in subsidiaries	**-**	-	**1,389,223**	2,388,115
- amounts due from subsidiaries	**-**	-	**2,151,896**	(550,820)
Amortisation of software licenses	**1,595,417**	1,788,837	**1,277,483**	1,439,504
Bad debts written off	**345,126**	305,513	**345,126**	305,513
Depreciation of plant and equipment	**4,206,212**	4,500,294	**3,262,695**	3,609,584
Depreciation of right-of-use assets	**10,181,849**	-	**8,887,467**	-
(Gain)/loss on disposal of plant and equipment	**(618)**	1,214	**(618)**	1,214
Dividend income	**-**	-	**-**	(133,749)
Finance income	**(971,505)**	(871,145)	**(944,559)**	(831,404)
Finance cost	**839,056**	-	**635,046**	-
Share of loss of the joint venture	**-**	2,501	**-**	-
Unrealised foreign exchange loss	**356,047**	736,983	**323,533**	734,140
Gain on acquisition of a subsidiary	**-**	3,770	**-**	-
Taxation	**8,618,807**	7,038,524	**8,589,195**	7,730,623
Gain on derecognition of lease liability	**(40,107)**	-	**-**	-
Operating profit before changes in working capital	**47,183,581**	33,530,288	**49,114,457**	34,107,738
Changes in working capital:				
Trade and other receivables	**(10,683,342)**	(6,009,729)	**(10,728,148)**	(6,236,232)
Trade and other payables	**(1,956,599)**	1,050,722	**(2,135,832)**	1,175,047
Intercompany balances	**-**	-	**2,476,362**	2,905,548
Cash generated from operating activities	**34,543,640**	28,571,281	**38,726,839**	31,952,101
Interest received	**971,505**	871,145	**944,559**	831,404
Income tax paid	**(9,507,860)**	(7,319,439)	**(9,409,991)**	(7,198,113)
Income tax refunds	**103,111**	116,807	**-**	-
Net cash generated from operating activities	**26,110,396**	22,239,794	**30,261,407**	25,585,392

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Distribution received from joint venture		**-**	133,749	**-**	133,749
Proceeds from disposal of plant and equipment		**850**	3,859	**850**	3,858
Purchase and development of software licenses	15	**(3,399,721)**	(3,875,252)	**(1,843,326)**	(1,961,142)
Purchase of plant and equipment	14	**(5,761,914)**	(2,472,332)	**(5,322,502)**	(2,025,006)
Advances to subsidiaries		**-**	-	**(6,522,405)**	(5,339,719)
Repayment of advances by subsidiaries		**-**	-	**300,000**	915,544
Subscription of shares in subsidiaries		**-**	-	**(9,998)**	(13)
Increase in investments in cash funds		**(8,439,321)**	(1,484,330)	**(8,439,321)**	(1,484,330)
Decrease/(Increase) in fixed deposits with maturity of more than 3 months		**6,000,000**	(4,000,000)	**5,000,000**	(3,000,000)
Net cash used in investing activities		**(11,600,106)**	(11,694,306)	**(16,836,702)**	(12,757,059)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends	13	**(17,772,678)**	(26,659,017)	**(17,772,678)**	(26,659,017)
Repayment of lease liabilities	25	**(10,031,166)**	-	**(9,098,682)**	-
Net cash used in financing activities		**(27,803,844)**	(26,659,017)	**(26,871,360)**	(26,659,017)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(13,293,554)**	(16,113,529)	**(13,446,655)**	(13,830,684)
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**(535,678)**	(1,137,424)	**(443,181)**	(753,805)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**18,536,264**	35,787,217	**17,430,283**	32,014,772
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23	**4,707,032**	18,536,264	**3,540,447**	17,430,283
Deposits with maturity of more than 3 months		**1,000,000**	7,000,000	**1,000,000**	6,000,000
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR		**5,707,032**	25,536,264	**4,540,447**	23,430,283

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 105 to 174.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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, which offers multi-lingual, multi-channel customer care, technical support help desk, consultative sales and associated fulfilment. The Group provides electronic solutions and applications for payment on-line processing, border security services, digital platforms, software solutions 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 are shown in Note 17 to the financial statements.

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

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 judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2019:

- MFRS 16 'Leases'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The Group and the Company have adopted MFRS 16 for the first time in the 2020 financial statements. This resulted in changes in accounting policies. Detailed impact of the change in accounting policies is set out in Note 35.

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 early adopted by the Group

The Group elected to early adopt the following amendments:

- Amendments to MFRS 16 – COVID-19 Related Rent Concessions effective for annual period beginning on or after 1 June 2020.

  The amendment grants an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

  The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

  1. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  2. any reduction in lease payments affects only payments due on or before 30 June 2021; and
  3. there is no substantive change to other terms and conditions of the lease.

  The amendments are applied retrospectively.

  The amendments above did not have a material impact to the financial statements of the Group and the Company.

2 BASIS OF PREPARATION (CONTINUED)

(c) 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 2019. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- The Conceptual Framework for Financial Reporting ("Framework") (effective 1 January 2020) was revised with the primary purpose to assist the IASB to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS. The Framework is not an IFRS and does not override any IFRSs.

  Key changes to the Framework are as follows:

  - Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.
  - Qualitative characteristics of useful financial information - reinstatement of the concepts of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.
  - Clarification on reporting entity for financial reporting- introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.
  - Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.
  - Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on de-recognition of asset and liability have been added.
  - Measurement - explanation of factors to consider when selecting a measurement basis have been provided.
  - Presentation and disclosure - clarification that statement of profit or loss ('P&L') is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income/expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

  Amendments to References to the Conceptual Framework in MFRS Standards

  The MASB also issued Amendments to References to the Conceptual Framework in MFRS Standards ('Amendments'), to update references and quotations to fourteen (14) Standards so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies.

  The amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

2 BASIS OF PREPARATION (CONTINUED)

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

- Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108) effective 1 January 2020 clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

  The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments also:
  - clarify that an entity assesses materiality in the context of the financial statements as a whole.
  - explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
  - clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

  The amendments shall 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.

2 BASIS OF PREPARATION (CONTINUED)

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

- Amendments to MFRS 116 on proceeds before intended use (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment ("PPE") the proceeds received from selling items produced by the PPE before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

- Amendments to MFRS 3: Reference to Conceptual Framework, effective for business combinations with acquisition date on or after annual periods beginning on or after 1 January 2022 replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.

  To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the 2018 Conceptual Framework. The amendments are not expected to change the current accounting for business combinations on acquisition date. In replacing all references to the Framework with the 2018 Conceptual Framework, the IASB did not intend to make significant changes to the requirements of IFRS Standards containing those references. Hence, the IASB introduced the new exception to the recognition principle for liabilities falling within the scope of IAS 37 and IC 21.

  Liabilities and contingent liabilities (whose existence could only be confirmed by an uncertain future event) that are within the scope of MFRS 137 or IC 21 shall be recognised as part of the business combination in accordance with the principles in the respective MFRS/IC. Accordingly, these liabilities and levies would not be recognised on acquisition date even though these would have met the definition of a liability according to the 2018 Conceptual Framework.

  The amendments shall be applied prospectively.

- Annual improvements to MFRS standards 2018 – 2020

  - Amendments to MFRS 1 "First-time Adoption of MFRS" (effective 1 January 2022) provide subsidiaries that adopt MFRS later than the parent an optional exemption to measure the cumulative translation differences for all their foreign operations which are aligned to the carrying amounts included in the parent's consolidated financial statements (adjusted for consolidation adjustments).

    An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

  - Amendments to MFRS 16 "Leases" (effective 1 January 2022) removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

The impact of the amendments above is still being assessed by the Group and the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

(i) Subsidiaries

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

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Joint arrangements

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment

Plant and equipment are 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Software licenses

Software licenses

Separately acquired software licenses 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 licenses 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

(i) Classification

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 have 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iii) Measurement (continued)

FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

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 expected credit loss ('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 have three types of financial instruments that are subject to the ECL model:

- Trade receivables
- Contract assets
- 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 months 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

General 3-stage approach for other receivables (continued)

A summary of the assumptions underpinning the Group's and the Company's ECL model using the 3- stage approach is as follows:

Category	Group's definition of categories	Basis of recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 months ECL
Underperforming	Debtors for which there is a significant increase in credit risk is presumed if interest and/or principal repayments are thirty (30) days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are ninety (90) days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical information of counterparty defaults by each receivable by categories and adjusts for forward-looking macroeconomic data.

Simplified approach for trade receivables and contract assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL measured on collective basis

(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 have therefore concluded that the expected loss rates for trade receivables 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.

Write-off

(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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

Accounting policies applied from 1 July 2019

(i) Accounting by lessee

From 1 July 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

Accounting policies applied from 1 July 2019 (continued)

(i) Accounting by lessee (continued)

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

(d) Reassessment of lease liabilities

The Group and the Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

Accounting policies applied until 30 June 2019

Operating 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

Accounting policies applied until 30 June 2019 (continued)

Operating leases (continued)

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.

(k) Share capital

(i) Classification

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

(ii) Dividend distribution

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

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

(iii) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Share capital (continued)

(iii) Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) Trade and other payables

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

Trade payables are 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax (continued)

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 have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group and Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

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

(iv) Profit-sharing and bonus plans

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions

Provisions are recognised when the Group and Company have 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.

(q) Revenue recognition for contracts with customers

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

<u>Outsourcing services</u>

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 over time using the output method 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition for contracts with customers (continued)

<u>Education</u>

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 at point in time 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 at point in time 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.

The Group and the Company applied the practical expedient to recognise revenue in the amount to which the Group and the Company have the right to invoice as its right to consideration from customers corresponds directly with the value to the customers of the services performed to date. As a result, the Group and the Company also applied the practical expedient to not disclose information about unsatisfied performance obligation as at the reporting date.

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 3(f)(iv)). 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 financial 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'.

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.

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Impairment of investments in subsidiaries

During the financial year, the Company recognised an impairment loss of RM1,389,223 (2019: RM2,388,115) in respect of its interests in subsidiaries as disclosed in Note 17. 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.

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 RM1,528,950 (2019: RM3,172,779) and RM Nil (2019: RM1,486,451) respectively of software development cost as intangible assets. The total cost capitalised as at 30 June 2020 for the Group and the Company is RM7,010,677 (2019: RM5,507,882) and RM3,149,236 (2019: RM3,149,236) respectively.

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 have 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.

(c) Determination of lease term

In determining the lease term, the Group and the Company considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is exercised (or not exercised) or the Group and the Company becomes obligated to exercise (not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurred, which affect this assessment, and that is within the lessee.

(d) Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (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.

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

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

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

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

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2020

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	181,160,086	170,136	-	181,330,222
Inter segment revenue	612,762	1,863,600	(2,476,362)	-
Total revenue	181,772,848	2,033,736	(2,476,362)	181,330,222
Segment results	46,194,095	329,038	-	46,523,133
Operating profit				46,523,133
Finance income				971,505
Finance cost				(839,056)
Depreciation and amortisation expenses				(15,983,478)
Profit before taxation				30,672,104
Taxation				(8,618,807)
Net profit for the financial year				22,053,297

** In relation to consolidation adjustments.

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2020

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	90,468,871	728,344	407,564	91,604,779
Unallocated assets:				
- Deferred tax asset				700,000
- Tax recoverable				91,147
- Cash and bank balances				5,707,032
- Investment in cash funds				23,408,721
- Others				7,287
Total assets				121,518,966
Segment liabilities	53,183,322	12,323,193	(46,012,889)	19,493,626
Unallocated liabilities				
- Tax liabilities				580,610
- Deferred tax liabilities				80,876
- Others				3,015
Total liabilities				20,158,127

For the financial year ended 30 June 2020

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	9,206,966	5,811	(51,143)	9,161,634
Depreciation and amortisation expenses	15,723,084	34,113	226,281	15,983,478
Significant non-cash expenses:				
- Unrealised foreign exchange loss	322,377	-	33,670	356,047
- Bad debts	345,126	-	-	345,126
- Impairment loss	3,541,119	-	(3,541,119)	-

** In relation to consolidation adjustments.

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
Operating profit				32,482,808
Finance income				871,145
Depreciation and amortisation expenses				(6,289,131)
Share of loss of the joint venture				(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 2020 (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.

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 **	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia *	**105,834,993**	89,432,768	**23,286,953**	14,079,598
Philippines	**27,761,739**	25,730,379	**-**	-
China	**21,544,636**	16,486,683	**-**	-
Singapore	**9,224,545**	10,409,102	**-**	-
Hong Kong	**5,495,392**	811,381	**-**	-
Sri Lanka	**5,309,954**	5,743,034	**5,903,894**	3,695,484
Thailand	**2,953,274**	2,980,260	**-**	-
United States	**174,452**	5,855,580	**-**	-
United Kingdom	**307,291**	1,383,583	**-**	-
Others	**2,723,946**	2,327,557	**-**	-
	181,330,222	161,160,327	**29,190,847**	17,775,082

* 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:

	2020		2019	
	%	RM	%	RM
Customer 1	**23**	**41,305,485**	26	42,002,437
Customer 2	**15**	**27,761,739**	16	25,730,379
Customer 3	**14**	**24,547,968**	6	9,246,210
Customer 4	**12**	**20,998,471**	10	16,486,683
Customer 5	**11**	**19,171,014**	11	16,926,331
	75	**133,784,677**	69	110,392,040

6 REVENUE

Revenue accounted for under MFRS 15 and the timing of revenue recognition are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Outsourcing services:				
- Over time	**181,160,086**	160,642,359	**174,258,779**	154,358,353
Education:				
- Point in time	**170,136**	517,968	**-**	-
	181,330,222	161,160,327	**174,258,779**	154,358,353

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries and bonuses	**93,489,923**	81,284,013	**86,198,608**	75,755,798
Defined contribution plans	**8,874,786**	7,174,699	**7,999,441**	6,461,927
Other employee benefits	**3,643,719**	4,359,873	**3,393,760**	3,863,973
Staff welfare	**954,690**	742,757	**760,307**	720,685
	106,963,118	93,561,342	**98,352,116**	86,802,383
Directors' remuneration:				
- Salaries and bonuses	**954,432**	954,432	**954,432**	954,432
- Defined contribution plans	**115,547**	115,547	**115,547**	115,547
- Fees	**495,000**	495,000	**495,000**	495,000
	108,528,097	95,126,321	**99,917,095**	88,367,362

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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive Director:				
- Salary and bonus	**954,432**	954,432	**954,432**	954,432
- Defined contribution plans	**115,547**	115,547	**115,547**	115,547
- Estimated monetary value of benefits-in-kind	**163,700**	168,320	**163,700**	168,320
	1,233,679	1,238,299	**1,233,679**	1,238,299
Non-executive Directors:				
- Fees	**495,000**	495,000	**495,000**	495,000
	1,728,679	1,733,299	**1,728,679**	1,733,299

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 2020 (CONTINUED)

8 RENTAL EXPENSES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Rental:				
- Apartments	**131,500**	205,049	**131,500**	167,196
- Offices	**-**	10,292,890	**-**	8,093,045
- Office equipment	**21,820**	21,375	**20,941**	20,619
- Others	**211,539**	162,013	**6,681**	112,370
	364,859	10,681,327	**159,122**	8,393,230

Rental expenses for financial year ended 30 June 2020 comprises payments associated with short-term leases and all leases of low-value.

9 FINANCE INCOME AND COST

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Finance income:				
- Interest income	**971,505**	871,145	**944,559**	831,404
Finance cost:				
- Interest on lease liabilities	**(839,056)**	-	**(635,046)**	-

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers PLT ('PwC'), Malaysia	**238,000**	238,000	**192,000**	192,000
- Other auditors	**20,353**	13,014	**-**	-
- Fees for other services				
- Member firms of PwC Malaysia	**52,788**	71,768	**22,156**	36,110
Depreciation of plant and equipment	**4,206,212**	4,500,294	**3,262,695**	3,609,584
Depreciation of right-of-use assets	**10,181,849**	-	**8,887,467**	-
Amortisation of software licenses	**1,595,417**	1,788,837	**1,277,483**	1,439,504
Employee benefit costs (Note 7)	**108,528,097**	95,126,321	**99,917,095**	88,367,362
Foreign exchange loss/(gain):				
- Realised	**(27,078)**	(459,622)	**(64,609)**	(466,103)
- Unrealised	**356,047**	736,983	**323,533**	734,140
(Gain)/Loss on disposal of plant and equipment	**(618)**	1,214	**(618)**	1,214
Immigration expenses	**1,225,910**	1,091,288	**1,194,211**	1,077,491
Impairment loss / (write back of impairment):				
- interest in subsidiaries	**-**	-	**1,389,223**	2,388,115
- amounts due from subsidiaries	**-**	-	**2,151,896**	(550,820)
Bad debts written off	**345,126**	305,513	**345,126**	305,513
Marketing expenses	**6,405,600**	6,532,121	**6,397,887**	6,515,054
Office supplies expenses	**939,178**	1,060,751	**831,949**	928,035
Other professional fees	**1,056,339**	600,393	**607,916**	897,626
Recruitment expenses	**169,757**	83,631	**167,356**	83,275
Security service	**595,146**	610,394	**572,629**	567,227
Software integration and support services	**4,031,665**	2,245,546	**4,244,710**	2,209,570
Staff training expenses	**7,392**	49,053	**1,871,025**	4,055,839
Gain from acquisition in subsidiary	**-**	3,770	**-**	-

11 TAXATION

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Income tax:				
Current financial year:				
- Malaysian tax	**8,506,365**	7,335,620	**8,446,432**	7,326,690
Under provision of tax in prior financial years:				
- Malaysian tax	**97,655**	584,366	**96,634**	585,203
	8,604,020	7,919,986	**8,543,066**	7,911,893
Deferred taxation (Note 26):				
Relating to origination and				
reversal of temporary differences	**14,787**	(881,462)	**46,129**	(181,270)
	8,618,807	7,038,524	**8,589,195**	7,730,623

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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

11 TAXATION (CONTINUED)

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate:				
Malaysian statutory tax rate	**24**	24	**24**	24
Tax effects of:				
- Expenses not deductible for tax purposes	**2**	2	**3**	3
- Income not subject to tax	**-**	(1)	**-**	(1)
- Under provision of tax in prior financial year	**-**	2	**-**	2
- Unrecognised deferred tax asset on current year losses	**2**	1	**-**	-
- Utilisation of previously unrecognised deferred tax assets	**-**	(2)	**-**	-
Average effective tax rate	**28**	26	**27**	28

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	
	2020	**2019**
Net profit for the financial year attributable to owners of the Company (RM'000)	**22,052**	20,211
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**6.20**	5.69

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

13 DIVIDENDS

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

	2020		2019	
	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 2020	**1.5**	**5,331,803**	-	-
- 30 June 2019	**-**	**-**	3.0	10,663,607
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2020	**1.5**	**5,331,803**	-	-
- 30 June 2019	**-**	**-**	2.0	7,109,071
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2020	**1.0**	**3,554,536**	-	-
- 30 June 2019	**-**	**-**	1.5	5,331,803
Fourth interim dividends paid in respect of the financial years ended:				
- 30 June 2019	**1.0**	**3,554,536**	-	-
- 30 June 2018	**-**	**-**	1.0	3,554,536
	5.0	**17,772,678**	7.5	26,659,017

Subsequent to the financial year, on 28 August 2020, 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 29 September 2020.

14 PLANT AND EQUIPMENT

	As at 1 July 2019	Additions	Reclassi-fications	Disposals	Currency translation differences	As at 30 June 2020
	RM	RM	RM	RM	RM	RM
2020						
Group						
At cost						
Furniture and fittings	6,499,030	700,101	4,951	(3,778)	(21,509)	7,178,795
Office equipment and computers	52,371,654	3,776,114	83,616	(1,472)	(65,929)	56,163,983
Telecommunications equipment	8,875,560	167,648	(81,075)	-	-	8,962,133
Office renovations	10,080,618	1,118,051	(7,331)	-	(33,398)	11,157,940
Motor vehicles	1,067,818	-	(161)		-	1,067,657
	78,894,680	5,761,914	-	(5,250)	(120,836)	84,530,508

	As at 1 July 2019	Charge for the financial year	Reclassi-fications	Disposals	Currency translation differences	As at 30 June 2020
	RM	RM	RM	RM	RM	RM
2020						
Group						
Accumulated depreciation						
Furniture and fittings	5,683,498	524,419	6,741	(3,551)	(20,621)	6,190,486
Office equipment and computers	45,349,820	2,899,789	106,026	(1,467)	(50,910)	48,303,258
Telecommunications equipment	8,751,337	131,075	(103,407)	-	-	8,779,005
Office renovations	9,718,548	514,929	(7,332)	-	(33,036)	10,193,109
Motor vehicles	899,685	136,000	(2,028)	-	-	1,033,657
	70,402,888	4,206,212	-	(5,018)	(104,567)	74,499,515

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	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

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2019	Additions	Reclassi-fications	Disposals	As at 30 June 2020
	RM	RM	RM	RM	RM
2020					
Company					
At cost					
Furniture and fittings	4,105,343	696,911	4,951	(51,517)	4,755,688
Office equipment and computers	41,153,436	3,345,298	83,616	(166,815)	44,415,535
Telecommunications equipment	5,372,412	167,647	(81,075)	(3,023)	5,455,961
Office renovations	6,531,513	1,112,646	(7,331)	(1,714)	7,635,114
Motor vehicles	1,065,161	-	(161)	-	1,065,000
	58,227,865	5,322,502	-	(223,069)	63,327,298

Total disposal of plant and equipment include non-cash transfers of plant and equipment at carrying amount of RM47,856 to Scicom E Solutions Sdn. Bhd.

	As at 1 July 2019	Charge for the financial year	Reclassi-fications	Disposals	As at 30 June 2020
	RM	RM	RM	RM	RM
2020					
Company					
Accumulated depreciation					
Furniture and fittings	3,545,598	312,259	6,741	(45,673)	3,818,925
Office equipment and computers	35,368,927	2,488,100	106,026	(124,572)	37,838,481
Telecommunications equipment	5,338,201	41,063	(103,407)	(3,023)	5,272,834
Office renovations	6,407,445	285,273	(7,332)	(1,714)	6,683,672
Motor vehicles	897,028	136,000	(2,028)	-	1,031,000
	51,557,199	3,262,695	-	(174,982)	54,644,912

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

Total disposal of plant and equipment include non-cash transfers of plant and equipment at carrying amount of RM5,073 to Scicom Lanka (Private) Limited.

	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

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**988,309**	815,532	**936,763**	559,745
Office equipment and computers	**7,860,725**	7,021,834	**6,577,054**	5,784,509
Telecommunications equipment	**183,128**	124,223	**183,127**	34,211
Office renovations	**964,831**	362,070	**951,442**	124,068
Motor vehicles	**34,000**	168,133	**34,000**	168,133
	10,030,993	8,491,792	**8,682,386**	6,670,666

15 SOFTWARE LICENSES

Group	As at 1 July 2019	Additions	Currency translation differences	As at 30 June 2020
	RM	RM	RM	RM
2020				
Cost				
Software license	9,424,895	1,870,771	(36,609)	11,259,057
Work-in-progress	5,507,882	1,528,950	(26,155)	7,010,677
	14,932,777	3,399,721	(62,764)	18,269,734

	As at 1 July 2019	Charge for the financial year	Currency translation differences	As at 30 June 2020
	RM	RM	RM	RM
2020				
Accumulated amortisation				
Software license	5,649,487	1,595,417	(21,310)	7,223,594

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

15 SOFTWARE LICENSES (CONTINUED)

Group	As at 1 July 2018	Additions	Reclassi-fications	Currency translation differences	As at 30 June 2019
	RM	RM	RM	RM	RM
2019					
Cost					
Software license	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 license	3,970,992	1,788,837	(110,342)	5,649,487

15 SOFTWARE LICENSES (CONTINUED)

Company	As at 1 July 2019	Additions	Reclassi-fications	As at 30 June 2020
	RM	RM	RM	RM
2020				
Cost				
Software license	7,633,300	1,843,326	(5,577)	9,471,049
Work-in-progress	3,149,236	-	-	3,149,236
	10,782,536	1,843,326	(5,577)	12,620,285

	As at 1 July 2019	Charge for the financial year	Disposal	As at 30 June 2020
	RM	RM	RM	RM
2020				
Accumulated amortisation				
Software license	4,700,062	1,277,483	(2,292)	5,975,253

Total disposal of software licenses include non-cash transfers of software licenses at carrying amount of RM3,284 to Scicom E Solutions Sdn. Bhd

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

15 SOFTWARE LICENSES (CONTINUED)

Company	As at 1 July 2018	Additions	Reclassi-fications	As at 30 June 2019
	RM	RM	RM	RM
2019				
Cost				
Software license	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 license	3,260,558	1,439,504	4,700,062

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Net book value				
Software licenses	**4,035,463**	3,775,408	**3,495,796**	2,933,238
Work-in progress	**7,010,677**	5,507,882	**3,149,236**	3,149,236
	11,046,140	9,283,290	**6,645,032**	6,082,474

(i) Software licenses relates to licenses 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).

16 RIGHT-OF-USE ASSETS

	2020 Office building RM
Group	
As at 1 July 2019	15,431,717
Addition	2,914,003
Depreciation charge	(10,181,849)
Currency translation differences	(50,157)
As at 30 June 2020	8,113,714
Company	
As at 1 July 2019	12,812,136
Addition	2,914,003
Depreciation charge	(8,887,467)
	6,838,672

17 INTERESTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares at cost	**3,187,392**	3,177,394
Advances to subsidiaries	**28,682,886**	27,303,675
	31,870,278	30,481,069
Less: Impairment loss	**(31,870,278)**	(30,481,055)
	-	14

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

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 RM1,389,223 (2019: RM2,388,115) in respect of its interest 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 2020 %	Group's effective interest 2019 %	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	Dormant
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.

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	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	Dormant
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	Dormant
SciSolutions (Mauritius) Ltd ^	Mauritius	**100**	100	Dormant
Asian Contact Solutions Sdn. Bhd.* (formerly known as Asian Contact Centres Sdn. Bhd.)	Malaysia	**100**	100	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.

Non-controlling interests are not material to the Group.

On 22 May 2020, Asian Contact Solutions Sdn. Bhd. had increased its ordinary shares from 2 to 10,000 ranking pari passu, for a cash consideration at an issue price of RM1.00 each.

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.

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 Acquisition"). The principal activity of SML is for the promotion and provision of Scicom's suite of e-government and BPO services and solutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

18 INVESTMENT IN JOINT VENTURE

	Group 2020 RM	Group 2019 RM
At 1 July	-	140,022
Distribution of dividends	**-**	(133,749)
Share of (loss)/profit	**-**	(2,501)
Derecognition of investment in joint venture**	-	(3,772)
At 30 June	**-**	-

** On 10 January 2019, the Company acquired the remaining one (1) ordinary share 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.

19 TRADE RECEIVABLES AND CONTRACT ASSETS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade receivables	**33,543,110**	24,931,762	**32,019,568**	23,353,437
Contract assets	**18,845,166**	19,246,831	**18,288,963**	18,606,925
	52,388,276	44,178,593	**50,308,531**	41,960,362

Measurement of ECL

Trade receivables and contract assets - simplified approach

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. Credit terms of trade receivables range from 30 to 90 days (2019: 30 to 90 days). The fair value of trade receivables approximates its carrying value.

19 TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Measurement of ECL (continued)

The gross carrying amount of trade receivables and contract assets (with individually significant balances which are separately assessed for ECL measurement) represent maximum exposure to credit risk to the Group are as follows:

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Neither past due nor impaired	(i)	**35,568,042**	35,649,528	**34,355,497**	34,085,946
Past due but not impaired:	(ii)				
- 1 to 30 days past due not impaired		**10,332,829**	6,052,992	**9,883,037**	5,575,559
- 31 to 60 days past due not impaired		**2,291,708**	1,405,457	**1,918,290**	1,258,713
- 61 to 90 days past due not impaired		**3,572,778**	655,142	**3,553,899**	655,128
- More than 90 days past due not impaired		**622,919**	415,474	**597,808**	385,016
		52,388,276	44,178,593	**50,308,531**	41,960,362
Provision for impairment:					
At 1 July		**-**	-	**-**	-
Charge during the financial year		**345,126**	305,513	**345,126**	305,513
Written-off during the financial year		**(345,126)**	(305,513)	**(345,126)**	(305,513)
At 30 June		**-**	-	**-**	-

The Group and the Company have assessed the ECL for its trade receivables and contract assets to be immaterial.

(i) 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 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Existing customers with no history of defaults	**34,625,015**	34,468,612	**33,412,470**	33,191,410
New customers within the last 6 months	**943,027**	1,180,916	**943,027**	894,536
	35,568,042	35,649,528	**34,355,497**	34,085,946

A significant number of these receivables comprise of multinational organisations and Malaysian government agencies. These receivables account for RM16,129,593 (2019: RM15,048,631) and RM15,473,251 (2019: RM14,909,259) of the Group's and Company's trade receivables as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

19 TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Measurement of ECL (continued)

(ii) Trade receivables that are past due but not impaired

The Group and the Company have trade receivables of RM16,820,234 (2019: RM8,529,065) and RM15,953,034 (2019: RM7,874,416) 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

Movement in contract assets

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
At 1 July	**19,246,831**	-	**18,606,925**	-
Upon adoption of MFRS 15	**-**	16,665,403	**-**	16,129,393
	19,246,831	16,665,403	**18,606,925**	16,129,393
Transfer to trade receivables	**(181,731,887)**	(158,578,899)	**(174,576,741)**	(151,880,821)
Increase as a result of services provided	**181,330,222**	161,160,327	**174,258,779**	154,358,353
At 30 June	**18,845,166**	19,246,831	**18,288,963**	18,606,925

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Financial assets				
Other receivables	**360,587**	700,224	**290,255**	493,781
Deposits	**4,467,519**	4,354,339	**3,653,049**	4,056,365
Less: Impairment loss	**-**	(159,200)	**-**	(159,200)
	4,467,519	4,195,139	**3,653,049**	3,897,165
	4,828,106	4,895,363	**3,943,304**	4,390,946
Non-financial assets				
Prepayments	**2,069,695**	2,161,970	**1,876,115**	1,628,654
Deposits	**2,332,023**	-	**2,332,023**	-
Other receivables	**803,119**	827,565	**22,733**	22,733
	10,032,943	7,884,898	**8,174,175**	6,042,333

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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.

The Group and the Company have assessed the ECL for its other receivables to be immaterial.

Impairment loss

The movement in impairment loss is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 July	**159,200**	159,200	**159,200**	159,200
Written-off during the financial year	**(159,200)**	-	**(159,200)**	-
At 30 June	**-**	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.

21 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
Amounts due from subsidiaries	**20,616,921**	18,467,465
Less: Impairment loss	**(20,616,921)**	(18,465,025)
	-	2,440

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

21 AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

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

	Company	
	2020	2019
	RM	RM
Impaired: - More than 90 days	**20,616,921**	18,467,465
Less: Impairment loss	**(20,616,921)**	(18,465,025)
At 30 June	**-**	2,440

Impairment loss

The movement in impairment loss is as follows:

	2020	2019
At 1 July	**18,465,025**	19,015,845
Charge/(Reversal) for the financial year	**2,151,896**	(550,820)
At 30 June	**20,616,921**	18,465,025

The impairment of amounts due from subsidiaries are individually determined. The impairment loss recognised during the financial years ended 30 June 2020 and 30 June 2019 are in relation to subsidiaries with indication of impairment estimated based on the financial condition of the respective subsidiaries.

22 INVESTMENTS IN CASH FUNDS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Investments in cash funds	**23,408,721**	14,969,400	**23,408,721**	14,969,400

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 32(b) (2019: Level 1).

22 INVESTMENTS IN CASH FUNDS (CONTINUED)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
AAA	**15,672,646**	7,466,472	**15,672,646**	7,466,472
AA2	**7,736,075**	7,502,928	**7,736,075**	7,502,928
	23,408,721	14,969,400	**23,408,721**	14,969,400

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

23 CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	**4,707,032**	13,086,264	**3,540,447**	11,980,283
Deposits with licensed banks	**1,000,000**	12,450,000	**1,000,000**	11,450,000
Cash and bank balances	**5,707,032**	25,536,264	**4,540,447**	23,430,283
Less:				
- deposits with maturity of more than 3 months	**(1,000,000)**	(7,000,000)	**(1,000,000)**	(6,000,000)
Cash and cash equivalents	**4,707,032**	18,536,264	**3,540,447**	17,430,283

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

23 CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash in-hand	**256,067**	179,830	**256,067**	179,818
Cash at bank and deposits with licensed banks				
AAA	**4,768,066**	24,508,705	**4,284,380**	23,250,465
AA3	**420,670**	639,989	**-**	-
A2	**113,247**	822	**-**	-
No rating	**148,982**	206,918	**-**	-
	5,707,032	25,536,264	**4,540,447**	23,430,283

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

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**899,839**	1,486,061	**449,285**	1,425,693
Accruals	**1,922,122**	1,890,630	**1,297,750**	1,526,191
Other payables	**4,389,008**	4,896,798	**3,662,891**	4,569,332
	7,210,969	8,273,489	**5,409,926**	7,521,216
Non-financial liabilities				
Performance-related bonus	**1,024,714**	1,150,230	**772,091**	953,973
Other payroll-related liabilities	**2,880,730**	2,954,917	**2,460,199**	2,292,592
Other payables	**65,690**	70,821	**-**	-
	11,182,103	12,449,457	**8,642,216**	10,767,781

Credit terms of trade payables range from 30 to 90 days (2019: 30 to 90 days).

25 LEASE LIABILITIES

The Group and the Company lease office buildings. Rental contracts duration are typically between one (1) to three (3) years with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	2020	
	Group	Company
	RM	RM
Current	**6,282,648**	5,374,632
Non-current	**2,031,890**	1,887,871
	8,314,538	7,262,503

	2020	
	Group	Company
	RM	RM
At 1 July 2019	**15,120,157**	12,812,136
Addition	**2,914,003**	2,914,003
Non-cash changes		
Interest expense	**839,056**	635,046
Accrued rental payment	**(445,305)**	-
Gain on derecognition of lease liability	**(40,107)**	-
Financing cash flows		
Payment of principal portion of lease liability	**(9,192,110)**	(8,463,636)
Payment of interest portion of lease liability	**(839,056)**	(635,046)
Currency translation differences	**(42,100)**	-
At 30 June 2020	**8,314,538**	7,262,503
Expense related to short-term leases (included in rental expenses)	**330,598**	131,500
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rental expenses)	**34,261**	27,622

The total cash outflow for leases during the financial year ended 30 June 2020 is RM10,396,025 and RM9,257,804 for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

25 LEASE LIABILITIES (CONTINUED)

Minimum lease payments payable on the lease liabilities as follows:

	2020	
	Group	Company
	RM	RM
Within 1 year	**6,549,861**	5,579,076
1 – 2 years	**1,348,017**	1,199,850
2 – 5 years	**774,863**	774,863
	8,672,741	7,553,789
Less: future finance charges	**(358,203)**	(291,286)
At 30 June 2020	**8,314,538**	7,262,503

26 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deferred tax assets:				
- To be settled after more than 12 months	**700,000**	700,000	**-**	-
Deferred tax liabilities:				
- To be settled within 12 months	**(33,192)**	34,747	**(33,192)**	34,747
- To be settled after more than 12 months	**114,068**	31,342	**114,068**	-
	80,876	66,089	**80,876**	34,747

26 DEFERRED TAXATION (CONTINUED)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets (before offsetting)				
- Tax losses	**700,000**	700,000	**-**	-
- Provisions	**185,302**	-	**185,302**	-
	885,302	700,000	**185,302**	-
Offsetting	**(185,302)**	-	**(185,302)**	-
Deferred tax assets (after offsetting)	**700,000**	700,000	**-**	-
Deferred tax liabilities (before offsetting)				
- Plant and equipment	**188,530**	66,089	**188,530**	34,747
- Others	**77,648**	-	**77,648**	-
	266,178	66,089	**266,178**	34,747
Offsetting	**(185,302)**	-	**(185,302)**	-
Deferred tax liabilities (after offsetting)	**80,876**	66,089	**80,876**	34,747

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax liabilities				
At the beginning of the financial year	**66,089**	247,551	**34,747**	216,017
Charged/(credited) to profit or loss (Note 11):				
- Plant and equipment	**122,441**	(181,462)	**153,783**	(181,270)
- Provisions	**(185,302)**	-	**(185,302)**	-
- Others	**77,648**	-	**77,648**	-
	14,787	(181,462)	**46,129**	(181,270)
At the end of the financial year	**80,876**	66,089	**80,876**	34,747

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

26 DEFERRED TAXATION (CONTINUED)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets				
At the beginning of the financial year	**700,000**	-	**-**	-
Charged/(credited) to profit or loss (Note 11):				
- Tax losses	**-**	(700,000)	**-**	-
At the end of the financial year	**(700,000)**	(700,000)	**-**	-

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 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Unutilised capital allowances	**46,741**	-	**-**	-
Unutilised tax losses	**14,760,002**	10,653,079	**-**	-

27 SHARE CAPITAL

Share capital is the amount subscribed for shares.

	Company 2020 RM	Company 2019 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

28 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.

29 COMMITMENTS

(a) Capital expenditure

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**1,794,904**	1,843,048	**1,794,904**	1,086,924

(b) Non-cancellable operating lease commitments

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

	2019	
	Group	Company
	RM	RM
- Not later than one year	**10,061,958**	8,814,314
- Later than one year and not later than five years	**6,759,179**	4,692,847
	16,821,137	13,507,161

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

30 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 Solutions Sdn. Bhd. (formerly known as 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	
	2020	2019
	RM	RM
Purchase of services from subsidiaries	**(2,476,362)**	(4,019,500)
Disposal of plant and equipment to subsidiaries	**47,856**	5,073
Disposal of software licenses to subsidiaries	**3,284**	
Advances to subsidiaries:		
- funds transfer to subsidiaries	**1,441,792**	1,666,629
- expenses paid on behalf of subsidiaries	**5,080,613**	3,673,090
Repayment of advances by a subsidiary	**(300,000)**	(915,544)
Dividends received from a joint venture	**-**	133,749

31 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') and Great Britain Pound ('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.

The Group and the Company's exposure to USD and GBP is as follows.

	Group and Company	
	2020	**2019**
	RM	**RM**
USD		
Trade receivables	**4,610,292**	9,220,524
Cash and bank balances	**2,328,226**	923,594
Trade and other payables	**(77,702)**	(815,478)
Total exposure	**6,860,816**	9,328,640
Impact on profit after tax for the financial year		
5% increase against MYR	**343,041**	466,432
5% decrease against MYR	**(343,041)**	(466,432)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

	Group and Company	
	2020	**2019**
	RM	**RM**
GBP		
Trade receivables	**50,366**	6,994
Cash and bank balances	**14,005**	4,155,782
Total exposure	**64,371**	4,162,776
Impact on profit after tax for the financial year		
5% increase against MYR	**3,219**	208,139
5% decrease against MYR	**(3,219)**	(208,139)

(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.

(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.

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Credit and counterparty risk (continued)

(i) Trade receivables, contract assets and other receivables

Trade receivables and contract assets

There exists concentration of credit risk with respect to the Group and the Company's trade receivables as at 30 June 2020, where four (2019: two) customers contributed RM19.4million (2019: RM8.4 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 Group and Company apply the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets are assessed individually. 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. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Other receivables

The Group and Company apply the general 3-stage approach to measuring ECL for other receivables. The Group and Company consider the risk of material loss in the event of non-performance by other receivable counterparties to be unlikely.

(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 2020, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(iii) Bank balances and investment in cash funds

Bank balances and investment in cash funds 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 investment in cash funds and bank balances are set out in Note 22 and 23 respectively.

31 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.

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:

	Below 1 year RM	1 - 2 years RM	2 - 5 years RM	Total RM
2020				
Group				
Trade and other payables	7,210,969	-	-	7,210,969
Lease liabilities	6,549,861	1,348,017	774,863	8,672,741
	13,760,830	1,348,017	774,863	15,883,710
Company				
Trade and other payables	5,409,926	-	-	5,409,926
Lease liabilities	5,579,076	1,199,850	774,863	7,553,789
	10,989,002	1,199,850	774,863	12,963,715

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

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 (continued):

	Below 1 year RM	1 - 2 years RM	2 - 5 years RM	Total RM
2019				
Group				
Trade and other payables	8,273,489	-	-	8,273,489
Company				
Trade and other payables	7,521,216	-	-	7,521,216

As at 30 June 2020, the Group and the Company hold performance bonds to its customers amounting to RM487,260 (2019: RM590,221 and RM100,000 respectively).

(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. The Group and the Company's strategy for managing capital was unchanged from 2019.

As of 30 June 2020, the Group and the Company had no outstanding borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

32 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets – at amortised cost				
Trade receivables	**52,388,276**	44,178,593	**50,308,531**	41,960,362
Other receivables excluding prepayments	**4,828,106**	4,895,363	**3,943,304**	4,390,946
Cash and bank balances	**5,707,032**	25,536,264	**4,540,447**	23,430,283
	62,923,414	74,610,220	**58,792,282**	69,781,591
Financial assets - FVTPL				
Investments in cash funds	23,408,721	14,969,400	23,408,721	14,969,400
Financial liabilities – at amortised cost				
Trade and other payables excluding statutory liabilities	**7,210,969**	8,273,489	**5,409,926**	7,521,216
Lease liabilities	**8,314,538**	-	**7,262,503**	-
	15,525,507	8,273,489	**12,672,429**	7,521,216

(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.

33 CONTINGENT LIABILITY

As reported previously, a subsidiary of the Company has received tax assessment notices of RM1.4 million, INR23.8 million (2019: 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.

34 LITIGATION

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

On the 15 August 2019 an application to stay proceedings ("Stay Application") was filed on behalf of the Company in the High Court. The Stay Application was heard on 11 December 2019. The High Court allowed the Company's application to stay the proceedings brought by EMGS seeking declaratory and injunctive relief over access to the Company's proprietary system data. The High Court ordered that any dispute be referred to arbitration in accordance with the terms of the agreement entered into between the parties.

The 30 day period for EMGS to lodge an appeal against the Court Order for a stay lapsed on 10 January 2020 and the Company has not received any notice of arbitration from EMGS or its solicitors.

(ii) On 21 February 2020, the Company received a Writ of Summon issued on the Company by EMGS on 7 February 2020. The Writ challenges the validity of the Agreement and alleges certain breaches of the Agreement. The breaches alleged against the Company are contravention of Section 12(1)(f) of the Passports Act 1966, Section 8(1)(e)(iii) of the Official Secrets Act and Section 40 of the Personal Data and Protection Act. The alleged breaches relate to the handling of foreign student passports and their personal data during the processing of their visas.

The Company took out an application to stay the proceedings and refer the dispute to arbitration. On 27 July 2020, the Kuala Lumpur High Court ("Court") dismissed the Company's application to stay the Court proceedings pending a reference to arbitration under the terms of the agreement between the parties. The Company appealed the Court decision to the Court of Appeal. On 12 August 2020, the Court of Appeal granted the Company a stay of proceedings pending disposal of its appeal against the decision of the High Court of 27 July 2020. The Company is optimistic that its appeal will be successful.

35 CHANGES IN ACCOUNTING POLICIES

MFRS 16 - Leases

During the financial year, the Group and the Company changed its accounting policies on leases upon adoption of MFRS 16. The Company has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2019 comparative information was not restated and any cumulative effects of initial application of MFRS 16 where the Group and the Company is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 "Leases" and IC Int. 4 "Determining whether an Arrangement Contains a Lease".

35 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

MFRS 16 - Leases (continued)

(a) Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The associated right-of-use ("ROU") assets is measured using an amount equal to the lease liability and adjusted by the amount of any previously recognised prepaid or accrued lease payments related to that lease recognised prior to the date of initial application ("DIA").

In applying MFRS 16 for the first time, the the Group and the Company have applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Adjustments as at 1 July 2019

As at 1 July 2019, the change in accounting policies has affected the following items:

	As previously reported RM	Adjustments RM	As restated RM
Group			
Net assets:			
Right-of-use assets	-	15,431,717	15,431,717
Lease liabilities	-	(15,120,157)	(15,120,157)
Trade and other payables	12,449,457	(233,670)	12,215,787
Prepayment	2,161,970	(77,890)	2,084,080
Company			
Net assets:			
Right-of-use assets	-	12,812,136	12,812,136
Lease liabilities	-	(12,812,136)	(12,812,136)

35 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

MFRS 16 - Leases (continued)

(c) Measurement of lease liabilities on 1 July 2019

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.59% and 6.74% per annum for the Group and the Company respectively.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 30 June 2019 to the lease liabilities recognised at 1 July 2019 is as follows:

	1 July 2019 Group RM	1 July 2019 Company RM
Operating lease commitments disclosed as at 30 June 2019	16,821,137	13,507,161
Discounted using the lessee's incremental borrowing rate of at the date of initial application	15,491,367	12,871,786
Add/(Less):		
Short-term leases recognised on a straight-line basis as expense	(59,650)	(59,650)
Adjustments as a result of difference in timing of lease payments	(311,560)	-
Lease liabilities as at 1 July 2019	15,120,157	12,812,136
Of which are:		
Current	9,578,814	8,343,412
Non-current	5,541,343	4,468,724
Lease liabilities as at 1 July 2019	15,120,157	12,812,136

36 EVENTS SUBSEQUENT TO YEAR END

On 22 July 2020, the Directors announced that the Company entered into a Joint Venture and Shareholders' Agreement ("JV Agreement") with Microlink Solutions Berhad ("MICROLINK") (hereinafter referred to collectively as "Parties"). Under the JV Agreement, the Parties will be shareholders of a company named Asian Contact Solutions Sdn. Bhd. (formerly known as Asian Contact Centres Sdn. Bhd.) ("Proposed Joint Venture").

The Proposed Joint Venture is intended to enable the Parties to combine their skills, expertise, experience, capabilities and resources to collectively bid for tenders with regards to eGovernment solutions and services in Malaysia.

37 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 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)

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 95 to 174 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 2020 and financial performance of the Group and of the Company for the financial year ended 30 June 2020 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 2020.

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 95 to 174 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 at Kuala Lumpur on 28 August 2020, before me.

DATIN HJH RAIHELA WANCHIK (NO.W275)
COMMISSIONER FOR OATHS

(Incorporated in Malaysia)
Registration No. 200201029763 (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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 174.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of 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.

(Incorporated in Malaysia)
Registration No. 200201029763 (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 financial 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 - Basis of recognition *Refer to Note 3(q) - Summary of significant accounting policies and Note 6 – Revenue.* During the financial year ended 30 June 2020, the Group and the Company recognised revenue of RM 181.3 million and RM174.3 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 respective customers. The terms with each customer may vary and this will impact revenue recognised. We focused on revenue recognition as it required significant time and effort to audit revenue at the transaction level, which is material to the financial statements.	We performed the following audit procedures: • Reviewed customer contracts to identify standard and non-standard terms in accordance with the requirements under MFRS 15 "Revenue with Contracts with Customers"; • Evaluated and tested the design operating effectiveness of controls over revenue recognition processes; • Tested revenue recognised based on satisfaction of performance obligation to provide outsourcing services; • Checked revenue recognised to rates agreed in the respective contracts; and • Tested material non-standard journal entries and other adjustments posted to revenue accounts. Based on the procedures performed above, we did not find any material exceptions to revenue recognised during the financial year.

(Incorporated in Malaysia)
Registration No. 200201029763 (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
Writ of Summons served by Education Malaysia Global Services *Refer to Note 34 – Litigation* On 21 February 2020, the Company received a Writ of Summon issued on the Company by Education Malaysia Global Services ("EMGS") on 7 February 2020. The Writ challenges the validity of an agreement between EMGS and the Company and alleges certain breaches of the said agreement. The Directors of the Company have assessed that based on the external legal view obtained, the outflow arising from the summons is not probable at the financial reporting date. 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 Writ of 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. Based on the procedures performed above, we did not find any material exception.

(Incorporated in Malaysia)
Registration No. 200201029763 (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 of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2020 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.

(Incorporated in Malaysia)
Registration No. 200201029763 (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 of 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 on 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 financial 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)

(Incorporated in Malaysia)
Registration No. 200201029763 (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 subsidiary of which we have not acted as auditor, is disclosed in Note 17 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	IRVIN GEORGE LUIS MENEZES
LLP0014401-LCA & AF 1146	02932/06/2022 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
28 August 2020

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities:

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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 2020 were RM52,788 and RM22,156 respectively, representing fees for tax and advisory services.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTERESTS

For the financial year ended 30 June 2020, no contracts of a material in nature were entered into or were subsisting between the Group and its Directors, Chief Executive or major shareholders.

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

There were no RRPT entered by the Group and the Company during the financial year ended 30 June 2020.

CORPORATE INFORMATION

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 28 SEPTEMBER 2020

Total number of issued shares	:	**RM35,545,356 comprising 355,453,560 shares**
Class of Securities	:	**Ordinary shares**
Voting Rights	:	**One vote per ordinary share**

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	117	3.06%	4,015	0.01%
100 to 1,000 shares	505	13.15%	332,285	0.09%
1,001 to 10,000 shares	1,912	49.80%	10,096,367	2.84%
10,001 to 100,000 shares	1,083	28.21%	35,204,414	9.90%
100,001 to less than 5% of issued shares	217	5.65%	166,225,625	46.76%
5% and above of issued shares	5	0.13%	143,590,854	40.40%
	3,839	100.00%	355,453,560	100.00%

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 28 SEPTEMBER 2020
(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	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	34,535,060	9.715
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NETINSAT ASIA SDN BHD (PBCL-0G0024)	28,430,000	7.998
4	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	21,815,794	6.137
5	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MGN-LSA0006M)	19,800,000	5.570
6	ALI BIN ABDUL KADIR	13,200,000	3.713
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	9,397,400	2.643
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	9,163,600	2.578
9	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MY 2262)	9,060,000	2.548
10	SIEH KOK SWEE	8,003,600	2.251
11	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	4,758,400	1.338
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JAGANATH DEREK STEVEN SABAPATHY (PB)	4,500,000	1.265
13	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,253,000	1.196
14	KHOO LOON SEE	4,042,288	1.137
15	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	3,850,000	1.083
16	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	3,549,500	0.998

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	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMAR SHARIFF BIN MYDEEN	3,027,000	0.851
19	LIM KOOI FUI	2,547,400	0.716
20	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KUN LEE	2,355,500	0.662
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	2,118,700	0.596
22	GAN BOON AIK	1,891,400	0.532
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,714,600	0.482
24	MOHD SALLEH BIN HJ HARUN	1,570,800	0.441
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (DGF)	1,527,800	0.429
26	BENNY PHILIP	1,452,000	0.408
27	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,386,000	0.389
28	YAP KUN LEE	1,384,700	0.389
29	MICHAEL GAN EU KHEONG	1,340,000	0.376
30	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	1,212,000	0.340
	Total	**244,442,042**	**68.752**

SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2020

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	90,129,763	25.36%	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	Dato' Jaganath Derek Steven Sabapathy	18,473,872	5.20%	0	0.00%

DIRECTORS' SHAREHOLDING AS AT 28 SEPTEMBER 2020

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	90,129,763	25.36%	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	1,936,000	0.54%	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*

GLOSSARY OF ABBREVIATIONS

Act	Companies Act 2016
AFIS	Automated Fingerprint Identification System
AGM	Annual General Meeting
ACCSB	Asian Contact Centre Services Sdn Bhd
AI	Artificial Intelligence
AR	Augmented Reality
B2B	Business to business
B2C	Business to consumer
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process Outsourcing
BPO/SSO	Business Process Outsourcing/Shared Services Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
BTEC	Business and Technical Education Council
CCAM	Customer Relationship Management and Contact Centre Association
CEO	Chief Executive Officer
COO	Chief Operating Officer
Code	Code of Business Conduct
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CXM	Customer Experience Management
CX	Customer Experiences
DIA	Date of Initial Application
EAD	Exposure at Default
ECL	Expected Credit Loss
EMGS	Education Malaysia Global Services
EPS	Earning Per Share
ESOS	Employees' Share Option Scheme
ETA	Estimated Time of Arrival
FCF	Free Cash Flows
FMCG	Fast-Moving Consumer Goods
FVTPL	Fair Value Through Profit or Loss
FVOCI	Fair Value Other Comprehensive Income
FY	Financial Year

GLOSSARY OF ABBREVIATIONS (CONTINUED)

GBP	British Pound Sterling
Health Tech	Healthcare Information Technology
HR	Human Resource
HRO	Human Resource Outsourcing
HQ	Head Quarters
ICM	Internal control memorandum
IESBA	International Ethics Standards Board for Accountants
INR	Indian Rupee
IP	Intellectual Property
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
JV	Joint Venture
KPO	Knowledge Process Outsourcing
KL	Kuala Lumpur
LGD	Loss Given Default
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MCO	Movement Control Order
MFRS	Malaysia Financial Reporting Standards
MNC	Multinational Corporation
MSC	Multimedia Super Corridor
MQA	Malaysian Qualification Agency
MUR	Mauritius Rupee
OCI	Other Comprehensive Income
OS	Originating Summons
PAT	Profit After Tax
PBT	Profit Before Taxation
PCI DSS	Payment Card Industry Data Security Standard
PD	Probability of Default
PFI	Private Funding Initiatives
PIKOM	Association of the Computer and Multimedia Industry of Malaysia
PJ	Petaling Jaya, Malaysia

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS (CONTINUED)

PPP	Public Private Partnership
PTSI	PT Scicom Indonesia
PWC	PricewaterhouseCoopers PLT
R&D	Research & Development
RM	Ringgit Malaysia
ROCE	Return On Capital Employed
ROU	Right-Of-Use
Scicom	Scicom (MSC) Berhad
Scicom Academy	Scicom (Academy) Sdn Bhd
Scicom (UK)	Scicom International (UK) Limited
SCP	Support Center Practices
SEA	South East Asia
SEG	Scicom Education Group
SGD	Singapore Dollar
SICDA	Securities Industry (Central Depositories) Act 1991
SML	SciSolutions (Mauritius) Limited
SMS	Short Messaging Service
SMT	Senior Management Team
SLPL	Scicom Lanka (Private) Limited
SPPI	Solely Payment of Principal and Interest
SSPA	Service and Support Professionals Association
STAR	Scicom's Talent Assessment, Recognition and Development
Statement	Directors' Statement on Internal Control
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
TQM	Total Quality Management
UK	United Kingdom
USA	United States of America
USD	United States Dollar
UX	User Experiences
VIU	Value-In-Use
VR	Virtual Reality

CORPORATE INFORMATION

GROUP DIRECTORY

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25th Floor, Menara TA One
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Email : corpinfo@scicom-intl.com
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Fax : 603 2164 9820

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Selangor Darul Ehsan Malaysia

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50250 Kuala Lumpur Malaysia
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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

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

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

PT Scicom Indonesia
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Jl. Jend Sudirman No 1 Setiabudi, Jakarta Selatan,
DKI Jakarta Raya, 12910

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

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

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting ("18th AGM") of the Company will be held at Banyan, Casuarina and Dillenia, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on **Friday, 27 November 2020** 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 2020 together with the Reports of the Directors and Auditors thereon. (Please refer to the Explanatory Notes to the Agenda)

2. To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company:-
   (i) Dato' Sri Leo Suresh Ariyanayakam (Ordinary Resolution 1)
   (ii) Mohd Rashid Bin Mohd Yusof (Ordinary Resolution 2)
   (iii) Datuk Joseph Dominic Silva (Ordinary Resolution 3)

3. To approve the payment of Directors' fees of RM495,000.00 for the financial year ended 30 June 2020. (Ordinary Resolution 4)

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

B. Special Business

5. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 6)

   "THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant government/ regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

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

TE HOCK WEE (MAICSA 7054787) (SSM PC No. 202008002124)
WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)
Company Secretaries

Kuala Lumpur
28 October 2020

NOTES:-

(i) For the purpose of determining who shall be entitled to attend this Annual General Meeting ("AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

(ii) A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

(iii) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this AGM.

(iv) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), 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.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(vi) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(vii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

i. <u>In hard copy form</u>
Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. <u>By electronic means via TIIH Online website at https://tiih.online</u>
Please refer to the Administrative Guide for further information on electronic lodgement.

(viii) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(ix) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

(x) Last date and time for lodging the proxy form is Wednesday, 25 November 2020 at 10.00 a.m.

NOTES:- (CONTINUED)

(xi) Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:-

a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
c. Passport (Foreigner).

(xii) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

(xiii) The certificate of appointment of authorised representative should be executed in the following manner:

a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

i. at least two (2) authorised officers, of whom one shall be a director; or
ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(xiv) Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll.

(xv) Shareholders are advised to check the Company's website at www.scicom-intl.com and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and or other relevant authorities.

EXPLANATORY NOTES TO THE AGENDA:

(i) <u>Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2020</u>

This item is meant for discussion only. The provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a motion to be put to vote by shareholders.

(ii) <u>Ordinary Resolutions 1, 2 and 3 - Re-election of Directors</u>

Dato' Sri Leo Suresh Ariyanayakam, Mohd Rashid Bin Mohd Yusof and Datuk Joseph Dominic Silva are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 18th AGM.

The Board of Directors has through the Nominating and Remuneration Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

EXPLANATORY NOTES TO THE AGENDA: CONTINUED

(iii) Ordinary Resolution 4 - Payment of Directors' Fees

The Directors' fees proposed for the financial year ended 30 June 2020 are calculated based on the board size, details of which are disclosed in the Corporate Governance Overview Statement of the Annual Report 2020.

(iv) Ordinary Resolution 5 - Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of PricewaterhouseCoopers PLT as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 18th AGM are disclosed in the Audit and Risk Management Committee Report of the Annual Report 2020.

(v) Ordinary Resolution 6 – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This is a new mandate to be obtained from shareholders. This mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

PROXY FORM

SCICOM (MSC) BERHAD (200201029763) (597426-H)
(Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

I/We.. TELEPHONE NO. ....
[FULL NAME IN BLOCK, NRIC/PASSPORT/COMPANY NO.]

of...

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

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing ^him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Banyan, Casuarina and Dillenia, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on **Friday, 27 November 2020** at **10.00 a.m**. or any adjournment thereof, and to vote as indicated below:-

Description of Resolution		**FOR**	**AGAINST**
Ordinary Resolution 1	Re-election of Dato' Sri Leo Suresh Ariyanayakam as Director pursuant to Clause 76(3) of the Constitution of the Company		
Ordinary Resolution 2	Re-election of Mohd Rashid Bin Mohd Yusof as Director pursuant to Clause 76(3) of the Constitution of the Company		
Ordinary Resolution 3	Re-election of Datuk Joseph Dominic Silva as Director pursuant to Clause 76(3) of the Constitution of the Company		
Ordinary Resolution 4	Approval of Directors' Fees of RM495,000.00 for the financial year ended 30 June 2020		
Ordinary Resolution 5	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 6	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ____________ day of ____________________

____
Signature of Member / Common Seal

^ Delete whichever is inapplicable
** Manner of execution:*
(a)If you are an individual member, please sign where indicated.
(b)If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c)If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i)at least two (2) authorised officers, of whom one shall be a director; or
(ii)any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

PROXY FORM (CONTINUED)

NOTES:-

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SCICOM (MSC) BERHAD (200201029763) (597426-H)

www.scicom-intl.com