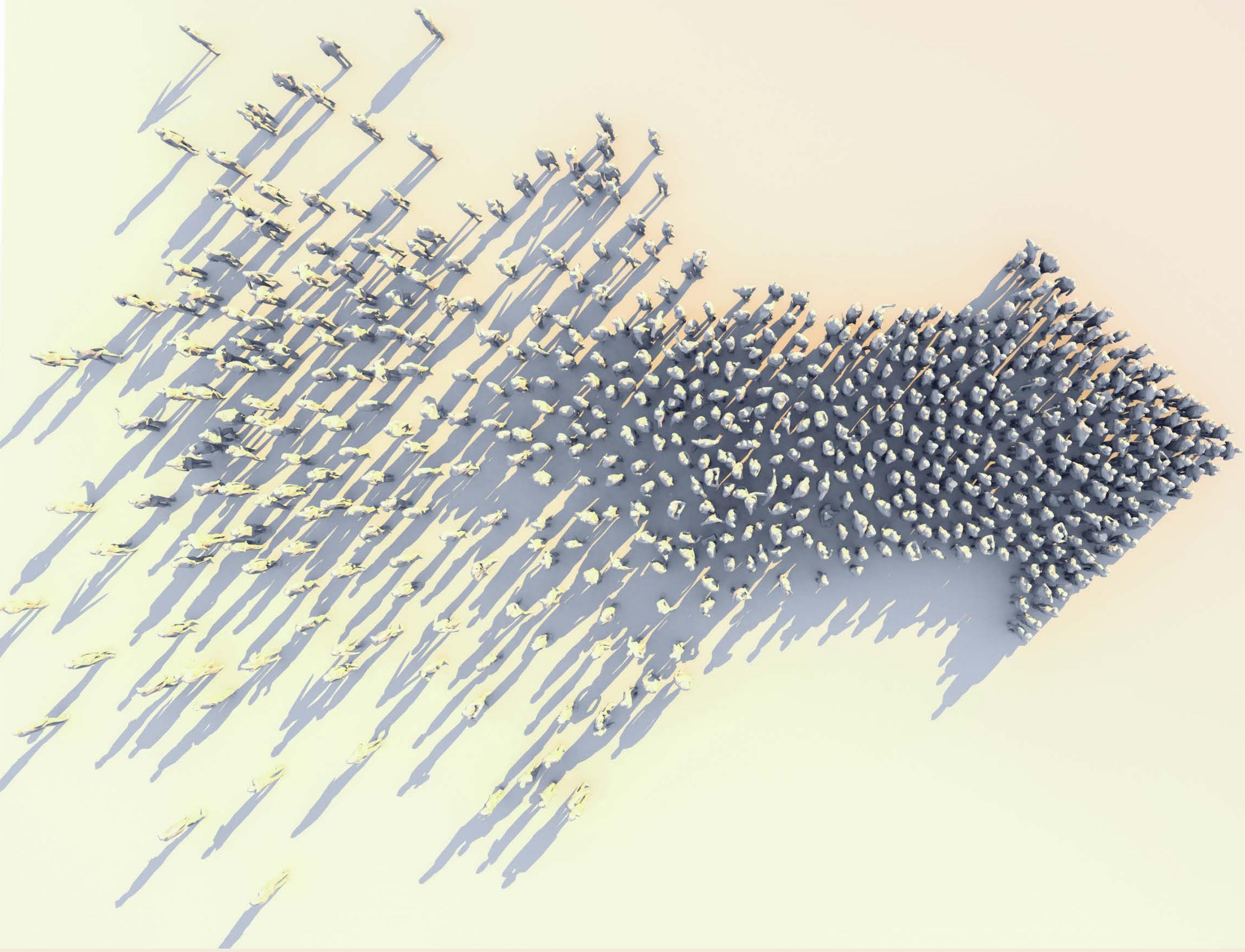
ANNUAL REPORT 2021

EMBRACING

CHANGE.

DELIVERING

EXCELLENCE.



DRIVING SUSTAINABLE AND RESILIENT OUTCOMES

More than a year has passed since Scicom successfully transitioned 94% of its employees worldwide to a WFH (work from home) model within 7 days via its "Global Connect" initiative which resulted with no loss in performance or degradation in overall KPIs. Our motto for this year, "Embracing Change, Delivering Excellence" is our bold way of declaring our intention and ability to deliver excellent service despite a myriad of uncertainties facing the global economy due to the Covid-19 pandemic.

Migration of people and trade flows suffered an unprecedented decline in 2020, resulting in lower globalization levels not seen in decades. Scicom's combination of foresight, experience and strategic leadership enabled us to recover quickly from this challenging global landscape and emerge a more capable, resilient, and results-driven professional solutions provider. Leveraging on advanced workforce management systems, holistic sustainability initiatives, and the selected use of automated services proved crucial in delivering the highest possible quality of service to our clients.

We have embraced new and innovative strategies to enhance service delivery while ensuring we followed the latest standard operating procedures and guidelines set by the Malaysian government. We greatly appreciate our staff for displaying their professionalism during the past year while performing at peak levels. Our performance and results in FY2021 are a testament to the dedication and diligence of both our management and staff at every level.

We look forward to helping our clients accelerate their digital transformation and providing industry-leading customer support services. As our footprint continues to expand to more regions in the world, we will continue to be one step ahead in anticipating potential disruptions and take an agile approach to help our clients capitalise on new and evolving opportunities ahead.

ANNUAL REPORT 2021 CONTENTS

ABOUT SCICOM

Over
50
BLUE-CHIP
Clients

Scicom has been a trusted business partner to a wide range of global brands and government agencies since its formation in 1997. As a leader in business process outsourcing (BPO), the Company has earned itself a stellar reputation for innovation and value-added solutions. Scicom became a Public Listed Company (PLC) in 2005 and is listed on the Main Market of Bursa Malaysia.

Driven by its fundamental values of Quality, Teamwork, Innovation, Integrity, and People, Scicom has grown to a total headcount of 3,320 and engages with millions of customers every year. As a strategic partner, Scicom continues to forge industry best practices and deliver impactful solutions for some of the world's leading companies.

As the Covid-19 pandemic enters its second year, Scicom's portfolio of business transformation solutions in Customer Lifecycle Management, Education, E-Commerce, Digital Marketing, and Gov-Tech have played an important role in mitigating the negative economic impacts of the pandemic faced by companies in affected industries.

Our forward-thinking and agile solutions have held up our resilience in an environment of volatility and disruption. Our Customer Support teams continue to engage with thousands of customers daily, creating meaningful and valuable interactions with our clients' brands.

Our Gov-Tech arm swiftly responds to the urgent needs of government agencies and builds streamlined solutions that can be implemented effectively. We developed robust solutions in the midst of the Covid-19 pandemic to help our clients in the health sector deliver life-saving vaccines to offices, workplaces and individual homes.

Scicom Education's distance learning methods keep the local workforce equipped and prepared to tackle the job market. We have developed innovative digital education platforms to help train internal staff with the relevant knowledge and skills they need to grow professionally. Our Digital & E-Commerce teams are creating vibrant online spaces that drive brand value and social media equity. We continue to help our clients grow and flourish in the competitive online marketplace.

Scicom's integrated portfolio of business services combined with decades of industry experience enable companies to execute their strategic vision into high performing solutions that create sustainable value in any market condition. Our innovative approach and technological capabilities continue to lead industry benchmarks and drive growth, resilience, and scalability for our clients.

TRANSFORMATIVE SOLUTIONS FOR AN EVOLVING FUTURE.

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

PEOPLE-DRIVEN SOLUTIONS POWERED BY TECHNOLOGY.

Our Solution Sets

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

CUSTOMER LIFECYCLE MANAGEMENT

Over
200
MILLION
Customer Interactions
annually

As companies transition to the new norms of doing business in a post Covid-19 pandemic world, Scicom BPO has emerged in the industry as a success story during these uncertain times. After the movement control order was announced by the Malaysian government in March of 2020, Scicom BPO rapidly implemented existing contingency plans which saw over 94% of employees transitioning to work from home with no disruption to service delivery.

This serves as a testament to Scicom BPO's staunch commitment to its clients, customers, and employees. Scicom BPO is an industry-leading Customer Management BPO (Business Process Outsourcing) provider that offers multi-lingual and omni-channel solutions for customer acquisition & sales, customer care support, and back-office support. Our value-added solutions leverage customer experience analytics and provide insights to clients, increase workflow efficiency, and consistently exceed customer expectations.

Our customer care solutions have resulted in dramatic success for a range of business-to-business and business-to-consumer segments across industries including: airlines, financial services, telecommunications, consumer electronics, media & broadcasting, travel & leisure, E-Commerce, healthcare, and government.

One of our fastest growing service offerings, Scicom Global Connect, was launched in early 2020. Scicom Global Connect is a strategic solution that creates a virtual office while employees work from their own homes. This allows our clients to recruit and manage remote teams using our secure remote agent management and comprehensive e-Learning platforms, which are backed by enhanced security measures that ensure confidential data is kept safe. Through this service, our clients were able to seamlessly outsource vital business processes to our remote teams with greater swiftness, efficiency, and without disruption.

Of course, none of this would be possible without the resilience of our human capital. At Scicom BPO, we have recruited, trained, and developed diverse, talented, and passionate teams from all walks of life. Our continuous investment in career development and upskilling has resulted in a robust system of internal promotions and cross-departmental hiring that empower employees to achieve their career goals all being part of the Scicom family.

SCICOM
GOV-TECH

Scicom Gov-Tech is driven by a desire to expand accessibility and enhance the user experience of Government services for the greater public. Our strategic partnerships with the Government sector are a result of a demonstrated history of delivering valuable digital solutions with the utmost sense of care and urgency required. We work in lockstep with government agencies to proactively find optimal ways of achieving complex goals.

Offering
24x7x365
OPERATIONS

At Scicom's Gov-Tech digital labs, we quickly responded to the Government's target of inoculating 80% of the population with the Covid-19 vaccine by rapidly implementing Covid-19 test and vaccination management systems and administration systems for vaccine providers.

Scicom Gov-Tech's client-centric approach also led to the development of holistic online platforms to ensure vaccine products could be accessed twenty-four hours a day, seven days a week. Intelligently designed, our systems enabled easy registration for companies and individual users, instant appointment scheduling, and the ability to upload digital certificates to MySejahtera.

Flexible by design, our platforms empowered employers to choose customised vaccine testing and distribution plans most appropriate for their workplace needs. Working alongside Scicom BPO, we also provided excellent customer support for users of these platforms on behalf of our clients.

Our digitally-driven, creative solutions are the most effective means for Government agencies to streamline and automate processes, reduce operational costs, and achieve all strategic KPIs and objectives. Scicom Gov-Tech plays a pivotal role in supporting agencies by developing robust data and analytics collection tools that empower decision-makers with comprehensive and accurate information. Our technology-based foundation enabled clients to leverage the best digital solutions to solve urgent challenges faced by the Government sector.

TRANSFORMING NATIONS THROUGH DIGITISATION OF CITIZEN SERVICES.

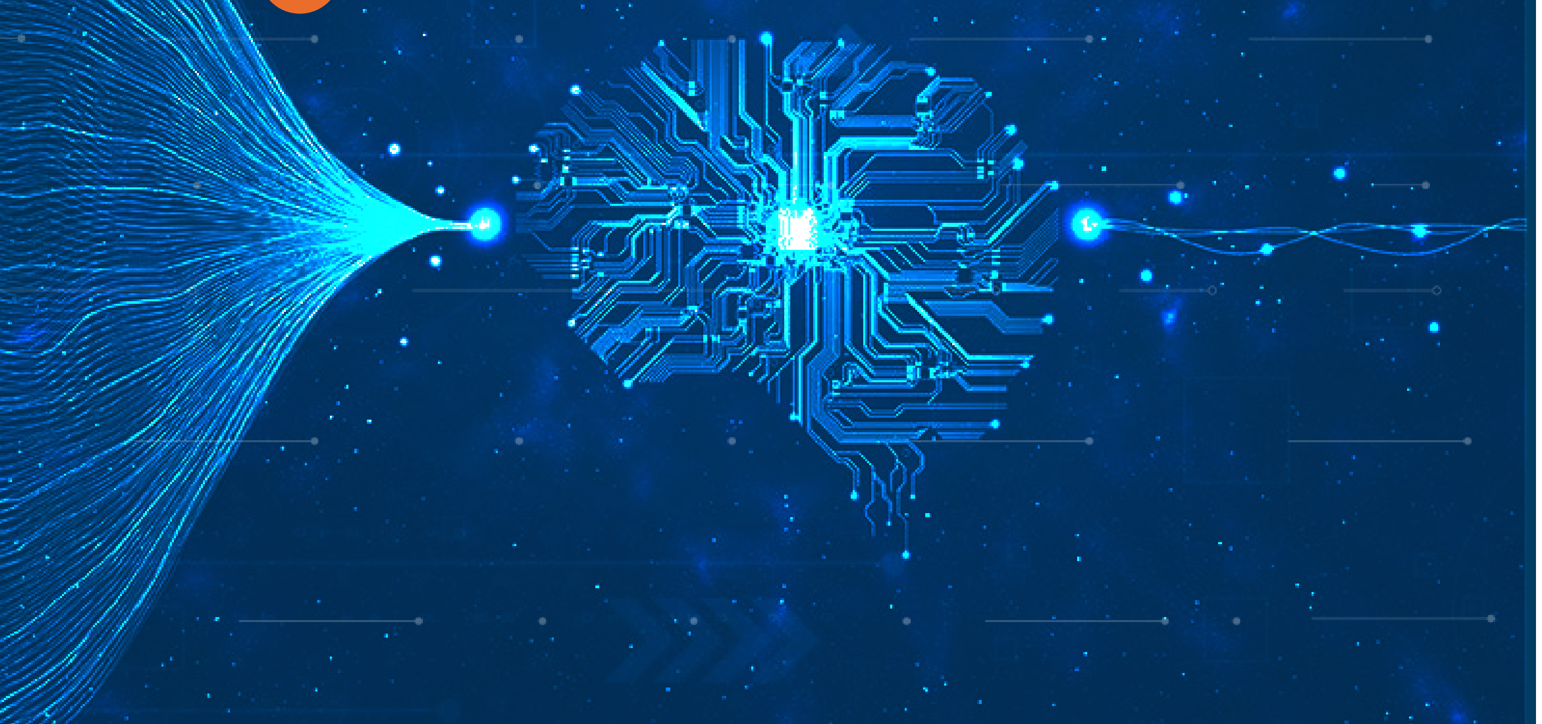
Our Solution Sets

- **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
- **Covid-19 Test Management** & Administration Systems
- **Vaccine Management** & Administration Systems

SWIFT ADOPTION OF DIGITAL EDUCATION TOOLS ENSURE NO STUDENT IS LEFT BEHIND.

Our Solution Sets

- **Scicom Academy** English Language Development Centre
- **Talent Transformation** & Certifications
- **Psychometric** Assessments
- **Scicom** Learning Management System



SCICOM EDUCATION GROUP

Over
50
NATIONALITIES
working with us

Remaining one step ahead of a highly competitive job market, Scicom Education leverages distant learning tools and effective teaching methods to ensure job seekers are equipped to thrive in a post-pandemic economy.

Scicom Education boasts a wide range of language, vocational, and professional training programmes that bestow valuable, in-demand skills to students seeking for careers in both public and private sectors.

Scicom Education works with clients to develop bespoke corporate training programmes that are tailor-made to suit the needs of our clients' overall business objectives. In FY2020, our Customer Relationship Management (CRM) team developed the Scicom Learning Management System (SeLMS) for Scicom Education, which delivers interactive e-Learning and online training programs in a remote working environment. We equipped SeLMS with the Moodle iSpring plug-in to add customisable games, quizzes, and other engaging features that enhance knowledge retention and allow clients to track specific performance metrics of each user.

In addition to e-Learning, Scicom Education provides virtual online training using video conferencing platforms such as Zoom, and other virtual learning tools such as Jamboard, Padlet, Mentimeter, and Annotation to increase engagement with participants. We also developed customised pre-hiring English-language assessments to screen applicants for English proficiency based on client requirements.

As corporations invest more into their employees, Scicom Education plays a crucial role in developing staff competencies in key areas including stress, time and conflict management, customer relations, and leadership. We also offer a range of products in skills development, psychometric, and aptitude assessments that help identify and develop competencies that can accelerate the candidate’s career growth. Whether it's students entering the job market or company staff who require upskilling, Scicom Education’s flexible approach has helped thousands achieve their learning objectives and enter the job market prepared.

SCICOM E-COMMERCE

Supporting Over
50
LANGUAGES

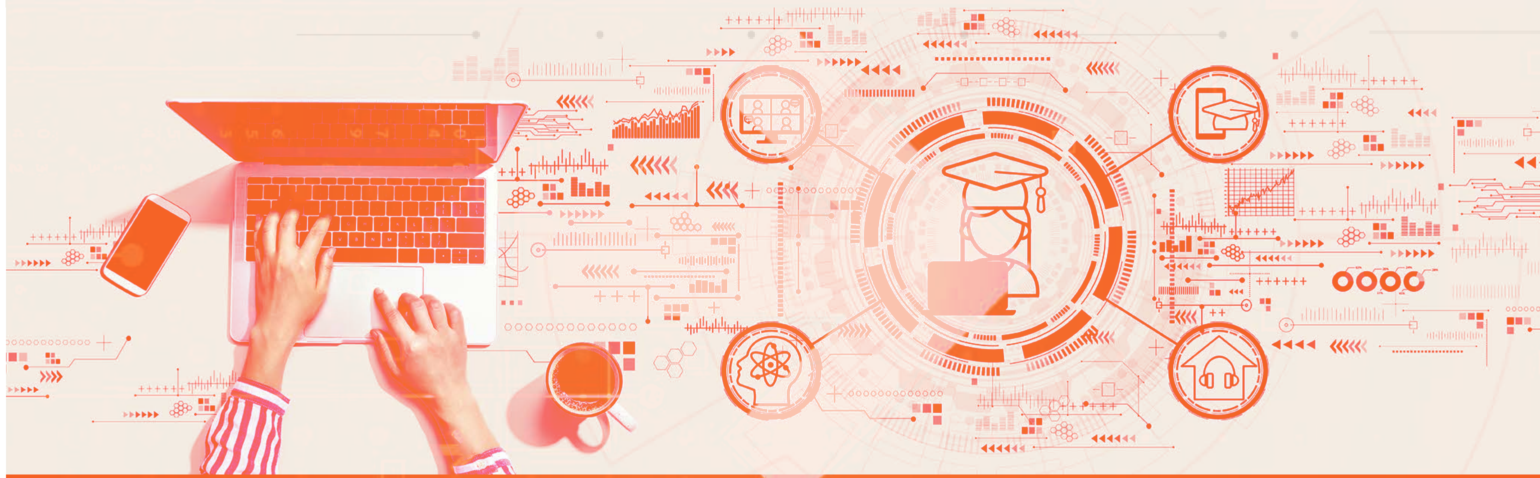
Scicom E-Commerce Solutions create vibrant online marketplaces that are intelligently designed to generate maximum traffic and revenue. We take a holistic approach to E-Commerce, working with clients to plan optimal commercial strategies that drive sustainable business transformation.

Our innovative e-commerce solutions range from dynamic websites and mobile applications, UX-focused graphic design work, digital marketing & data analytics, and backend services such as catalogue & inventory management, and order processing & fulfilment.

Embodying Scicom's motto Total Customer Delight, Scicom E-Commerce Solutions strives to deliver meaningful online shopping experiences that result in greater revenue generation and customer retention. Through proactive strategies including real-time communication tools, personalised messaging and push notifications, our solutions strengthen brand loyalty and put our clients' brands at the top-of-mind of their target audience.

Data and analytics are a core part of each of Scicom's e-commerce solutions. Through an evidence-based approach, we make informed business decisions to improve the effectiveness of each sales channel. We proactively work with our clients to identify and understand their audience and leverage product marketing and advertising campaigns that will have the greatest impact, all while ensuring the customer has the best possible shopping experience.

INNOVATION IN THE DIGITAL MARKETPLACE IS OUR RECIPE FOR SUCCESS.



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

LEVERAGING DIGITAL PLATFORMS TO ENSURE SUSTAINABLE GROWTH.

Our Solution Sets

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

SCICOM DIGITAL

Over
25
YEARS
Experience & Track Record

Scicom Digital accelerates the digital transformation of businesses in a powerful way, leveraging the latest digital technologies to provide a discernable return in investment for businesses in the digital age.

We work closely with clients to identify areas where our digital solutions can expand new lines of business, increase effectiveness of existing services, streamline workflow processes, reduce operational costs and create additional value.

We are invested in the long-term success of our clients' businesses. Our team of cross-functional experts with expertise in the areas of digital marketing, social media strategy, user experience and user interface design, and website architecture work in synergy to develop holistic digital solutions aimed towards long-term sustainable growth.

Our clients benefit from our data-driven approach to increase key metrics such as e-commerce sales, social media engagement, website traffic, and conversion rates on an ongoing basis. We proactively monitor, enhance and revamp our strategies and tactics with clients to capitalise on new opportunities and improve existing ones.

Scicom Digital's digital solutions are powered by our partnership with Adobe®, the global leader in designing and delivering exceptional digital experiences. This allows our teams to develop advanced solutions that harness the power of artificial intelligence, data analytics, and automation to support each aspect of our clients' business strategies.

As we continue to dramatically improve our clients' businesses, we are aggressively spreading our footprint across Asia and developing markets to attract clients that are eager for business transformation that will help them excel in today's markets.

CORPORATE PROFILE

BOARD OF DIRECTORS

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

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

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

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

Datuk Joseph Dominic Silva
Member

Mahani Binti Amat
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

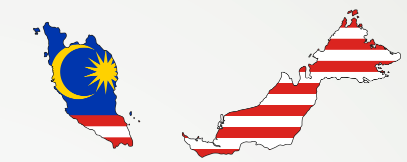
URL : www.scicom-intl.com
E-mail : business@scicom.com.my

GROUP STRUCTURE

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

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

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



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, Malaysia) 100% owned

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

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

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

SCISOLUTIONS (MAURITIUS) LTD
(Mauritius)
100% owned

PT SCICOM INDONESIA
(Jakarta, Indonesia)
100% owned

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

BOARD OF DIRECTORS

KRISHNAN MENON

Non-Independent Non-Executive Director/Chairman

71
YEARS OLD

Male, 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 the 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 four (4) out of five (5) Board meetings held during the financial year.

DATO' SRI LEO ARIYANAYAKAM

Non-Independent Executive Director/Chief Executive Officer

Dato' Sri Leo Ariyanayakam is the Chief Executive Officer and 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.

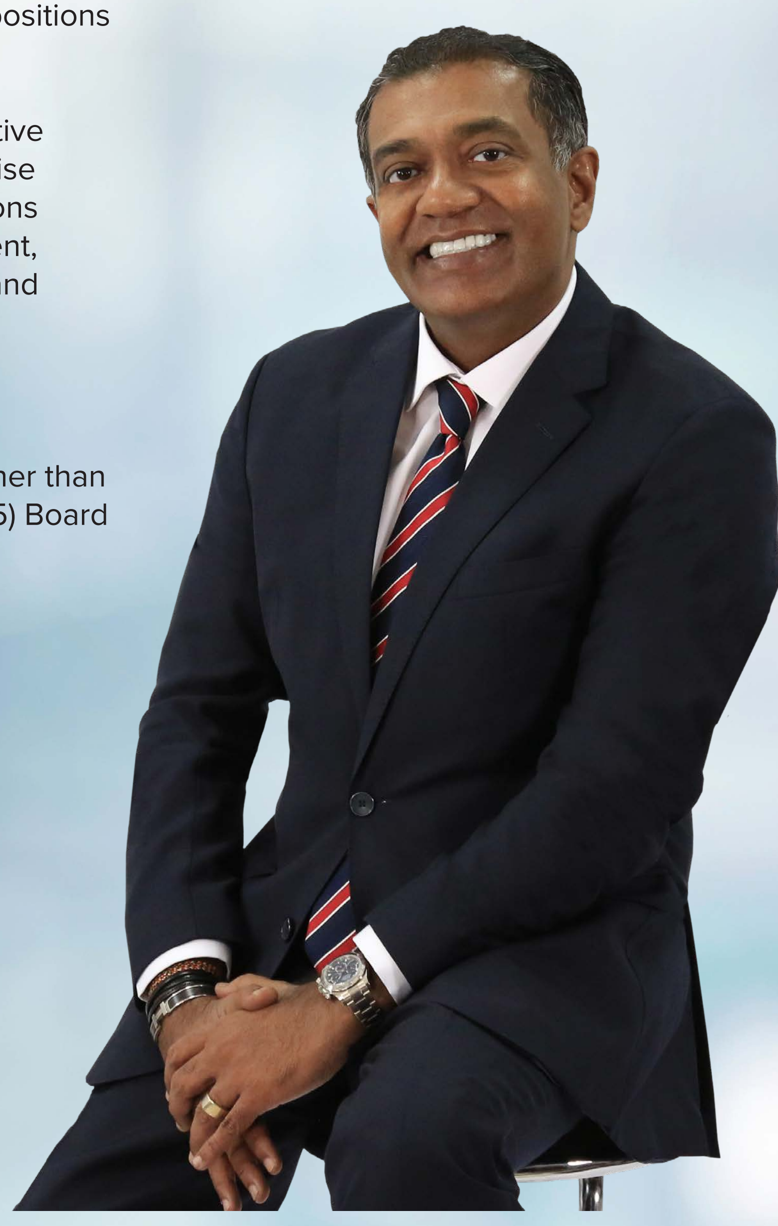
His main responsibilities as the Chief Executive Officer and Executive Director are to maximise shareholders' value, make high-level decisions in terms of the Group's business development, finance, human capital, culture, operations and strategies, and chart the future growth and direction of the Group globally.

He does not hold any directorship in public companies and listed issuers in Malaysia other than the Company. He has attended all the five (5) Board meetings held during the financial year.

58
YEARS OLD

Male, Sri Lankan/Malaysian Permanent Resident

Date of Appointment 30 October 2002



DATO' NICHOLAS JOHN LOUGH @ SHARIF LOUGH BIN ABDULLAH

Independent Non-Executive Director

Nicholas John Lough is the Chairman 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 five (5) Board meetings held during the financial year.

69
YEARS OLD

Male, British / Malaysian Permanent Resident

Date of Appointment 14 May 2014

DATO' MOHD SALLEH BIN HJ HARUN

Non-Independent Non-Executive Director

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 he moved on to the banking and financial sector in 1974, where he accumulated 32 years of experience holding various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad. He was Deputy Governor of Bank Negara Malaysia between 2000 and 2004. His previous directorships include RHB Bank Berhad, RHB Insurance Berhad (as Chairman), RHB Islamic Bank Berhad, Malayan Banking Berhad (as Vice Chairman) 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 does not hold any directorship in public companies and listed issuers in Malaysia other than the Company. He has attended all the five (5) Board meetings held during the financial year.

77
YEARS OLD

Male, Malaysian

Date of Appointment 22 August 2005

MAHANI BINTI AMAT

Independent Non-Executive Director

67
YEARS OLD

Female, Malaysian

Date of Appointment 15 June 2017

Mahani Binti Amat is a member of the Nominating and Remuneration Committee as well as the Audit and Risk Management 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 a Director of AIA Berhad, J.P. Morgan Chase Bank Berhad and AIA Public Takaful Bhd.

She has attended all the five (5) Board meetings held during the financial year.

DATUK JOSEPH DOMINIC SILVA

Independent Non-Executive Director

56
YEARS OLD

Male, Malaysian

Date of Appointment 7 February 2018

Datuk Joseph Dominic Silva is a member of the Audit and Risk Management Committee. He is a Finance graduate from the University of Wales and holds a Master's degree in Research (Business) from the University of Liverpool.

In addition, he also completed a Senior Management Program at the Henley Management College in the United Kingdom.

Datuk Dominic has over 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 all the five (5) Board meetings held during the financial year.

KAREN JUDITH GOONTING

Independent Non-Executive Director

59
YEARS OLD

Female, Malaysian

Date of Appointment 14 May 2014

Karen Goonting is the Chairman 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 practicing 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 is currently in full time practice in a boutique law firm in Kuala Lumpur. Karen does not hold any directorship in public companies and listed issuers in Malaysia other than the Company.

She has attended four (4) out of five (5) Board meetings held during the financial year.

None of the Directors have any:
- *family relationship with any Director and/or major shareholder of the Company*
- *conflict of interest with the Company*
- *conviction for offences within the past 5 (five) years (other than traffic offences, if any), and*
- *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, 46, joined Scicom on 20 September 2004 and was appointed as Chief Financial Officer on 31 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, 53, joined Scicom on 21 July 2004 and was appointed as COO on 1 July 2008. 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, 51, joined Scicom on 15 January 2009 and was appointed as COO on 1 July 2011. 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. As 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, 58, joined Scicom on 20 January 2011 as CTO. 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 (FBCS) - 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 was also a Board Director and Member of the Board Integrated Risk Management Committee of National Savings Bank, Sri Lanka. Chandima holds an 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, 67, 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. She was appointed as SVP on 1 July 2016.

In 2009, Brenda joined 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, 56, 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 as 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. She was appointed as SVP on 1 July 2008. Prior to joining Scicom, she worked in various multinational corporations over a 13-year period, with her areas of expertise covering marketing communications, training and 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, 48, joined Scicom on 1 March 2011 and was appointed as SVP on 1 July 2017. She 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, 46, joined Scicom on 1 November 2012 and was appointed as SVP on 1 July 2017. 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 major shareholder of the Company*
- *conflict of interest with the Company*
- *conviction for offences within the past 5 (five) years (other than traffic offences, if any), and*
- *public sanction or penalty imposed by the relevant regulatory bodies during the financial year*

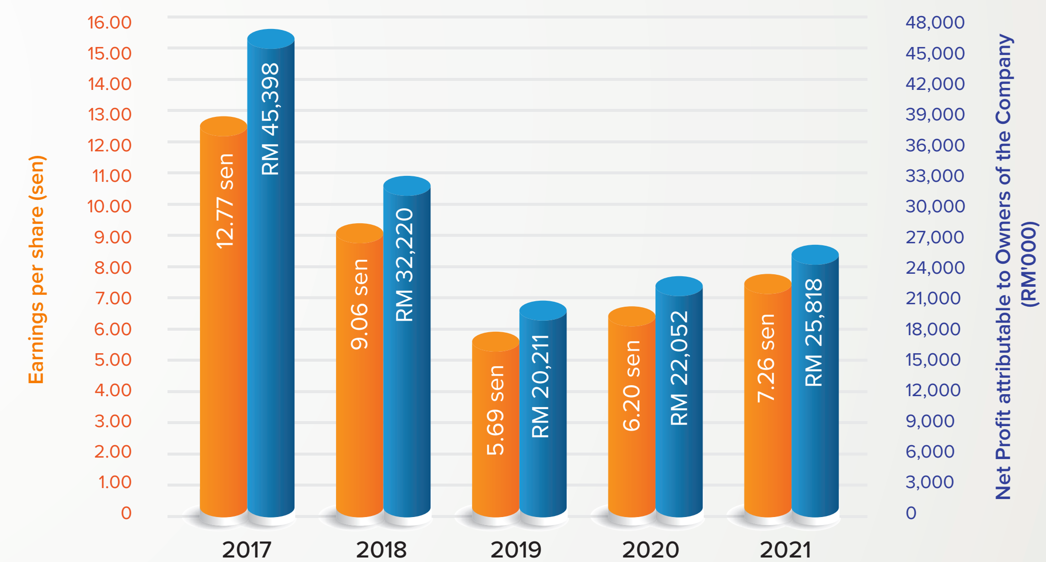
GROUP FINANCIAL HIGHLIGHTS

GROUP
FINANCIAL HIGHLIGHTS

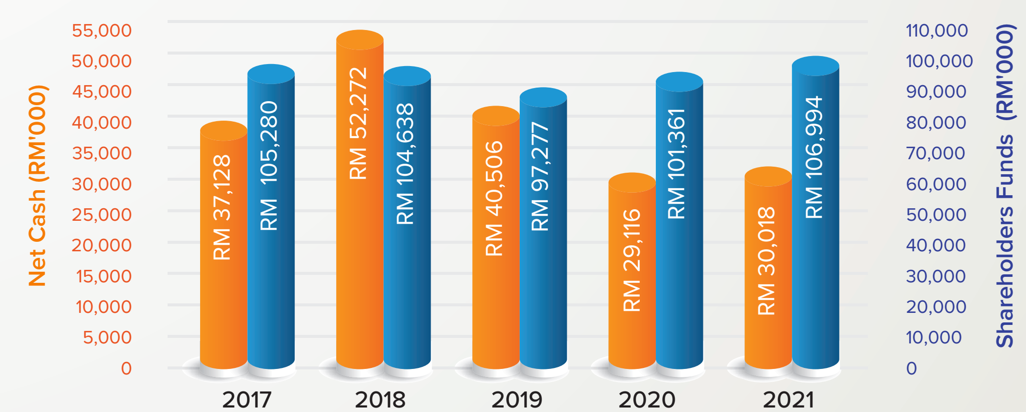
	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
PROFITABILITY (RM'000)				
Operating revenue	216,196	181,330	209,816	174,259
Profit before taxation ("PBT")	33,324	30,672	37,637	31,787
Net profit for the financial year	25,814	22,053	29,022	23,198
Net profit attributable to the equity holders of the Company	25,818	22,052	29,022	23,198
KEY BALANCE SHEET DATA (RM'000)				
Total assets	166,039	121,519	155,351	108,598
Total liabilities	59,046	20,158	53,847	16,566
Capital and reserves attributable to equity holders of the Company	106,994	101,361	101,504	92,032
Net Cash Position	30,018	29,116	29,832	27,949
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	19.2%	12.5%	20.4%	12.9%
- PBT growth (%)	8.6%	13.3%	18.4%	17.1%
- Net profit growth (%)	17.1%	10.1%	25.1%	19.5%
- Basic / Diluted earnings per share (sen)	7.26	6.20	N/A	N/A
- Asset turnover (times)	1.30	1.49	1.35	1.60
- Net return on equity (times)	0.24	0.22	0.29	0.25
Liquidity:				
- Current (times)	3.86	5.08	4.43	5.92
- Cash over total assets (%)	18.1%	24.0%	19.2%	25.7%
- Trade receivables turnover (months)	2.91	3.47	2.87	3.46
Financing (excluding lease liabilities):				
- Debt over equity (times)	-	-	-	-
- Gearing (times)	-	-	-	-
Market Based (as at 30 June):				
Market capitalisation (RM'000)	383,890	334,126		
Price-earning ratio (times)	14.88	15.16		
Dividend Yield (%)	5.6%	5.3%		
Net Asset Per Share (sen)	30.10	28.52		

REVENUE AND PROFIT BEFORE TAXATION

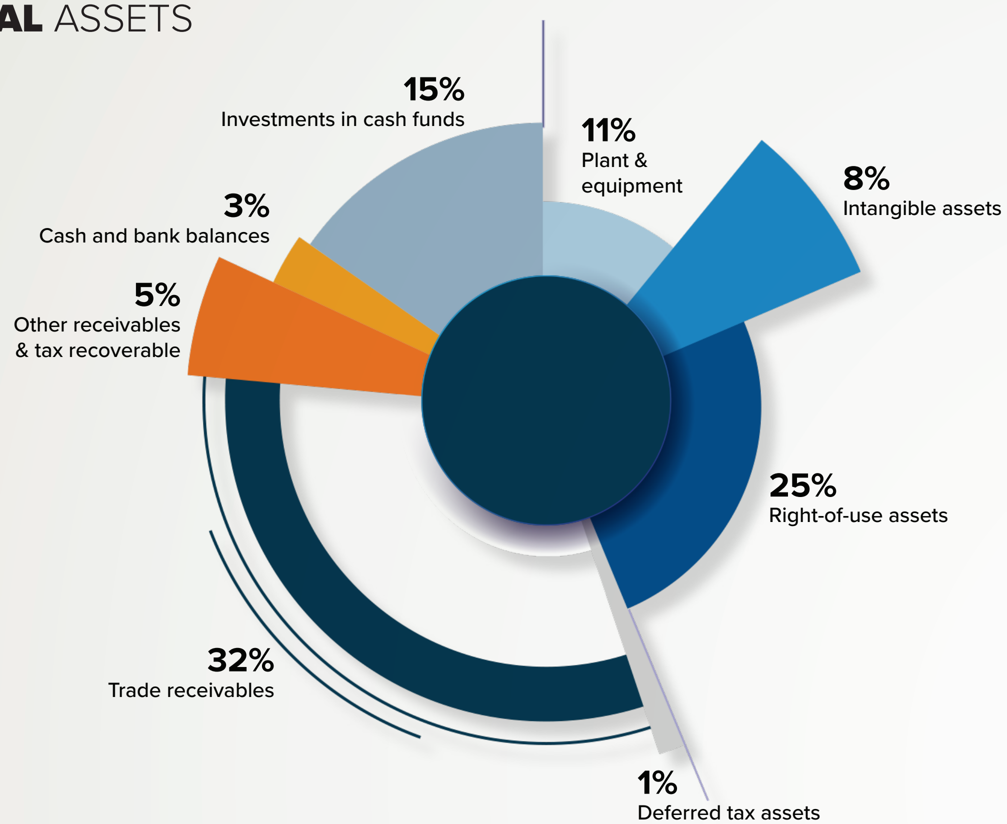
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE



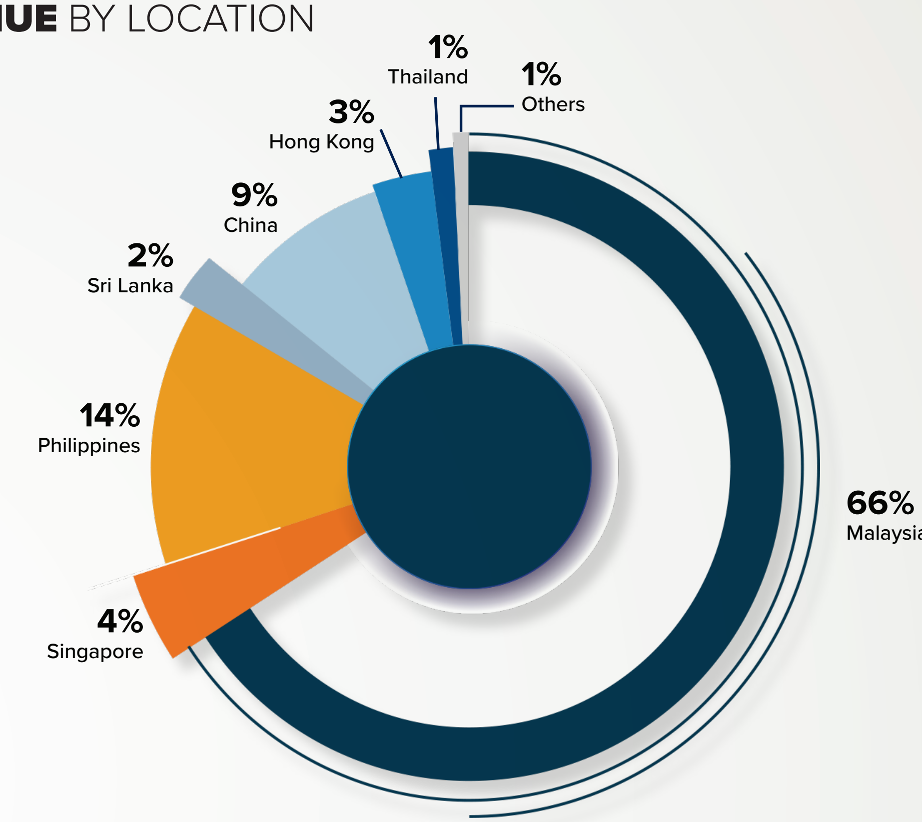
SHAREHOLDERS' FUNDS AND NET CASH



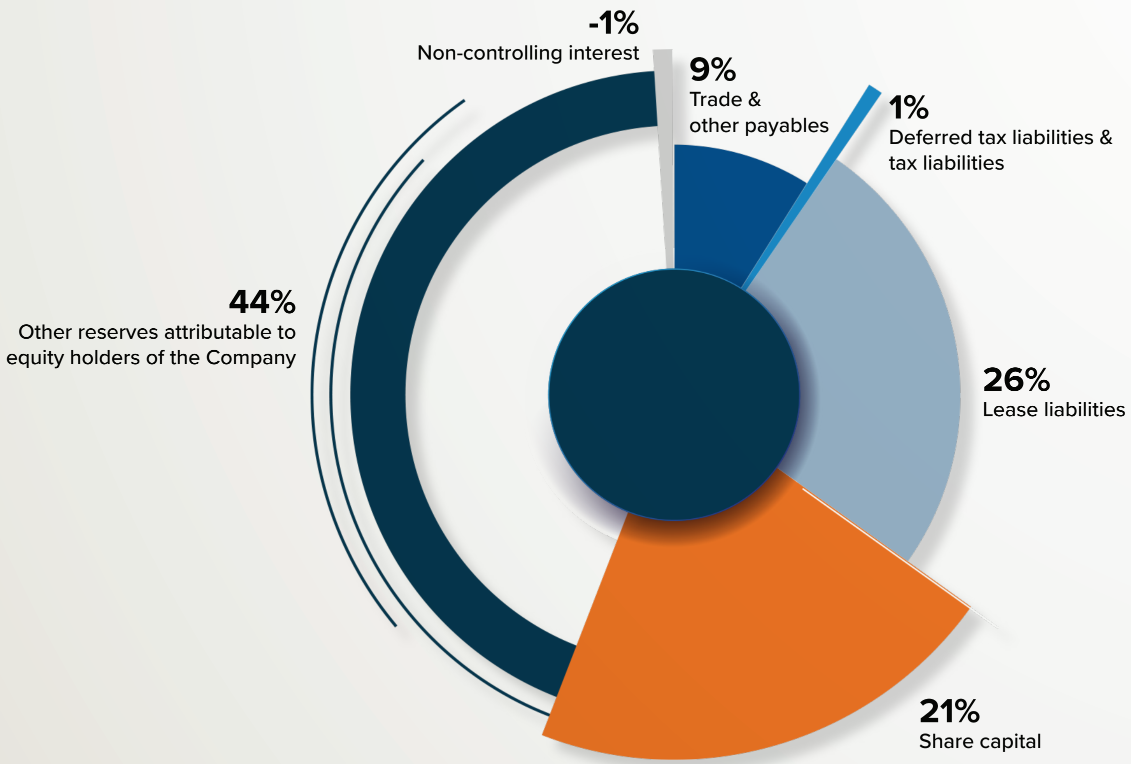
TOTAL ASSETS



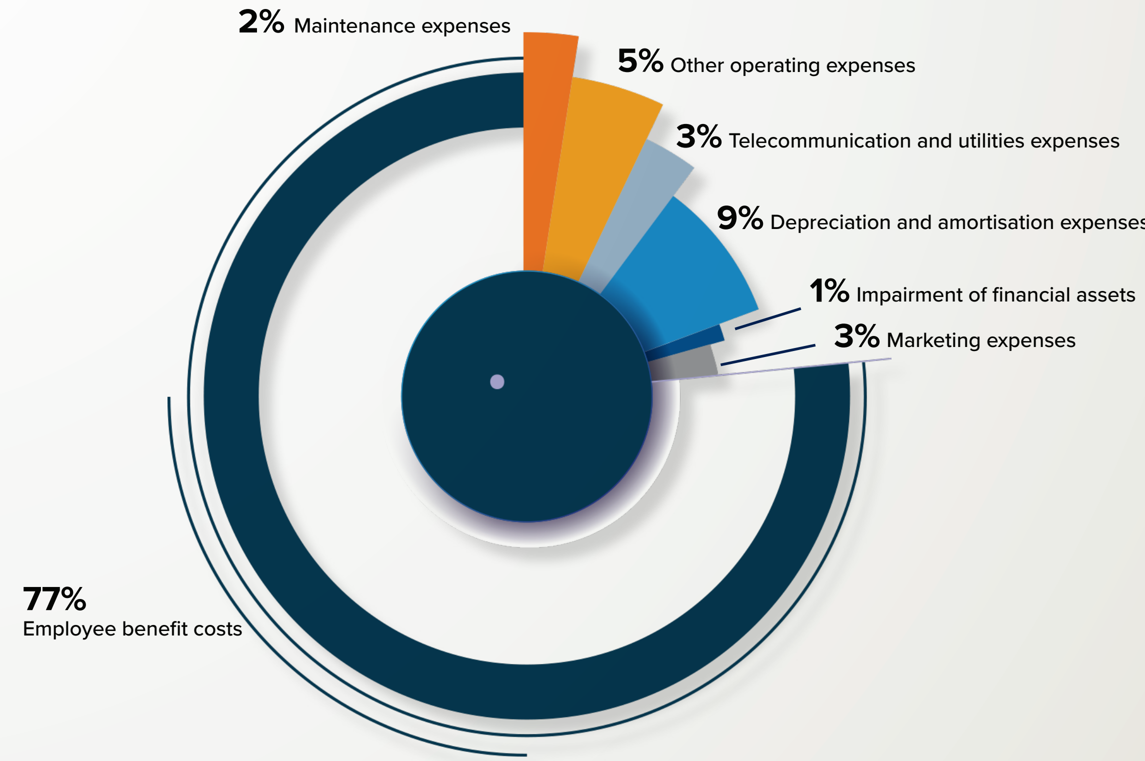
REVENUE BY LOCATION



TOTAL LIABILITIES, CAPITAL AND RESERVES



OPERATING EXPENSES



MANAGEMENT DISCUSSION AND ANALYSIS

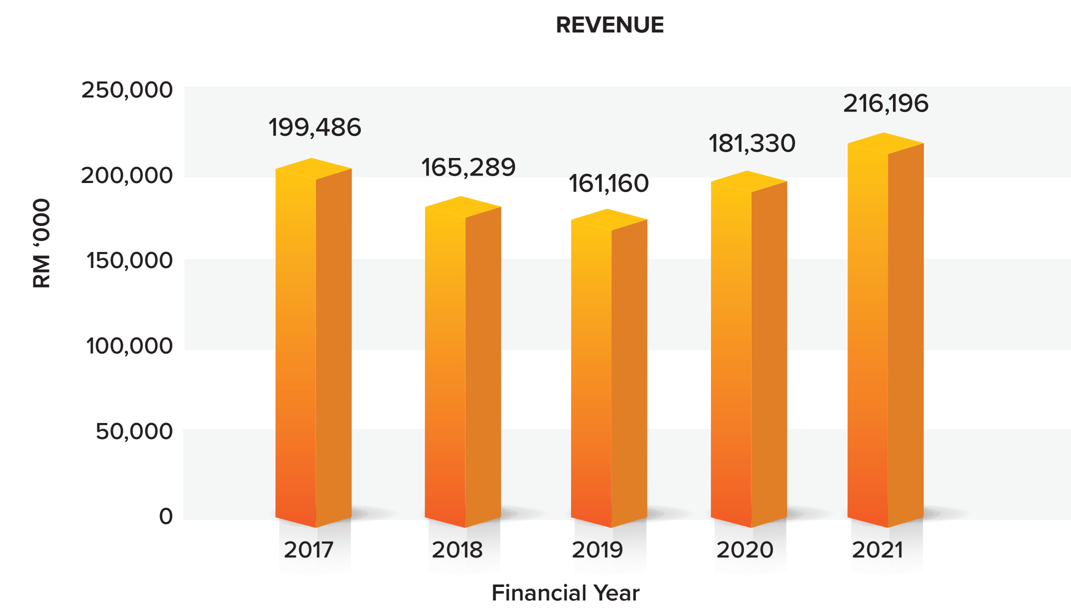
> "Our Global Connect strategy increased revenues by 19.2% and allowed 94% of our customer experience staff to work from home. Post-pandemic, our agenda focuses on accelerating digital investments in response to evolving customer needs."

Scicom is one of Malaysia's leading BPO and Integrated Digital Solution providers, providing a suite of innovative services 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. It is currently listed on the Main Market of Bursa Malaysia Securities Berhad (the Malaysian Stock Exchange).

The Group registered an increase in year-on-year Revenue and Profit before Tax ("PBT") of 19.2% and 8.6% respectively. The improvement in the Group's performance for the current financial year was primarily driven by an increase in transactional volume and corresponding billings from both existing and newly secured clients.

The Group continues to evolve and diversify its offerings in a rapidly changing operating environment, with new products and services (Intellectual Property ['IP']) being introduced to create value for the Group's existing and prospective clients. In line with this, the Group has continued to invest in becoming a sustainable and digitally enabled organisation and has further enhanced its Research and Development ('R&D') arm in Gov Tech services to include new Identity Management and Digital Government related products and services.

YEAR IN REVIEW – FY2021 PERFORMANCE SUMMARY



RM ('000)	FY2020	FY2021	% Increase
REVENUES	181,330	216,196	↑ 19.2%
PROFIT BEFORE TAX ("PBT")	30,672	33,324	↑ 8.6%
PROFIT AFTER TAX ("PAT")	22,053	25,814	↑ 17.1%

In FY2021, Scicom continued to record growth in its Revenue and Profit after Taxation ("PAT"). This growth was primarily fueled by the expansion of our BPO business which has proven to be resilient despite impact of the Covid-19 pandemic on the global economy. Scicom benefitted from a diversified client base that has enabled the company to avoid experiencing a slowdown as has been faced by certain industry verticals. In terms of operations, Scicom has also been successful in enabling 94% of its workforce to Work-from-Home (WFH) thereby protecting employee well-being, while also ensuring that our service obligations to our clients are met. The introduction of Scicom's Global Connect ("SGC") initiative has allowed Scicom to expand its foreign language services to clients despite the travel ban imposed by many Government authorities.

The Group registered a 19.2% increase in revenue, and a 17.1% increase in net profit in FY2021. This improvement can be attributed to a rise in billable headcount for our BPO operations, the expansion of services for existing clients, and the commencement of operations for new clients. Our financial results emphasise the sustainability of our business, the experience and innovative nature of our team and the continued demand for our services.

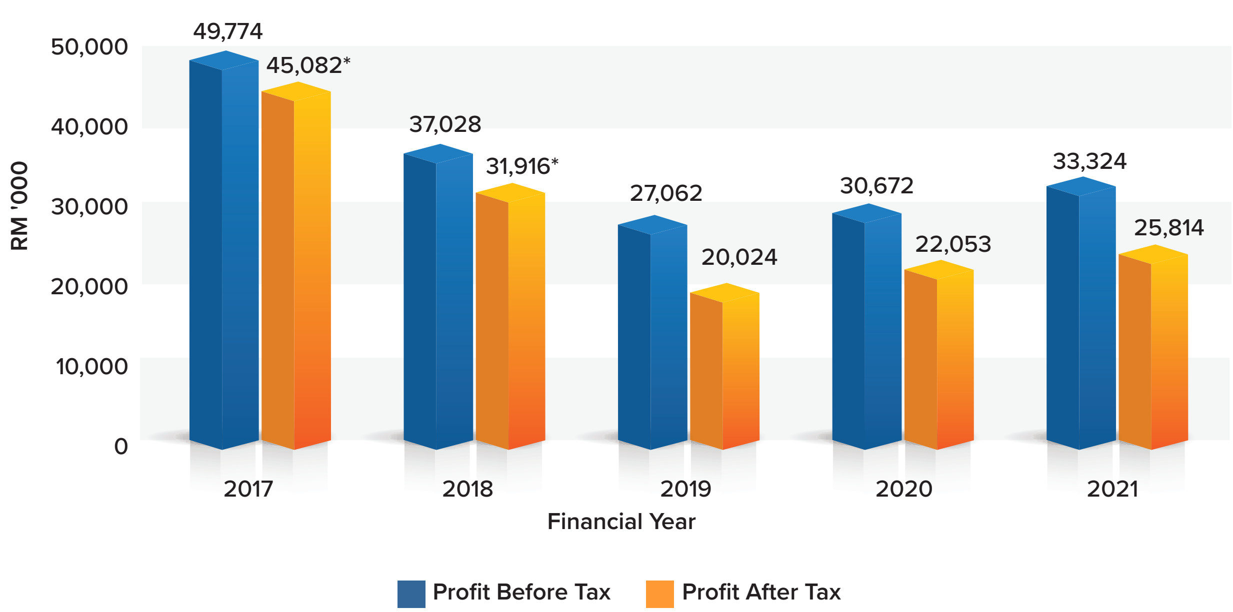
The Group's revenue grew by 19.2% in the current financial year ('FY2021') to RM216.2 million. This is attributable to the growth of the Group's existing clients, and the onboarding of new clients that contributed RM39.7 million and RM2.3 million respectively. Revenue from existing clients increased from RM172.1 million in FY2020 to RM211.8 million in FY2021 largely because of an increase in billable operational headcount.

The majority of the Group's revenue has been driven by the Group's BPO segment which comprises of the following verticals:

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

In FY2021, the Group recorded a profit before tax ('PBT') and profit after tax ('PAT') of RM33.3 million and RM25.8 million respectively. In line with overall revenue growth for FY2021, the Group's PBT and PAT showed an increase of 8.6% and 17.1% respectively as compared to FY2020.

GROUP PROFIT



**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 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 the recognition of lease liabilities from the Group's tenancy agreements as required by MFRS 16 Leases) to support its operations and dividend requirements. The Group's balance sheet remained strong as the Group ended FY2021 with RM30.0 million (FY2020: RM29.1 million) in cash. The Group's Free Cash Flows ('FCF') improved to RM30.5 million for FY2021 as compared to RM16.0 million for FY2020. The Group's Debtors' turnover for FY2021 also improved to 2.91 months as compared to 3.47 months for FY2020.

The Group's FY2021 Earnings per Share ("EPS") stands at 7.26 sen which is 17.1% higher as compared to FY2020.

Capital Expenditure

Out of the total RM17.2 million capital expenditure incurred for FY2021, software development related costs amounted to RM0.7 million, RM13.3 million was procured specifically for new BPO project requirements, and the remaining RM3.2 million was 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 RM30.9 million as of 30th June 2021. The Group's Fixed Assets Turnover Ratio stands at 7.0, indicating an efficient utilisation of the Group's fixed assets for revenue generation.

Shareholder Value

Scicom's share price at the end of FY2021 was at RM1.08 per share (FY2020: RM0.94), with a corresponding market capitalisation of RM383.9 million (FY2020: RM334.1 million). Since our IPO in 2005, Scicom shares have delivered a Compound Annual Total Return to Shareholders (including dividends reinvested at spot prices) of 404.96%.

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 FY2021, the first interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 29th of December 2020. The second interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 29th of March 2021. The third and fourth interim dividends of 1.5 sen per share each (equivalent to RM5.3 million for each payment) were paid on the 29th of June 2021, and the 29th of September 2021 respectively. This brings the total dividend declared for FY2021 to 6.0 sen per share, equivalent to approximately RM21.3 million or 82.6% of the Group's PAT for FY2021. The dividend yield for FY2021 was 5.6%, compared to 5.3% in the preceding year.

STRATEGY IN REVIEW - BPO OPERATIONS

Digital transformation with a high-tech, high-touch strategy continues to underpin Scicom's Global Connect strategy. This has enabled us to expand our BPO operations and on-board new clients in a seamless manner, increasing revenues by 19.2% and allowing an average of 94% of our employees to work from home while maintaining outstanding service levels for our clients.

The coronavirus pandemic has reset major work trends and will have a lasting impact on the future of work. Over the last 3 years we have been continually investing in BPO automation technology and this enabled us to position the company for hybrid work and to use business friendly Robotics Process Automation (RPA), Artificial Intelligence (AI) and Machine Learning (ML) to significantly improve business operations.

The global Business Process Outsourcing (BPO) market size was valued at USD 232.32 billion in 2020 and is expected to register a compound annual growth rate (CAGR) of 8.5% from 2021 to 2028. Customer Care BPO which is a subset of the larger industry is projected to reach USD 80.93 billion by 2027, from USD 53.95 billion million in 2020, at a CAGR of 6.0% during 2021-2027. Scicom has accelerated the deployment of digital technologies and digital capabilities to stay ahead of clients needs and to provide innovative services. This will enable us to continually deliver value for clients and to grow our market share in the BPO industry.

Scicom Global Connect is our Business Process Platform as a Service (BPaaS) solution. It is a cloud based centralised hub for recruiting, training, and managing staff remotely, enabling us to provide our services via work-from-home (WFH) or hybrid models.

When the pandemic recedes, companies will change the manner in which they operate. Customer Experience Management will become mission critical, and many companies are turning to outsourcing providers to address rising end-customer expectations coupled with an enhanced customer experience, reduce costs and optimise operations. Scicom is well positioned to benefit from the rising demand for outsourced customer lifecycle management services.

Post pandemic, we have set an agenda that focuses on accelerating digital investments in response to evolving customer needs, using data, RPA, AI and ML to improve business operations, enhance digital capabilities and increase organisational agility to deliver business outcomes.

For FY2022, the key focus for our BPO operations are listed below:

- Ongoing expansion of next-generation BPO services that are focused on providing a Business Process as a Service (BPaaS) solution. A BPaaS solution allows customers to benefit from Scicom's industry knowledge, process and IT infrastructure. The BPaaS services cover the entire stack of vertically integrated components of hardware, infrastructure, database, middleware and business application software, security, optimised processes, and people. This works in unison to deliver business capabilities for our clients.

- Enhancing workforce flexibility and fluidity. Covid-19 accelerated workplace trends that could persist to varying degrees post pandemic. Hybrid remote work will likely continue. Scicom recruits globally from 17 countries and our staff work from home from hundreds of different locations, mitigating the risk of disasters interrupting business operations. We will continue to make investments to prepare for the post pandemic future of work, recruit for the right skills, provide highly engaging training and prepare 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. We will continue to focus on growing our business in targeted BPO markets, which remains dynamic as the world's economies begin their gradual recovery. Building on FY21 growth, our proven business model and dedicated team, we are confident that we will continue to deliver client and shareholder value.

GOV TECH

Digital government is changing how federal, state, and local governments deliver services, distribute welfare, collect taxes, maintain security and engage with its citizens. GovTech solutions, which are digital technologies applied to public services and specifically designed for government purposes is driving this change.

In FY2021, Scicom developed a COVID-19 vaccine deployment solution that enables governments to manage vaccine end-to-end logistics. The solution is scalable and played a crucial role in enabling millions of residents to return to work safely.

There is significant business opportunity post pandemic to grow our GovTech business, as cash strapped governments are relying on long term private-public partnerships to lower the cost of delivering government services. According to Gartner's research, digital maturity in government remains low, 80% of governments are still at the early or the developing stages of digital maturity.

Scicom has a ready suite of Identity Management and Border Control solutions and in FY 2022, Scicom's GovTech will continue to focus on enabling developing countries to create and deploy Government as a Platform (GaaP) models for service delivery.

DIGITAL

FY2021 saw the increasing importance of addressing changing consumer behaviour preferences driving various organizations to create innovative solutions for their customers to attract new business and cement customer loyalty. Furthermore, the impact of the Covid-19 pandemic has contributed to an increase in the global demand for new platforms and Customer Experience (CX) services – this market is expected to grow to USD 26.78 billion from 2021 to 2028 - at a CAGR of 16.85%. In line with this, the following trends were observed across these sectors:

Healthcare Technology (Health Tech)

The global Healthcare Information Technology ("Health tech") market is estimated to reach $427 billion by 2027 - driven primarily by the rising incidence of COVID-19, government mandates, the need to contain escalating healthcare costs. As a subset of this, the Insurance Technology ("Insurtech") industry is expected to grow to $11.9 billion by 2027, from $1.5 billion in 2020 – driven by the need to lower costs for insurers and policyholders, and to make coverage more accessible to the greater population. The convenience brought about by these solutions will allow quick access to insurance products and services, eliminating the age-old frustrations of insurance and benefits management while also giving customers more insurance options, and personalised coverage.

E-Commerce

Covid-19 continued to drive the global e-commerce sector in 2020. Going forward, Euromonitor International projects that this trend will continue, with digital sales expected to contribute USD1.4 trillion to the global retail sector until 2025 - in line with the massive increase in goods being sold online. In addition to this, the global e-commerce software market is expected to grow by USD3.38 billion from 2020-2024, with an increasing number of businesses looking for comprehensive end-to-end solution providers that offer services across the value chain i.e. platform development and maintenance, product fulfilment and delivery as well as digital marketing services. - hence reducing the need for retailers to have to maintain these functions in-house.

Higher Education

After a year of grappling with the impact of the Covid-19 pandemic, the outlook for global international student recruitment can be summed up by the following trends:

- Some of the biggest obstacles for students are border closures (77%) as well as visa processing being delayed or suspended (69%)
- For those who have enrolled, more than 40% of students are experiencing challenges with the remote nature of classes (e.g., issues with time differences, online fatigue, and unstable Internet connections)
- Concerns around financial difficulties, insurance, health, accommodation, the availability of flights and the prospect of rigid quarantine requirements are top of mind for the majority of students

In response, universities are having to create new lower cost offerings, embrace non-traditional recruitment methods and invest in the creation of new platforms to facilitate the remote delivery of course content.

Digital Recruitment

As global health crises swept the world, companies looked to the logical next step after remote work – remote hiring. At its core, this concept involves companies or their recruiting partners sourcing, pre-screening, interviewing, and onboarding new employees without either party setting foot inside a corporate space. Platforms that support this shift are becoming increasingly relevant given that roughly 80% of employees say they want to continue working from home even after the Covid-19 crisis is under control, and that approximately 25-30% of jobs are expected to be remote by the end of 2021. Furthermore, hiring workers remotely allows companies to access a wider pool of talent; access to global talent will only improve company capabilities, while enhancing the solutions they are able to provide to their customers.

In line with the trends mentioned above, Scicom's FY2022 strategy will be to continue to create solutions to specifically respond to the issues and trends prevalent in these sectors across both Malaysian and regional markets, providing clients with the following:

	Health Tech	E-Commerce	Higher Education	Digital Recruitment
Solutions	• Health benefits management and administration platforms for employers	• E-Commerce websites and mobile applications • E-Commerce storage, fulfillment, and delivery services • Omnichannel digital marketing campaigns	• Targeted international student-focused recruitment portals and services	• End-to-end digital recruitment solutions • Customised Learning Management Systems (LMS)

EDUCATION

The onset of Covid-19 has redefined the dynamics of the global training market, with work-from-home and social distancing policies severely hampering the delivery of in-person training sessions. A recent Mckinsey study estimated that roughly 50% of in-person programs had been postponed or cancelled in North America during the first half of 2020; in parts of Asia and Europe, this figure is closer to 100%.

Despite this, the reality facing most companies is that they can't afford to put capability building on hold. Whether upskilling at the business-unit level or more large-scale competency building, businesses must enhance critical workplace learning, while continuing to prioritise employee safety. Given this, the global Learning Management System (LMS) market is expected to grow from USD 13.4 billion in 2020 to USD 25.7 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 14.0%.

In response, FY2021 saw the deployment of our Scicom Learning Management System platform (SeLMS) with specific features built in to maximise engagement and improve knowledge retention. Customised quizzes and gamification features help to diversify training modules and boost information retention, while personalised metrics are also included to allow clients to track employee performance during and after training.

Going forward, Scicom's FY2022 education strategy will focus on deploying SeLMS modules to the following stakeholders:

1. Scicom Employees; to create a more well-rounded, multi-functional workforce and to increase overall employee effectiveness
2. New & Existing Clients; via the creation of custom domain, sector and skill specific training modules

CONCLUSION

The advent of the Covid-19 pandemic has provided Scicom with the opportunity to demonstrate its versatility and creativity in being able to provide innovative solutions to a discerning client base. Going forward, our in-house, end-to-end digital capabilities and solutions remain key drivers in our quest to be relevant, deliver a sustainable growth trajectory and meet shareholder, employee and client expectations.

SEGMENTAL RISK

Key Segmental Risks	BPO Segment	Gov-Tech Segment	Education Segment	How Do We Manage Key Segmental Risks
Global Covid-19 Pandemic	✓	✓	✓	The Covid-19 pandemic continues to impact economies and businesses around the world. The Group is not spared from disruptions caused by the pandemic and our financial performance had been and will continue to be exposed to uncertainties posed by Covid-19 and the counter measures thereto initiated by governments, businesses and consumers globally. However, all of our business segments have remained operational throughout the pandemic. Travel restrictions imposed by the Malaysian Government and/or governments around the world had, to some extent, negatively impacted the performance of the BPO segment. Business development activities of the Group were significantly curtailed in all market segments. However, a 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 while weathering through this challenging pandemic period. We took swift action to ensure our employees remained safe and healthy during the pandemic. To reduce the risk of transmission, we enabled most of our employees to work from home while we maintained continued communication and business activity virtually. Precautions implemented ensured our employees had a safe working environment including the implementation of social distancing procedures, availability of safety and sanitation products and alternate arrangements for courier deliveries and pick-ups. The world is realigning to live with Covid-19 and as conditions allow, we will be introducing a methodical, cautious and phased approach to adapting a "new norm" in the workplace. Notwithstanding the above, any prolonged economic downturn resulting from the pandemic may have an adverse effect on our business, results, operations and financial condition.
Information Security	✓	✓	✓	The Group continues to reshape, redesign and reinvent our capabilities to cater for changing business models within an evolving digital landscape. These dynamics expose the Group to growing information security threats which have the potential to adversely impact the Group's operations and profitability. Therefore, information and data security protection has become increasingly critical to the day-to-day operations of the Group. 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 information technology is 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.
Cyber Security	✓	✓	✓	Cyber security risks are anticipated to increase in tandem with the Group's expansion strategy across a growing footprint. This risk is further heightened with an increased reliance on internet and information technology as well as increased instances of remote/off-site network access during the Covid-19 pandemic. 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.
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 development and 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.
Limited Brand Presence & Recognition	✓	✓	✓	The Group is cognisant that the success of these segments is, to a large extent, dependent upon awareness and market recognition of our brand and its associated products & services. Therefore, the Group continues to adopt proactive business development activities to expand the Group's brand presence and recognition in these business segments regionally and globally. The Group also strives to market its products and services through the enhancement of its digital footprint.
Long Sales Cycle		✓		The Group recognises that the sales cycle for the Gov-Tech segment is relatively long as compared to other segments due to the size of project in terms of value, scope, specification requirements, number of stakeholders involved and regulatory requirements. Nevertheless, considering the anticipated growth potential in developing and newly developing countries that are undergoing varying digital transformations, the Group remains committed to its investment in this segment.

CORPORATE MILESTONE

2021

June — Scicom pays third interim dividend of 1.5 sen for financial year 2021

March — Scicom pays second interim dividend of 1.5 sen for financial year 2021

December — Scicom pays first interim dividend of 1.5 sen for financial year 2021

November — Scicom held its 18th AGM virtually

September — Scicom pays fourth interim dividend of 1 sen for financial year 2020

2020

YEAR IN REVIEW

CORPORATE SUSTAINABILITY STATEMENT

FY2021 Sustainability
Achievements & Highlights

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDG") ADOPTED

Good Health & Well-being | Quality Education | Gender Equality | Decent Work & Economic Growth | Reduced Inequalities | Climate Action

Average of 94% of Employees Working from Home (WFH)

Employer Rating on JobStreet Malaysia

RM1.2 million spent on Workplace Health & Safety and WFH Measures (in response to Covid-19)

Total 2,266 New Hires

2. OUR APPROACH TO SUSTAINABILITY

Scicom has focused on the following key priorities in FY2021

- The safety and welfare of our employees during the Covid-19 pandemic.
- The ability to maintain sustainable growth in terms of returns for our stakeholders and position ourselves to innovate for the future.
- To accelerate our progress in achieving our sustainability agendas and targets in every aspect of our business.

In this statement, Scicom provides an insight to our sustainability management process, our key material sustainability matters, and the progress that we have made in our effort to comply to the relevant Environment, Social and Governance ("ESG") goals during FY2021.

SUSTAINABLE DEVELOPMENT GOALS

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In FY2020, Scicom adopted the United Nations Sustainable Development Goals ("UNSDG") as a framework to enable us to focus our efforts in aspiring to meet these global standards. Scicom has identified the following relevant UNSDG goals to our business and detailed out the highlights and achievements that we have accomplished in FY2021 together with a target action plan.

GOOD HEALTH & WELL-BEING

"Ensure healthy lives and promote well-being for all at all ages"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
To provide market competitive healthcare coverage and life insurance to all employees.	➔ Provided medical and life coverage to all staff, along with enhanced coverage to select staff categories.	➔ To continue to improve medical and life coverage for all Scicom staff. ➔ To continue to provide Covid-19 resources (masks, sanitizers, temperature checks) to all employees who are required to be based at any of Scicom's offices. ➔ To provide periodic health tips to employees via digital channels. ➔ To create and deliver training modules that provide employees relevant health information and self-development tips.
To ensure staff welfare is a top priority during the Covid-19 pandemic, and that all practices comply with MOH SOPs.	➔ Complied with all relevant Covid-19 guidelines – as instructed by MOH. ➔ Created, communicated and enforced all Scicom SOPs for close contact and positive Covid-19 cases. ➔ Provided free Covid-19 testing to employees who were identified as close contacts. ➔ Office floors were fully sanitized after the identification of a positive Covid-19 case. ➔ Implemented a Work-from-Home (WFH) option for employees. An average of 94% of employees were classified as WFH during the financial year. ➔ Provided laptops and internet connections to support employees working from home. ➔ Provided masks and sanitizer for employees who were required to work in the office. ➔ Sanitized all office spaces on a periodic basis. ➔ Provided transport for staff to commute to the office during lockdown periods ➔ Encouraged staff to be vaccinated. 86% of employees were vaccinated by the end of FY2021.	

QUALITY EDUCATION

"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
To provide training opportunities to all employees in order to enhance their knowledge and skills.	➔ Provided employees with ample training in FY2021 to enhance their skills and knowledge. ➔ FY2021 saw the development of Scicom's online training system (SeLMS) to conduct training for employees who are working from home. ➔ Scicom's contribution to HRDF amounted to RM600,701 in FY2021.	➔ To create programmes (e.g. internships, work-study programmes etc.) that give students earlier access and exposure to the corporate working environment. ➔ To provide employees with continuous opportunities to upskill themselves and enhance their job-related competencies. ➔ To further collaborate with external partners to offer more programmes to employees as well as the Malaysian public.
To provide training opportunities in the field of customer service to new graduates and/or job seekers.	➔ In FY2021, Scicom developed and delivered enhanced customer service training programmes for its employees.	

GENDER EQUALITY

"Achieve gender equality and empower all women and girls"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
To eradicate gender discrimination within Scicom by establishing a reporting process to review and address all raised discrimination cases.	➔ In FY2021, Scicom re-emphasized its zero-tolerance approach to gender discrimination and inequality by adopting Scicom's Non-discrimination Policy and published the policy on Company's website.	➔ To continue to advocate and promote fair and gender equal recruitment practices. ➔ To ensure that equal opportunities are provided to women at all decision-making levels. ➔ To increase the number of female Board members to exceed the 30% ratio recommended in Practice 5.9 of the Malaysian Code on Corporate Governance.
To ensure that there is a gender balance across all levels of management and the Board of Directors.	➔ Female employees constitute 52% of Scicom's total workforce. ➔ In FY2021, 54% of total new employees recruited were female. ➔ 29% of Scicom's Board members are female during FY2021.	

DECENT WORK AND ECONOMIC GROWTH

"Promote inclusive and sustainable economic growth, as well as productive employment for all"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
Sustainable growth in returns for stakeholders (i.e shareholders, employees, customers and government).	Scicom achieved the following milestones in FY2021: ➔ Net Profit increased by 17%. ➔ 7 new customers were secured within the BPO sector. ➔ Increased total headcount by 38%. ➔ Increased Dividend payout by 1 sen per share (20%). ➔ Increased EPS from 6.20 in FY2020 to 7.26 in FY2021. ➔ Increase in share price to 1.08 on 30 June 2021 from 0.94 on 30 June 2020. ➔ Total tax paid by the Group and its employees amounted to RM9.7mil and RM4.15mil, an increase of 2% and 1%, respectively as compared to FY2020.	➔ To continue to increase income from new business models and revenue streams. ➔ To continue to offer apprenticeship and internship opportunities to the youth of the countries that we operate in. ➔ To continue to foster an entrepreneurial culture among Scicom staff, and to invest in new business ideas. ➔ To continue to develop new BPO capabilities for Scicom by remotely recruiting international candidates using the *Scicom Global Connect* program.
Continuous focus on innovation to increase economic productivity and diversify revenue streams.	➔ Creation of a new revenue stream via the development of the Covid-19 private vaccine management and administration system. ➔ Completion of the development of Border Management System. ➔ Creation of a new revenue stream for the Education division via the development of Scicom's online training system (SeLMS). ➔ Developed and launched Scicom Global Connect to recruit, onboard train and manage BPO agents remotely for clients.	

REDUCED INEQUALITIES

"Reduce inequality within and among countries"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
To ensure equal employment opportunity and pay for all employees of Scicom regardless of gender, ability and age.	➔ Scicom has adopted a Non-discrimination Policy and published this policy on the Company's website. ➔ Scicom has a diverse mix of employees from different racial backgrounds and age groups. ➔ Average basic salary is higher than market mean in FY2021. ➔ Average basic salary for employees below the Senior Management team has registered an increase as compared to a decrease in the market in FY2021.	➔ To continue to provide education, skills training and job opportunities to women, youth and underprivileged communities.
To provide employment opportunities to youth in the country.	➔ As at 30 June 2021, 94% of Scicom's total employees are categorized as youth (below 40 years of age). ➔ Of the total new employees recruited in FY2021, 88% are youth and 12% are fresh graduates.	
To ensure that employee rights are protected in accordance with Labour Law.	➔ In FY2021, Scicom was in compliance with all the Labour laws in the countries the group operates in.	

CLIMATE ACTION

"Take urgent action to combat climate change and its impact"

Scicom Sustainability Goals	Group Achievements & Highlights (FY2021)	Target Action Plans
To ensure the achievement of Scicom's environmental goals.	➔ Scicom has adopted its Environmental Policy and published this on the Company's website. ➔ Changed 49% of light fixtures at all Scicom office premises to LED. ➔ Added recycling bins to all floors at Scicom office premises. ➔ Set all company printers to print double-sided as default.	➔ To further increase awareness of both climate change & Scicom's Environmental Policy among Scicom employees.
To increase awareness of climate change concepts and implications among Scicom's employees.	➔ Delivered periodic climate change awareness sessions to ensure Scicom staff were constantly reminded to only print when necessary, and to switch off lights / PCs/ air conditioning when not in use.	

To meet our sustainability goals, Scicom's approach to corporate governance and overall sustainability is also guided by the EESG framework as listed below:

Economic	→ To generate sustainable returns from our business solutions while creating value for our stakeholders → To harness the latest technologies to improve operational efficiencies and to enhance customer experience and satisfaction for our clients → To improve cybersecurity measures and develop resilience against all risks to our information technology (IT) infrastructure
Environmental	→ To continuously identify initiatives that will optimise energy consumption → To promote the recycling and reduction of waste → To increase awareness of environmental policy initiatives within the Group
Social	→ To provide a safe and healthy environment for all employees → To provide equal employment opportunities for all and to prevent racial discrimination in all its forms → To prevent sexual harassment and violence against women in all its forms → To recruit high potential employees, and to retain high performing employees → To constantly offer attractive employee renumeration packages and improve the overall work environment for all employees → To improve employee competency levels by providing relevant training programmes → To align all Corporate Social Responsibility (CSR) initiatives with the Group's activities → To actively encourage employees to get involved in community-based initiatives, charity and/or other social work
Governance	→ To ensure that all ESG and sustainability related initiatives have top-down buy-in (across the Board of Directors as well as the Senior Management Team) → To ensure that all applied sustainability strategies are tracked and monitored → To ensure that Scicom's stakeholder engagement structure facilitates the effective deployment of all sustainability initiatives as well as the seamless operations of all business divisions

In addition, our adherence to sustainability and corporate governance KPIs is driven by the following ESG policies:

- **Anti-Bribery** & Anti-Corruption Policy
- **Limits of** Authority
- **Personal Data Protection** Policy
- **Whistleblowing** Policy
- **Environmental** Policy
- **Human Rights** Policy
- **Non-discrimination** Policy
- **Health &** Safety Policy
- **Procurement** Policy
- **Physical Security** Policy
- **HR** Policy
- **Board** Charter
- **Diversity** Policy
- **Succession Planning** Policy
- **Investor Relations** Policy
- **Insider Dealing** Policy
- **External Auditors Assessment** Policy
- **Corporate Disclosure Policy** and Procedures
- **Directors' Assessment** Policy
- **Sustainability** Policy
- **Remuneration for Director &** SMT Policy and Procedures

3. MATERIALITY MATTERS

Scicom identifies material topics as those that have either a direct or indirect impact on the Group – from Economic, Environmental, Social and Governance ("EESG") perspectives.

3.1 Economic

3.1.1 Direct Economic Impact

Scicom has remained resilient in FY2021 despite the negative impact of the ongoing Covid-19 pandemic, and the various movement control orders ("MCO") imposed by governments in the territories we operate in.

The Group showed stable financial and operational performance in FY2021, largely attributed to growth in the group's Business Process Outsourcing ("BPO") services.

- **RM166.04** mil in Total Assets
- **RM 7.26** Earnings per Share (EPS)
- **RM 33.32** million PBT
- **17.1%** Net profit growth from FY2020 to FY2021

Our favourable financial and operational performance in FY2021 can largely be attributed to the exceptional relationships we have with all our clients. Keeping clients satisfied will always be one of our primary goals, and client feedback has been established as crucial to addressing negative feedback, streamlining processes, and ensuring more effective operations.

Please refer to the Management, Discussion & Analysis section of this report for more details on Scicom's business and financial performance across our various business divisions.

3.1.2 Cybersecurity Measures

FY2021 has seen the escalation of various cyber threats across the globe. As a prominent national government technology ("Gov-Tech") provider, Scicom has made it a priority to continually solidify its systems, protocols and best practices to protect critical IT infrastructure and associated networks.

Scicom's Cybersecurity Measures:

IT Security Training & Awareness	**Intrusion Detection &** Prevention Systems
Anti-virus & Anti-Malware Systems	**System Threat &** Vulnerability Management
IT Audit & IT Governance Programmes	**Physical &** Logical Access Controls

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Scicom's IT Security Protocols & Practices are listed as follows:

- Data transmitted through our networks is encrypted using the latest encryption technologies to ensure confidentiality
- Restricted use of external hardware devices (such as thumb drives) when using company devices or connecting to company networks
- We deploy firewalls, anti-virus, and anti-malware systems, access management systems and vulnerability systems throughout our entire IT infrastructure
- Regular audit and penetration tests to ensure the resilience of Scicom's IT infrastructure
- Provision of training to ensure that employees are aware of all security standards
- Compliance with Malaysia's Personal Data Protection Act ("PDPA") in dealing with personal information collected
- State-of-the-art SOC (Security Operating Center) – which facilitates the real-time monitoring of Scicom's security network while concurrently preventing, detecting, analysing, and responding to all relevant cybersecurity threats
- Regulations and SOPs to use when dealing with corporate systems, confidential data, email, mobile devices and passwords
- Access restriction to high-risk websites and portals to prevent malicious attacks

In addition to the above mentioned protocols and practices, Scicom has once again secured ISO/IES 27001:2013 certification for its robust and state-of-the-art Information Security Management Systems and SOPs in FY2021.

Cybersecurity and end point security protocols are more important than ever before as more our employees work from home. Although ISO/IEC 27001:2013 certification is not an industry requirement within the BPO industry, Scicom has continually invested time and resources to protect user data to achieve this certification.

3.1.3 Ethical Work Conduct & Policy

Scicom continues to advocate ethical business practices and fair practices in all of its dealings with stakeholders. Listed below are the policies Scicom has developed to further cultivate strong corporate and ethical behaviour within the organisation:

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. This 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.

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 all Group staff 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. The Code and other corporate policies are accessible on the Scicom Enterprise System for all employees.

Vendor Code of Conduct:

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 requires adherence to the minimum requirements in the areas of business ethics, labour and human rights, health and safety, controlled and confidential data, and environmental management, while also complying with applicable laws and regulations.

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 whistleblowing 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 whistleblowing policy is available on our corporate website at *https://scicom-intl.com/corporate-governance/whistleblowing-policyprocedure.*

In FY2021, we did not receive any complaints with regards to suspected corrupt and/or unethical behaviour from our employees or any other stakeholders (FY2020: Nil). We continue to uphold the highest standards of work ethics, honesty and morality.

3.1.4 Intellectual Property (IP)

IP has been one of Scicom's fundamental competitive advantages. The Group's ability to develop new value propositions has been crucial to its resilience to the difficulties caused by the Covid-19 pandemic. Scicom is proud to have created various new solutions to respond to the emerging healthcare needs faced by the global population.

IP Development

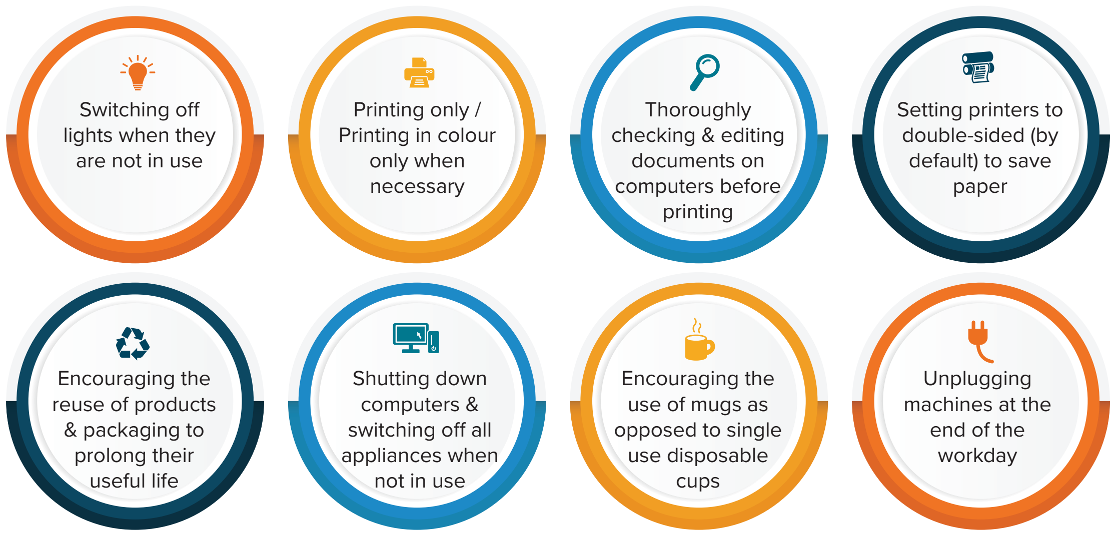
Strategy	Results
→ Exploring new business areas and technologies relevant to the Fourth Industrial Revolution (4.0) → Sourcing third party knowledge via collaborations and partnerships with promising local technology companies	→ New modules for Scicom's integrated Border Management System → Created a benefits administration and management platform for employers to seamlessly manage staff benefits → Created a Covid-19 test management and administration platform for Malaysian employers and individuals to easily buy Covid-19 tests online → Created a Covid-19 vaccine administration and management system for Malaysian employers to seamlessly purchase vaccines for their employees → New modules for Scicom's electronic Know Your Customer (eKYC) identity management solution → New modules for Scicom's Digital ID solution

3.2 Environmental

3.2.1 Environmental Footprint Management & Climate Change

FY2021 saw the continuation of a diverse range of environmental initiatives. These initiatives were introduced to minimise the Group's impact on the environment, and to ensure that all resources are used effectively.

These initiatives have been cascaded to all Scicom staff, and consist of the following measures:

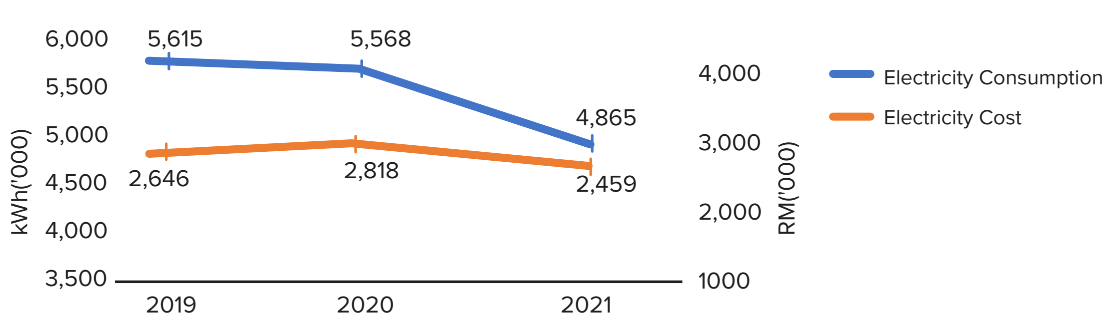


At Scicom, we will implement active measures to ensure that these protocols are adhered to by our staff by including this as part of our employment contracts, and conducting environmental awareness training sessions for all staff on a periodic basis.

3.2.2 Electricity Consumption

In FY2021, our electricity consumption (kWh) decreased by 14% as compared to FY2020, driven largely by the activation of our Business Continuity Plan (BCP) – which required us to transition on an average 94% of our workforce to work from home (WFH) during the MCO period. Our ongoing transition to LED lighting across all office premises also contributed to this decrease, with 49% of all lighting across Scicom premises using LED technology as of the end of FY2021.

Electricity Consumption & Cost



In addition to this, our primary building of operation (Menara TA One in Kuala Lumpur) implemented the following energy saving initiatives in FY2021:

- Building facilities (UPS room, data centres, control room) were mandated to maintain air conditioner at a standardised temperature of 23 degrees Celsius.
- Common area lighting fixtures were converted to LED to reduce energy consumption by 50%.
- Timers were installed on common area lighting fixtures and air conditioners; only 60% of all lighting fixtures turn on at night to save energy.
- Occupancy sensors were installed on all toilet LED lights to reduce energy consumption by 70%.
- Elevators were upgraded with lift destination control systems to optimise travel routes to save time and energy.
- Automated sliding doors and air curtains were introduced at building entrances to reduce cold air escaping the building.
- Energy meters were installed to monitor energy usage at various locations throughout the building - to pinpoint areas of high energy usage.
- Monthly energy surveys and audits are conducted by a registered energy manager to pinpoint the optimal ways to save energy for the building.

Going forward, Scicom will continue to seek additional ways to curb electricity usage, and to improve electricity consumption management for the Group as a whole.

3.2.3 Paper Usage

In line with the Group's environmental focus, we aim to manage paper usage effectively and efficiently on office premises. All printers at office premises are set to double-sided by default, and all staff are encouraged to reduce paper usage by only printing documents when necessary.

In the future, Scicom aims to transition towards a fully paperless environment by enhancing the digitisation of key human resource, procurement and finance processes.

3.2.4 Waste Recycling

Given our commitment to undertaking initiatives in line with our environmental focus, Scicom reduced its production of waste in FY2021 by installing recycling bins throughout our office premises.

We remain committed towards expanding our recycling policy to cover other types of wastes, proper disposal method of all end-of-life IT equipment and to reducing and reusing relevant materials whenever it is practical to do so.

3.3 Social

3.3.1 Talent Retention and Development

To maintain our position as a leader in the BPO, e-government and digital solutions' sectors, Scicom have consistently prioritised the recruiting, upskilling, rewarding, and retention of top tier talent.

Our approach to recruitment can be broken down into the following areas:

- The consistent recruitment of qualified individuals with industry-relevant expertise
- A commitment to recruiting individuals from under-privileged groups including those from deprived backgrounds
- A pledge to recruit youth who have studied at Malaysia's institutions of higher education through our diverse range of internship programmes

To effectively retain talent, the Group also adheres to an internal employee rewards programme that compensates staff who have exhibited excellence in their individual performance.

3.3.2 Human Rights & Labour Standards

At Scicom, we treat employees equally regardless of race, gender, religion, age, marital status, socio-economic background, and nationality when determining their renumeration, promotion and career progression.

We comply with the *United Nations Bill of Human Rights* and the *UN Guiding Principles* on *Business and Human Rights* to ensure that suitable processes and behaviours are adhered to by all our staff.

Furthermore, the Group also complies with all relevant labour laws with regards to working hours and overtime and has never used child or forced labour. All Scicom employee contracts also provide details of each employee's rights, benefits, and relevant standard operating procedures that they must adhere to.

Our whistleblowing channel continues to remain an active portal for the Group to receive and act upon incidents involving harassment and bullying.

3.3.3 Hiring & Attrition Rates

Scicom hired a total of 2,266 new employees in FY2021, which brought our total headcount to 3,320. Our attrition levels continue to be lower than the industry averages across all the markets we operate in.

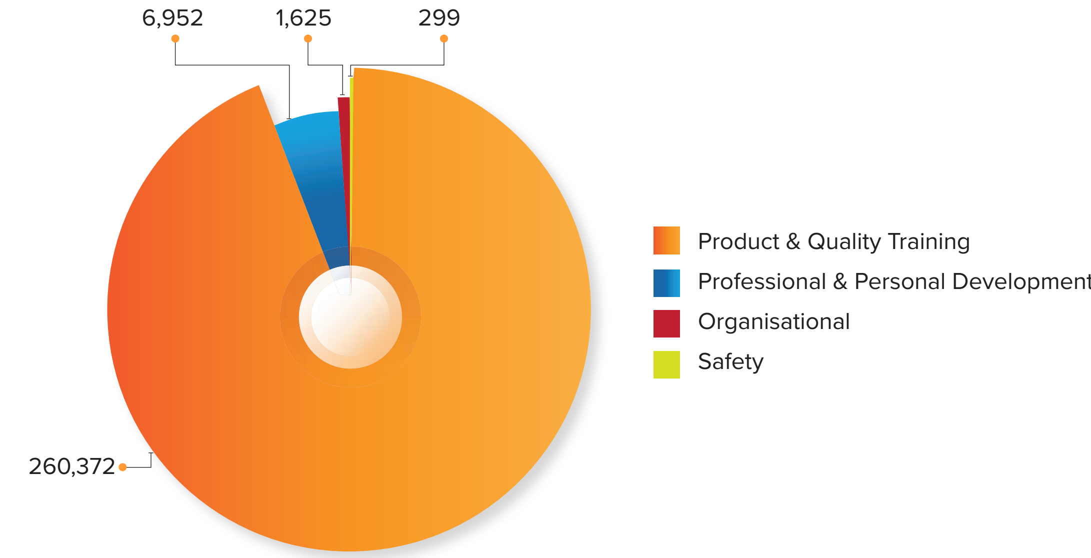
3.3.4 Talent, Training & Development

As one of Malaysia's leading BPO and technology companies, we ensure our people are provided with learning and professional development opportunities to further their career development and improve their skills.

This year, the Group's education arm, Scicom (Academy) Sdn Bhd designed a series of virtual training programmes that were deployed using our newly developed Learning Management System (SeLMS) to help onboard new employees under Scicom's Global Connect Programme, and to enhance the competencies of existing staff.

In FY2021, we delivered a total of 269,248 training hours with a total of 2,374 employees participating, recording an average of 14 training days per employee.

Total Number of Training Hours (FY2021)



3.3.5 Staff Benefits & Renumeration

As one of Malaysia's leading solutions providers, Scicom is known to provide attractive renumeration packages and benefits to appeal to top talent. Our compensation structure for each role is carefully structured to consider each individual candidate's qualifications, skills, and previous experience.

The Group also continues to exceed government-legislated minimum wage structures across all the markets if operates in.

3.3.6 Succession Planning

Scicom's role as a key BPO and IT Solutions player is largely determined by the competencies, guidance and leadership shown by its senior management team.

To ensure that Scicom's position as a market leader is sustainable, Scicom continually invests in enhancing the skill levels of our senior management team, while also identifying candidates for promotion across all divisions, and rotating them through different business functions.

All promotion-worthy candidates are evaluated to ascertain their skill sets and level of competency prior to undergoing customised leadership training that takes place throughout their careers at Scicom.

3.3.7 Employee Engagement

Most in-person employee events and initiatives planned for FY2021 had to be postponed because of the Covid-19 pandemic, in line with Movement Control Orders (MCOs) imposed by the governments in the markets we operate in. Despite this, Scicom senior management ensured that all Covid-19 SOPs and protocols were communicated via prominent employee engagement channels like email and social media platforms.

Given the easing of Covid-19 restrictions and steadily rising national vaccination rates, we hope to carry out all planned employee engagement initiatives for FY2022 while still adhering to all relevant health and safety protocols.

3.3.8 Workforce Inclusivity and Diversity

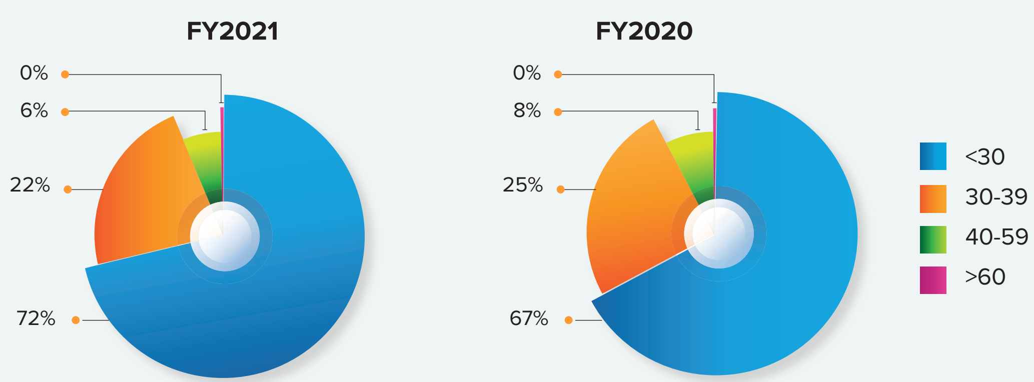
At Scicom, one of the keys to our success has always been our commitment to diversity and inclusivity. Staff from a diverse range of perspectives and backgrounds significantly contribute to a high-performance workplace culture.

We are committed to undertaking a variety of initiatives to promote diversity and racial inclusion in the workplace, consisting of the following:

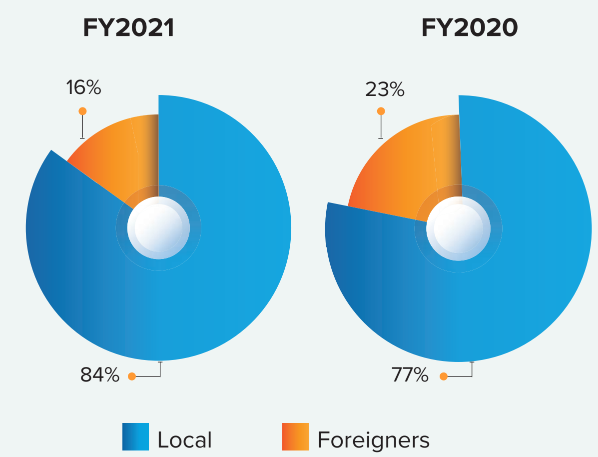
- Encouraging the celebration of cultural holidays with festive meals and get-together during celebratory periods
- Fostering mutual respect amongst Scicom employees to ensure that all staff are treated impartially, and supported to achieve their best
- Diversity and equality are crucial aspects of our performance review process, with performance reviews conducted periodically to enhance managerial, operational and organisational performance

Outlined below are breakdowns of our workforce by citizenship, gender, contract type and age:

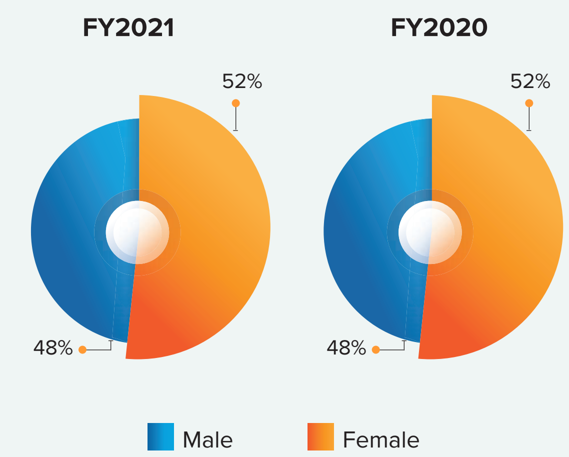
Staff Breakdown by Age Group



Staff Breakdown by Nationality



Staff Breakdown by Gender



3.3.9 Occupational Safety & Health

To further mitigate the impact of Covid-19 on business operations, Scicom continued to implement the following initiatives in FY2021 to ensure safe and healthy working conditions for all employees:

- Procurement of additional laptops/ PCs, VPN/ DFA licenses, Thinscale licenses and dongles to facilitate staff working from home
- Placement of hand sanitisers in various locations throughout all office premises
- 129k 3-ply surgical masks were purchased
- Full sanitisation services deployed in the event of positive Covid-19 cases
- Subsidising of employee Covid-19 testing
- Subsidising of employee Covid-19 hospitalisation expenses
- Subsidising of staff transportation costs

Scicom's Occupational Safety and Health ("OSH") Committee also convened as needed to continuously address issues associated with working occupational hazards and safe working practices across the business. No significant accidents involving fires, property damage or regulatory violation were reported during the FY2021 at any of Scicom's office premises. (FY2020: Zero).

3.3.10 Community Investment

With the aim of supporting national efforts in the fight against Covid-19, a trilingual medical advisory Covid-19 service solution was developed for the Sri Lankan Ministry of Health. This effort provided emergency assistance in daily health checks and symptom monitoring for Covid-19 positive patients who were home quarantining in Sri Lanka.

Furthermore, in an effort to help Malaysia equip front liners in their fight against Covid-19, Scicom donated a ventilator to Universiti Malaya's intensive care unit. The ventilator is estimated to be valued at RM25,000, and provides respiratory support for patients in need.

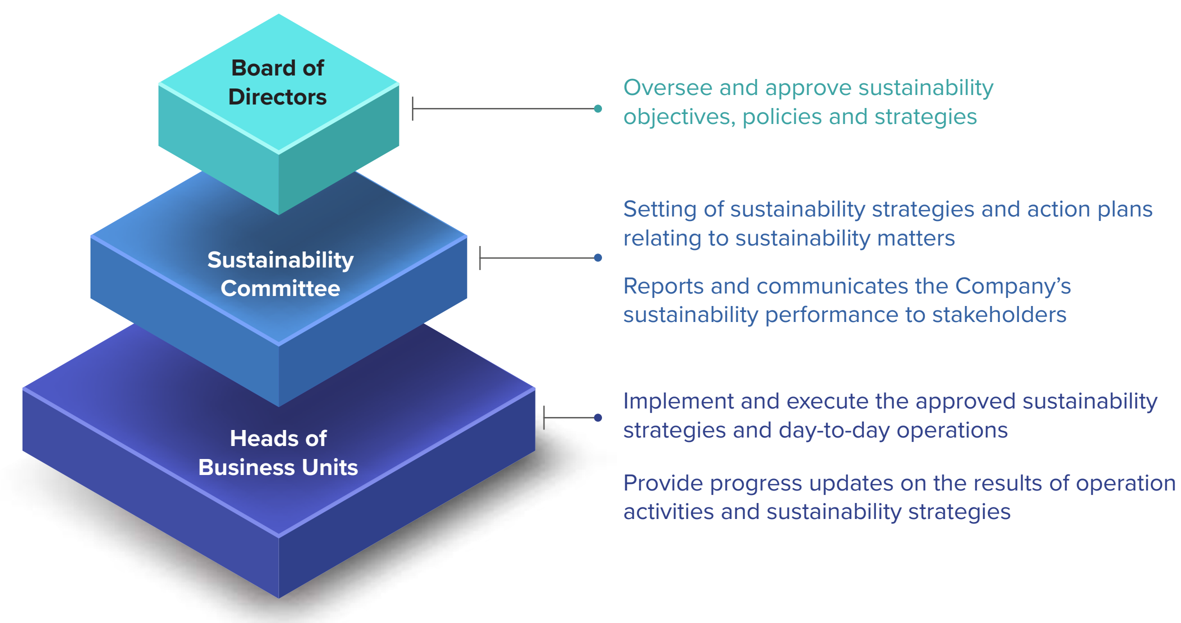
3.4 Governance

The board governs sustainability at Scicom and supervises a diverse range of matters related to risk, audit, renumeration, corporate governance, business ethics, organisational culture, talent and manpower, health and safety, as well as the environment.

To achieve annual ESG goals, ESG priorities are passed down from the Board to Senior Management for them to develop relevant strategic initiatives and action plans.

Beyond this, Scicom's sustainability structure also facilitates the monitoring of all applied sustainability strategies. Findings are presented to the board on an annual basis and serve as the basis to ensure that all ESG strategies are continually optimised and that results are in line with previously defined KPIs.

As part of our sustainability improvement efforts, Scicom has also established a Sustainability Committee ("SC"), comprising of the Chief Financial Officer (CFO), Chief Operation Officers (COOs), Chief Technology Officer (CTO), 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:



3.4.1 Position on Anti-Bribery & Anti-Corruption

On 1st June 2020, Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 came into effect, stating that commercial organisations would be liable and punishable if found to be involved in bribery. Liability would extend to the company's directors, officers, partners, employees and others who are affiliated with the Group.

In response to this, Scicom introduced its Anti-Bribery and Anti-Corruption ("ABAC") policy. All Board members and members of the senior leadership team have undergone anti-bribery and anti-corruption training. In FY2021, further trainings will be conducted for all operations and working-level staff.

In launching this policy, the board has also reviewed and approved the Group's ABAC framework, policies, and codes – all of which are available on the Scicom website under the *Investor Relations* section.

Going forward, training will continuously be provided to members of our Board – with all trainings designed to reflect their fiduciary and statutory responsibilities. These modules will be instrumental in ensuring that our Board members have the adequate skills and know-how to set the tone for the company's culture of integrity and governance from the top.

Listed below are the Anti-Bribery and Anti-Corruption training modules that are currently being uploaded into our SeLMS:

Training Modules

- The differences between Bribery and Corruption
- Anti-Bribery and Corruption law in Malaysia
- Corruption Offences under the MACC Act
- What is Section 17A of MACC Act?
- Corporate liability provisions: S17A
- Scicom's Anti-Bribery & Corruption Policy
- High Priority Areas of Corruption
- Anti-Corruption Roles & Responsibilities
- Consequences of Non-Compliance

All ABAC virtual training modules are currently being deployed via the SeLMS to ensure that all Scicom employees are aware of the company's ABAC policy. Additionally, Scicom will continue to hold more regular anti-corruption refresher courses for all staff. Basic training regarding our anti-bribery programmes will also continue to be conducted for all employees and Board members.

Anti-Bribery and Anti-Corruption awareness and messaging will continue to be disseminated throughout the organisation through the Group's various internal communication channels – comprising of social media, bulletin board postings, employee handbooks and manuals, newsletters, employee meetings and helplines.

Furthermore, HODs are consistently tasked to remind their peers, colleagues and staff that any acts of corruption and bribery will result in serious disciplinary action, including legal action and/or immediate termination of employment. Incoming staff will also be made aware of our ABAC policy as part of the induction process.

We maintain that Scicom (MSC) Berhad is an apolitical organisation that does not condone any form of bribery or corruption. Any violation of our ABAC policy will be dealt with swiftly and in accordance with current laws and regulations.

3.4.2 Stakeholder Engagement

Engagement with our various stakeholders is crucial to the effective operation of all our business divisions. We believe that ongoing engagement with stakeholders allows us to understand needs and exceed expectations. We engage with our stakeholder groups through various communication channels - from web-based media platforms, meetings and seminars to in-person interactions, as listed below:

Stakeholder Group	Forms of Engagement	Issues of Concern
Government & Regulators Governments in key markets in which we operate and regulators that govern our operating environments	Regular consultations and meetings Periodic reporting	Compliance with current laws and regulations
Investors/ Shareholders Institutional and retail investors, shareholders & investment analysts	Annual General Meetings (AGMs) Corporate announcements Analyst briefings & media releases	Financial Performance Return on Investment/Equity
Customers Users of Scicom's diverse range of solutions	Customer survey/ feedback exercises Customer service channels Corporate website/ social media channels	User experience Customer Services Solution pricing
Business Partners/ Suppliers/ Consultants Third party suppliers, vendors and advisors who contribute to the Group's procurement, production and service delivery capabilities	Periodic performance evaluations Periodic meetings/ engagements	Enhancing an ethical and fair procurement system
Employees Staff responsible for the day-to-day operations of our business divisions	Department meetings Performance appraisals Training sessions Engagements via social media channels	Job satisfaction Talent development Career progression Recognition, renumeration & benefits Workplace health & safety Recruitment & retention of skilled workers
Local Communities Local communities and the general public in the countries we operate in	Community engagement and outreach events CSR activities Social media channels	Ethical code of conduct Community welfare Environmental and social impact

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. The Board is committed to ensure that a high standard of corporate governance is practised throughout Scicom and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding the interests of all stakeholders.

The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

The Board is pleased to share the manner in which the three (3) principles and practices of the Malaysian Code on Corporate Governance ("MCCG") have been applied within the Company throughout the financial year ended 30 June 2021 ("FYE 30 June 2021").

The detailed application for each best practice as set out in the MCCG during the FYE 30 June 2021 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities of the Board

The Board comprises of competent individuals with specialised skills and knowledge providing clear and effective leadership to the Group. The Board is responsible for charting the strategic direction of the Group as well as over-seeing the conduct, performance, risk management and internal controls of the Group's business activities. In order to ensure a constantly well-balanced Board, careful consideration is given when selecting and balancing the composition of Independent and Non-Independent Directors.

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

- Reviewing and adopting the Group's strategic direction, as proposed by the Chief Executive Officer ("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.

2. Board Composition and Balance

The Board currently has seven (7) members comprising:
- Two (2) Non-Independent Non-Executive Directors;
- One (1) Non-Independent Executive Director; and
- Four (4) 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) women Directors sitting on the Board, reflecting a 29% woman representation on the Board.

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

The Independent Non-Executive Directors provide the necessary checks and balances in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decisions and decision-making process. During any decision-making process, the majority view of the Board will be duly considered whereby no single Board member can dominate its decision-making process.

None of the Non-Executive Directors participate in the Group's day-to-day management activities. The Independent Non-Executive Directors play a pivotal role in ensuring corporate accountability and provide an essential source of impartial and professional advice and judgment to safeguard the interests of the Group and its stakeholders.

In order to achieve a balance of power and authority, there is a clear division of responsibility between the Chairman of the Board and the CEO, via the appointment of separate Board members to hold respective positions.

The Chairman is primarily responsible for ensuring the Board's effectiveness, along with other areas as detailed below:

- Ensuring proper balance in the Board's membership, subject to the approval of the shareholders and other members of the Board;
- Ensuring that all relevant issues are included in the Board meeting agendas;
- Ensuring that all Directors, both Executive and Non-Executive, are enabled and constantly motivated to play their role to the fullest of their abilities. This includes ensuring that the Board members, particularly the Non-Executive Directors, continuously receive timely and relevant information tailored to their needs, and are properly briefed on issues arising, if any, during the Board meetings; and
- Ensuring that the Executive Director constantly looks above and beyond his management function, and fully accepts his responsibilities in the area of corporate governance.

The CEO is responsible for the day-to-day running of the Group's business and ensuring that the Group's policies and strategies as approved and adopted by the Board are implemented with the assistance of the Senior Management Team ("SMT").

3. Board Charter and Responsibilities

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

(a) together with SMT, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

(b) review, challenge and decide on Management's proposals for the Group, and monitor its implementation by Management;

(c) ensure that the risk management, strategic plan and direction of the Group supports long-term value creation and includes strategies on economic, environmental, social and governance considerations underpinning sustainability;

(d) supervise and assess the conduct and performance of the Management to determine whether the business is being properly managed;

(e) ensure there is a sound framework for internal controls and risk management;

(f) understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;

(g) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

(h) ensure that SMT has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and SMT;

(i) ensure that the Group has in place procedures to enable effective communication with stakeholders;

(j) ensure that all its Directors are able to understand financial statements and form a view on the information presented; and

(k) ensure the integrity of the Group's financial and non-financial reporting.

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 that governs and manages the business and operations decisions in the Group. While 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 with 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, five (5) Board meetings were held. The Directors' attendance for the Board meetings held during the financial year under review was as follows:

	Number of meetings attended/held
Krishnan A/L C K Menon (Chairman)	4/5
Dato' Mohd Salleh Bin Hj Harun	5/5
Dato' Sri Leo Suresh Ariyanayakam	5/5
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	5/5
Karen Judith Goonting	4/5
Mahani Binti Amat	5/5
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	5/5
Datuk Joseph Dominic Silva	5/5

All the Directors complied with the attendance requirement in respect of Board meetings held during the FYE 30 June 2021 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 SMT to enable them to discharge their responsibilities. The Board is provided with the meeting agenda and Board papers at least five (5) working days in advance of the Board meeting date. This enables the Directors to have sufficient time to review the Board papers and seek clarification or further details from the Management or the Company Secretary before each meeting to ensure preparedness for the meeting.

Access to the Board papers by the Directors is done through a collaborative software which allows the Directors to securely access Board documents electronically.

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

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

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

6. Retirement and Re-election of Directors

The Company's Constitution requires 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, Krishnan A/L C K Menon and Dato' Nicholas John Lough @ Sharif Lough bin Abdullah are due to retire pursuant to Clause 76(3) of the Constitution of the Company. Both 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 under review are as listed below:

Name of Director	Training/Conference Attended
Krishnan A/L C K Menon	• Anti-bribery and anti-corruption by VisionEthics Advisory Services Sdn Bhd. • Managing Human Rights: Why is it important to corporations? by KPMG Board Leadership Centre.
Dato' Mohd Salleh Bin Hj Harun	• Anti-bribery and anti-corruption by VisionEthics Advisory Services Sdn Bhd.

Name of Director	Training/Conference Attended
Dato' Sri Leo Suresh Ariyanayakam	• Anti-bribery and Anti-corruption by VisionEthics Advisory Services Sdn Bhd. • Certificate in Business, International Relations and Political Economy by the London School of Economics and Political Sciences
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	• Anti-bribery and Anti-corruption by VisionEthics Advisory Services Sdn Bhd. • 4th Distinguished Board Leadership Series – Dialogue with Sir Howard Davies Webinar – Risks: A Fresh Look from the Board's Perspective by FIDE FORUM • HLISB - Shariah Governance Policy Document Training – 'An Insight to Comprehending Shariah Governance PD' by IBFIM • Strategic Engagement on Sustainability by Hong Leong Bank Berhad • HR in the 2020s: Culture Sculptor, Risk Manager, and More by FIDE • Corporate Liability Provision under Malaysian Anti-Corruption Commission Act Training for Board of Directors by Hong Leong Bank Berhad • Digital Financial Institutions Series: Fidor's Experience by FIDE FORUM • Managing Political Risks by Iclif Executive Education Center • BNM-FIDE FORUM Annual Dialogue with the Governor of BNM by FIDE FORUM • HLMT – In-House Directors' Training: AMLA 2001 – Risk, Challenges, Governance & Transparency in Managing Business & Compliance by Hong Leong Bank Berhad • Directors' Induction Programme of HLMT • HLB & HLISB – Half-Day Refresher Training: AMLA 2001 – Risk, Challenges, Governance & Transparency in Managing Business & Compliance by Hong Leong Bank Berhad • Corruption Risk Management by Iclif Executive Education Center • Herbert Smith Freehills Training Series – Environmental, Social & Governance by Hong Leong Bank berhad • Nominating and Remuneration Committees: Beyond Box-Ticking and Enhancing Effectiveness by FIDE • Product Pricing Process by Actuarial Pricing Team – Internal Training by Hong Leong MSIG Takaful Berhad • BNM – FIDE FORUM – MASB Dialogue MFRS17 Insurance Contracts: What Every Director Must Know by FIDE FORUM • A.T. Kearney – Mega Trends in Banking, Insurance and Stockbroking • Accenture – Case Studies on Digital Disruption in Banking: Perspectives on Post Covid Trends and Behaviours • Cognizant Consulting – Digital Shift in Insurance Industry • BNM-FIDE FORUM Dialogue on The Role of Independent Director in Embracing Present and Future Challenges by FIDE FORUM • FIDE - Board's Role in the Changing World of Work by Iclif Executive Education Center • BNM-FIDE FORUM Dialogue on The Future of Malaysia's Financial Sector by FIDE FORUM • Risk Management in Technology (RMiT) & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards? By Iclif Executive Education Center
Karen Judith Goonting	• Anti-bribery and Anti-corruption by VisionEthics Advisory Services Sdn Bhd.

Name of Director	Training/Conference Attended
Mahani Binti Amat	• Anti-bribery and Anti-corruption by VisionEthics Advisory Services Sdn Bhd. • FIDE Core Module A-July programme • FIDE Core Module B- July programme • FIDE FORUM virtual seminar on RISKS: A FRESH LOOK FROM THE BOARD'S PERSPECTIVE conducted by Sir Howard Davies, Chairman RBS Bank • Training on Environmental Social Governance by Mark De Silva, Representative from AIA Group • Sharing Session on IFRS17 and its Implications to Products and Industry. • Focus Group Discussion: FIDE FORUM's Board Effectiveness Evaluation Project • FIDE ICLIF- Risk Management & Internal Control System by Gillian Ng • Green Fintech: Ping An's journey to becoming a top ESG-performing Financial Institution • Training on AMLA 2001: Risk, Challenges, Governance & Transparency in Managing Business & Compliance by Vijayaraj R Kanniah • FIDE Board Simulation Exercise, Insurance group • IBFIMS Webinar Training Programmes on Corporate Governance in Islamic Banking from Malaysian Takaful Association • Shariah Investing Dialogue 2021 jointly organized by Bursa Malaysia, ISRA and ASAS • BNM Annual report 2020, Economic & Monetary Report 2020, and Financial Stability Review Second Half 2020 Engagement Session • BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts What Every Director Must Know • Risk Management in Technology (RMIT) & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards? • JC3 Flagship Conference: Finance For Change • BNM-FIDE FORUM Dialogue on Risk Management in Technology (RMIT): Insights 1 year on. • AIA- Agile Sharing Session • FIDE Core Module A-Banking • BNM-FIDE FORUM – Dialogue on the Role of Independent Director in Embracing present and Future Challenges
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	• Anti-bribery and anti-corruption by VisionEthics Advisory Services Sdn Bhd. • Presentation of Financial Statements (IAS 1) by Malaysian Institute of Accountants • Annual Dialogue with Governor Bank Negara Malaysia by Bank Negara Malaysia • 16th Kuala Lumpur Islamic Finance Forum by KLIFF • MIA Conference 2021 by Malaysian Institute of Accountants
Datuk Joseph Dominic Silva	• Anti-bribery and Anti-corruption by VisionEthics Advisory Services Sdn Bhd. • Innovation in the Age of Disruption by INSEAD, France • Dawn Raid: Don't Be Caught Unprepared by Asia School of Business, 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.

- **ARMC**
  The, Terms of Reference of the 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 96 to 100 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 for determining the remuneration of the Directors and SMT so as to ensure that the Company attracts, retains and motivates the Executive Directors and SMT of the quality needed to manage the business of the Group effectively and in alignment to the Group's long term strategic goals. The remuneration scheme is reflective of the individual Directors' and SMT's experience, level of responsibilities and performance. In addition, the remuneration for the Executive Director and SMT is structured to link remuneration and rewards to corporate and individual performance. While 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 thrice during the financial year and all the members attended the meetings.

The summary of activities undertaken by the NRC during the FYE 30 June 2021 are:
- Reviewed and recommended Directors' fees payable to the Directors for the FYE 30 June 2020;
- Reviewed the effectiveness of the Board, Board Committees and individual Directors and make appropriate recommendations to the Board;
- Reviewed the term of office and performance of the ARMC and each of its members;
- Reviewed and assessed the independence of the Independent Directors;
- Reviewed the character, experience, integrity, competence and time commitment of key officers;
- Evaluated and determined training needs of the Directors;
- Reviewed and recommended the re-election of Directors who are subject to retirement at the forthcoming AGM in accordance with the Company's Constitution;
- Reviewed and recommended the appointment of Mahani Binti Amat as a member of the ARMC;
- Reviewed succession plan for senior management;
- Reviewed salary adjustment and bonus for senior management;
- Reviewed the Terms of Reference of the NRC and recommended to the Board revisions to be made, where necessary; and
- Reviewed the policies, procedures and other relevant documents within the scope of the NRC before recommending to the Board for endorsement or approval.

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 Diversity Policy

The Board has adopted a diversity policy, having regards to balancing the mix of skills, expertise and industry experience, gender, age, ethnicity and backgrounds of the Directors, 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 an effective blend of competencies, skills, experience and knowledge in areas identified by the Board, should remain a priority and not compromised. The Board currently has 29% of women representation and will strive to achieve 30%.

11. Board Effectiveness Evaluation

The NRC is responsible to assist the Board in assessing the effectiveness of individual Directors, the Board and the Board committees. The Board evaluation is performed annually with the objective of enhancing its effectiveness, strength and identifying areas that need improvements.

The assessment is divided into four (4) sections as follows:

(i) Board and Board Committees Evaluation
(ii) Assessment of Character, Experience, Integrity, Competence and Time Commitment
(iii) Assessment on Mix of Skill and Experience
(iv) Evaluation of Level of Independence of an Independent Director

The main criteria set out in the abovementioned sections are as follows:

- Skills and experience of individual directors.
- Roles and responsibilities of the Board and individual directors.
- Time commitment in deliberation and participation in the Board and Board Committee's meetings.
- The level of independence of the Independent Directors.

During the FYE 30 June 2021, 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 is 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.

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12. Directors' Remuneration

There is an annual evaluation on the performance of the Executive Director and SMT. The remuneration package for the Executive Director and SMT 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 Director.

The Board will consider and approve the remuneration package of SMT whilst the annual fees payable to Non-Executive Directors will be recommended to the shareholders at the AGM for their approval. The Executive Director however, does not participate in any way in determining his remuneration package.

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

	Fees RM	Salaries RM	Defined contribution plans RM	Benefits-in-kind RM	Total RM
Executive Director					
Dato' Sri Leo Ariyanayakam	-	954,432	115,547	147,720	1,217,699
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	80,000	-	-	-	80,000
Mahani Binti Amat	65,466*	-	-	-	65,466
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	65,000	-	-	-	65,000
Datuk Joseph Dominic Silva	65,000	-	-	-	65,000
Total	**505,466**	**954,432**	**115,547**	**147,720**	**1,723,165**

** Appointed as ARMC member on 28 May 2021*

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 corporate 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 misconducts 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 will be kept confidential and protection will be 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 along with recommended action plan(s) will be provided to the Board for review and approval as appropriate.

14. Anti-Bribery and Anti-Corruption Policy

In response to the introduction of corporate liability to Malaysian commercial organisations for corruption via the Malaysian Anti-Corruption Commission Act 2009, the Group had established an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") that sets out the Group's principles and stance and puts in place adequate procedures against corruption/ bribery activities in the conduct of its businesses. The ABAC Policy comprises guidelines that address the Group's corruption risks, and, together with general internal controls of the Group, are aimed to mitigate corruption risks of the Group.

In order to enable the Group to effectively address and manage the corruption risks in its business operations, the Group had identified and evaluated corruption risk areas, focusing especially on the Group's key corruption risk areas. The first corruption risk assessment exercise was conducted and completed on 26 February 2021.

The ABAC Policy is published on the Company's corporate website at www.scicom-intl.com.

15. Employee Code of Conduct

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

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

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

16. Qualified and Competent Company Secretary

The Company Secretaries are appointed by the Board and attend all Board and Board Committees 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 of 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, ensure accuracy and completeness, in compliance with the Malaysian Accounting Standards Board ("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 184 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 is in place to safeguard shareholders' investments and the assets of the Group and the Company.

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 88 to 95 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.

(a) Internal Auditors

The internal auditors report directly to the ARMC and have 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 a source of independent advice to the ARMC on the state of the internal controls and the results of the risk mitigating strategies as well as to recommend appropriate improvements.

The internal auditors attend the ARMC quarterly meetings to present their audit observations, recommendations and report on the status of corrective actions implemented by the Management. The minutes of the ARMC meetings are tabled to the Board for information and serve as useful references, particularly if there are pertinent issues that any Director wishes to highlight or seek clarification on.

(b) 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 attended the ARMC meeting twice during the financial year to discuss their audit plans, fees, audit findings and their review of the Group's and the Company's financial statements.

Disclosure of non-audit fees is included under Additional Compliance Information as set out on page 191 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 96 to 100 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 Company's corporate website at www.scicom-intl.com where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels:

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

Annual Report

Annual Report is a vital source of information for shareholders, investors and the general public. Information on the Group's business performance, financials and its management are disclosed in the Annual Report. The contents of the Annual Report are continuously enhanced to take into account the latest development in corporate governance and regulatory requirements.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of its confidentiality obligations as well as the requirements 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 twenty-eight (28) days before the meeting. An online version of the Annual Report is also available on the Company'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 available on the Company'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 CEO 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 Company's corporate website 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 public may also direct queries through a dedicated email contact provided in the said website.

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) The AGM and Communication with Stakeholders

The AGM is the principal forum for dialogue and communications, offering an opportunity for the Board and the SMT to interact with the shareholders. During the AGM, the Chairman, other Board members, SMT and the Group's external auditors are available to respond to any questions and queries raised by the shareholders. Where appropriate, the Chairman will endeavour to provide the shareholders with written answers to significant questions which cannot be readily answered during the AGM.

As recommended by the MCCG, the notice of AGM will be dispatched 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.

Due to the Covid-19 pandemic, the last AGM was conducted virtually through live streaming. Shareholders' participation in the meeting includes posing questions and remote voting, via the remote participation and voting facilities. All questions raised by the shareholders, including those raised by the Minority Shareholders Watch Group, has been addressed by the Chairman and CEO of the Company.

The poll results were also verified by the appointed Independent Scrutineer and announced to Bursa Securities on the same day. A summary of the key matters discussed at the AGM was also published on the Company's website as soon as practicable after the conclusion of the AGM.

Focus Areas and Future Priorities

The Board recognises the importance of embedding sustainability practices into strategic priorities of the Group, so as to build long-term viability and create value for the shareholders. The Board will focus in integrating environmental, economic and governance considerations in the strategies and operations of the Group.

The Board had on 27 August 2021 established and adopted several policies, such as the Remuneration Policy and Procedure for Directors and Senior Management, Non-Discrimination Policy and Environmental Policy. The Board had also reviewed and revised various existing policies and procedures, as part of its efforts to align the Company's corporate governance with the latest regulatory requirements.

This Statement was approved by the Board at its meeting held on 27 August 2021.

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 2021.

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 the internal control systems and management information systems, as well as systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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

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

In view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, the internal control systems in place can only provide reasonable but not absolute assurance against material misstatement or losses.

The Board recognises that the Group is growing, and thus the system of risk management and internal control will continue to be enhanced to suit the needs and requirements of the expanding Group.

RISK MANAGEMENT

The Board is fully cognisant of the importance to establish and maintain a structured risk management framework to sustain and enhance good corporate governance practices. The Board has established risk governance structure and risk management framework to facilitate on-going risk management processes for identifying, evaluating and managing significant risks faced, or that the Group may potentially be exposed to in pursuing its business objectives.

Scicom Annual Report 2021

Risk Governance Structure

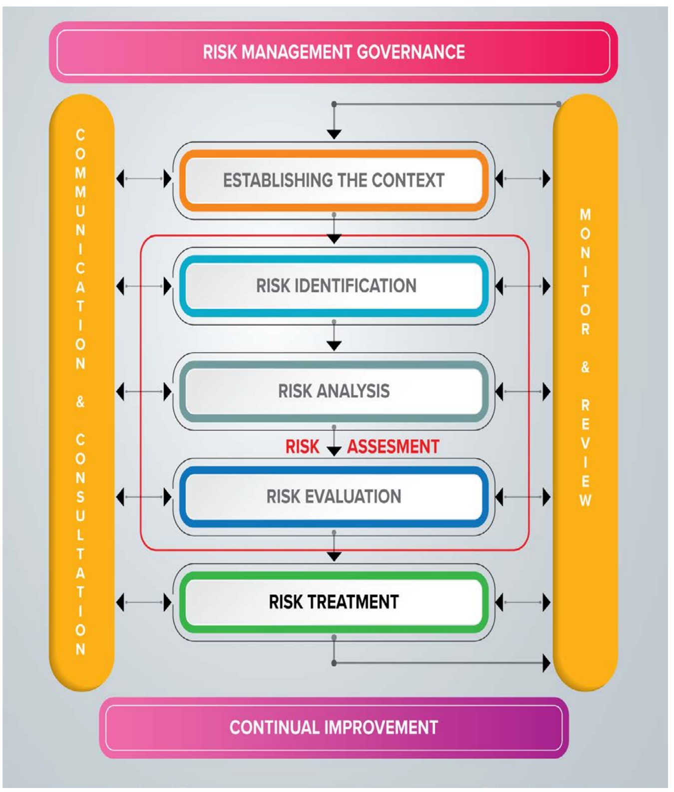
The risk governance structure provides a transparent and effective structure involving active participation of the Board and SMT in the risk management process to ensure a uniformed view of risk across the Group with clearly defined roles and responsibilities of all stakeholders, taking into consideration 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 to the 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
- Cybersecurity

Risk Management Activities During the Financial Year

During the financial year under review, the following risk management activities were conducted:

- The Board continually assessed the adequacy and effectiveness of the Company's risk management and internal control practices, as well as determined 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 the Group's policies, procedures and other documents in relation to risk management, and approved amendments thereto, where necessary.

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 control procedures to the SMT in the following manner:
- On an ad-hoc basis during the Board and the ARMC meetings; and/or
- As and when updates to both the Code of Business Conduct and Ethics 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 96 to 100.

Internal Audit

The internal audit function is established by the Board to undertake continuous review and assessment on related party transactions, as well as the adequacy, effectiveness and efficiency of governance, risk management and internal controls implemented by the Group.

Audit reports, along with the observations, root causes and recommendations as well as Management's responses and action plans for improvement and/or rectification, were tabled to the ARMC for review and deliberation. Any rectification or timeline extension would also be tabled to the ARMC.

The internal auditors report directly to the ARMC and are 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 corrective actions are in place to mitigate the risk in a timely manner.

Observations arising from the internal audit are presented, together with Management's response and proposed corrective actions, to the ARMC for review and approval. The internal auditors subsequently perform follow-up audits 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 structures are in place with all the companies in the Group with clear reporting channels established. Appropriate approval processes 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.

Whistleblowing Policy and Procedure

The Group has in place a whistleblowing policy and procedure 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, 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 abide 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 act 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.

Cyber Security Management

Cyber security risks are expected to increase in tandem with the Group's business expansion. This risk is also heightened with the increased reliance on the internet and information technology as well as increased instances of remote/off-site network access during the Covid-19 pandemic. The Group has implemented various measures to mitigate cybersecurity risks which amongst others include the deployment of comprehensive IT security tools (e.g. firewall, anti-virus software, intrusion detection and notification systems, etc), the conduct of regular internal and/or external penetration tests and vulnerability assessments, the establishment of work from home policy and procedures as well as the roll out of periodic information and cybersecurity awareness training to employees of the Group.

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

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 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 financial year ended 30 June 2021. 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 form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the effectiveness, adequacy and integrity of the risk management and internal controls of the Group.

CONCLUSION

Based on the above, the Board is satisfied and of the view that the Group's system of risk management and internal controls are sound and sufficient to safeguard shareholders' interest and assets of the Group. There were no material losses incurred during the financial year under review up to the date of the Annual Report as a result of weaknesses in internal control that would result in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report.

The Board believes that the development of the system of risk management and internal controls is an on-going process and has taken steps throughout the financial year to improve on the existing risk management and internal control processes and procedures, and will continue to do so, on an on-going basis. This highlights the Boards commitment in ensuring the adequacy and effectiveness of the system in protecting the shareholders' investment and the Group's assets.

This Statement is made in accordance with the Board's approval at its meeting held on 23 September 2021.

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 2021.

A. COMPOSITION AND MEETINGS

(i) General

The current composition of the Committee is as below:

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

4. Mahani Binti Amat (Appointed on 28 May 2021)
   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. 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/held
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	4/4
Dato' Mohd Salleh Bin Hj Harun	4/4
Datuk Joseph Dominic Silva	4/4
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	4/4
Mahani Binti Amat (Appointed on 28 May 2021)	-

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. A separate private session was conducted without the Management's presence on 28 August 2020.

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 risk management activities conducted by the Committee include:

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

(ii) Internal Audit

- Reviewed the internal auditor's terms of engagement, proposed remuneration and internal audit plan to ensure adequacy of scope and coverage on auditable entities or areas, taking into consideration the changes in the Group's risk profile, before recommending the same to the Board for approval.
- Reviewed the adequacy of the scope, functions, resources and competencies of the internal audit functions.
- Reviewed the internal audit reports on the following;
  - The effectiveness and adequacy of governance, risk management, operation and compliance processes.
  - Recommendations by the internal auditors, the representations made and the corrective actions taken by Management in addressing and resolving issues and ensured that all issues were adequately addressed on a timely basis.

(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 annual Audited Financial Statements, particularly on issues that arose during the course of the audit and their resolutions, key accounting and audit adjustments as well as the unadjusted differences identified during the audit.

- Met with the External Auditors without the presence of Management to discuss on any issue 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	41,500
% of non-audit fees, over statutory audit fees	17.4%

(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. The CFO was present during the meetings to present and explain the financial performance of the Group to the members of the Committee.

(v) Related Party Transactions

- Reviewed the related party transactions that may be entered into by the Group and the Company, to ensure that transactions are undertaken at arm's length basis and on normal commercial terms not favourable to any related party than those generally available to the public, as well as proper disclosures are made in line with the Listing Requirements.

(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.

- Reviewed the Terms of Reference of the Committee and recommended to the Board revisions to be made, where necessary.

- Reviewed the policies, procedures or other documents relating to the audit and risk management of the Company before recommending to the Board for endorsement or approval.

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 Audit also carries out investigative audit where there are improper, dishonest and illegal acts reported.

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

The Group's internal audit function is outsourced to a third party professional firm, which is independent of the activities and operations of the Group. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework (IPPF).

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 for review and deliberation on a quarterly basis. Key control issues, significant risks 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

The following areas are covered during the financial year under review:

- Business Processing Outsourcing ('BPO') operations management.
- Pre-contract customer management.
- Review of shared services standard operating procedures.
- Operation and management of the Group Human Resource Department.

Internal audit reports, along with the observations, root causes and recommendations as well as Management's responses and action plans for improvement and/or rectification, have been tabled to the ARMC for review and deliberation.

(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 along with rectification timeline extension were reported to the Committee on a quarterly basis.

(iii) Audit Plan for FY2020/2021

Prepared and presented the audit plans for FY2020/2021 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 27 August 2021.

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 2021.

In preparing the financial statements for the financial year ended 30 June 2021, 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 184 of the Annual Report.

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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 of the Company for the financial year ended 30 June 2021.

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 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
Profit for the financial year attributable to::		
- Owners of the Company	25,818,301	29,022,198
- Non-controlling interest	(4,261)	-
Profit for the financial year	25,814,040	29,022,198

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2020 were as follows:

	RM
(a) In respect of the financial year ended 30 June 2020, a fourth interim dividend of 1 sen, tax exempt, per ordinary share, paid on 29 September 2020	3,554,536
(b) In respect of the financial year ended 30 June 2021, a first interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 29 December 2020	5,331,803
(c) In respect of the financial year ended 30 June 2021, a second interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 29 March 2021	5,331,803
(d) In respect of the financial year ended 30 June 2021, a third interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 29 June 2021	5,331,803
	19,549,945

On 27 August 2021, the Board of Directors declared a fourth interim dividend of 1.5 sen, tax exempt, per ordinary share of RM5,331,803 which is to be paid on 29 September 2021.

DIRECTORS' REPORT

(CONTINUED)

RESERVES AND PROVISIONS

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

DIRECTORS

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

Krishnan a/l C. K. Menon
Dato' Mohd Salleh bin Hj. Harun
Dato' Sri Leo Suresh Ariyanayakam
Karen Judith Goonting
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani binti Amat
Mohd Rashid bin Mohd Yusof (Resigned on 6 September 2021)
Datuk Joseph Dominic Silva

The Directors of subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report are Roddy Jaysen Samsamy and Jayakumar a/l Narayana Pillai Sreedharan Nair.

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 disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

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

DIRECTORS' REPORT

(CONTINUED)

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a group 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 2021 was RM47,323.

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 during the financial year except as follows:

	Number of ordinary shares of the Company			
	At 1 July 2020	Bought	Disposed	At 30 June 2021
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	735	200	-	935
Dato' Mohd Salleh bin Hj. Harun	1,936	20	-	1,956
Dato' Sri Leo Suresh Ariyanayakam	90,038	848	-	90,886
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	1,045	-	-	1,045
Deemed interest in shareholdings				
Krishnan a/l C. K. Menon[1]	68,519	-	-	68,519
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [2]	1,063	-	-	1,063

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

DIRECTORS' REPORT

(CONTINUED)

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:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have 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; 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.

DIRECTORS' REPORT

(CONTINUED)

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 23 September 2021. 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 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
REVENUE	6	**216,195,996**	181,330,222	**209,815,936**	174,258,779
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(16,593,255)**	(15,983,478)	**(14,186,996)**	(13,427,645)
- Employee benefit costs	7	**(139,605,030)**	(108,528,097)	**(130,496,005)**	(99,917,095)
- Net (loss)/reversal on impairment of financial assets		**(2,364,669)**	-	**2,473,570**	(3,541,119)
- Bad debts recovered/(written off)		**213,367**	(345,126)	**213,367**	(345,126)
- Maintenance expenses		**(4,402,842)**	(3,398,880)	**(9,707,406)**	(2,321,694)
- Rental expenses	8	**(180,366)**	(364,859)	**(173,942)**	(159,122)
- Telecommunication and utilities expenses		**(5,642,803)**	(4,627,229)	**(5,176,875)**	(4,210,357)
- Travelling expenses		**(235,883)**	(1,071,976)	**(161,305)**	(945,075)
- Marketing expenses		**(4,606,619)**	(6,405,600)	**(4,552,281)**	(6,397,887)
- Other operating expenses		**(8,279,319)**	(10,065,322)	**(9,362,049)**	(11,516,007)
		(181,697,419)	(150,790,567)	**(171,129,922)**	(142,781,127)
PROFIT FROM OPERATIONS		**34,498,577**	30,539,655	**38,686,014**	31,477,652
SHARE OF RESULTS OF JOINT VENTURE	18	**(3,050)**	-	**-**	-
FINANCE INCOME	9	614,246	971,505	610,750	944,559
FINANCE COST	9	**(1,785,814)**	(839,056)	**(1,659,519)**	(635,046)
PROFIT BEFORE TAXATION	10	**33,323,959**	30,672,104	**37,637,245**	31,787,165
TAXATION	11	**(7,509,919)**	(8,618,807)	**(8,615,047)**	(8,589,195)
PROFIT FOR THE FINANCIAL YEAR		**25,814,040**	22,053,297	**29,022,198**	23,197,970

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
OTHER COMPREHENSIVE EXPENSE					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(631,408)**	(196,454)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**25,182,632**	21,856,843	**29,022,198**	23,197,970
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**25,818,301**	22,051,902	**29,022,198**	23,197,970
- Non-controlling interest		**(4,261)**	1,395	**-**	-
		25,814,040	22,053,297	**29,022,198**	23,197,970
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**25,186,893**	21,855,448	**29,022,198**	23,197,970
- Non-controlling interest		**(4,261)**	1,395	**-**	-
		25,182,632	21,856,843	**29,022,198**	23,197,970
Earnings per share:					
- Basic/Diluted (sen)	12	**7.26**	6.20		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 118 to 183 .

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
NON-CURRENT ASSETS					
Plant and equipment	14	**18,132,838**	10,030,993	**17,036,870**	8,682,386
Intangible assets	15	**12,717,735**	11,046,140	**6,970,805**	6,645,032
Right-of-use assets	16	**41,803,056**	8,113,714	**38,336,789**	6,838,672
Interests in subsidiaries	17	**-**	-	**-**	-
Investment in joint venture	18	**1,950**	-	**5,000**	-
Amounts due from subsidiaries	21	-	-	**3,473,450**	-
Deferred tax assets	26	**1,798,134**	700,000	**-**	-
		74,453,713	29,890,847	**65,822,914**	22,166,090
CURRENT ASSETS					
Trade receivables	19	**52,449,495**	52,388,276	**50,244,864**	50,308,531
Other receivables, deposits and prepayments	20	**7,489,828**	10,032,943	**6,342,355**	8,174,175
Amounts due from subsidiaries	21	**-**	-	**1,644,608**	-
Amount due from a joint venture	21	**15,642**	-	**15,642**	-
Tax recoverable		**1,612,284**	91,147	**1,448,484**	-
Investments in cash funds	22	**25,373,354**	23,408,721	**25,373,354**	23,408,721
Cash and bank balances	23	**4,644,724**	5,707,032	**4,458,737**	4,540,447
		91,585,327	91,628,119	**89,528,044**	86,431,874
LESS: CURRENT LIABILITIES					
Trade and other payables	24	**15,140,337**	11,182,103	**13,473,785**	8,642,216
Tax liabilities		**-**	580,610	**-**	580,610
Lease liabilities	25	**8,610,548**	6,282,648	**7,506,568**	5,374,632
		23,750,885	18,045,361	**20,980,353**	14,597,458
NET CURRENT ASSETS		**67,834,442**	73,582,758	**68,547,691**	71,834,416
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	**1,099,777**	80,876	**1,099,777**	80,876
Lease liabilities	25	**34,194,852**	2,031,890	**31,766,816**	1,887,871
		35,294,629	2,112,766	**32,866,593**	1,968,747
NET ASSETS		**106,993,526**	101,360,839	**101,504,012**	92,031,759

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021 (CONTINUED)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 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	**(4,216,812)**	(3,585,404)	**-**	-
Retained earnings	28	**77,278,060**	71,009,704	**65,958,656**	56,486,403
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**108,606,604**	102,969,656	**101,504,012**	92,031,759
NON-CONTROLLING INTEREST		**(1,613,078)**	(1,608,817)	**-**	-
TOTAL EQUITY		**106,993,526**	101,360,839	**101,504,012**	92,031,759

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 118 to 183.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
		unit	RM	RM	RM	RM	RM
Group							
Balance as at 1 July 2020		355,453,560	35,545,356	(3,585,404)	71,009,704	(1,608,817)	101,360,839
Currency translation difference		-	-	(631,408)	-	-	(631,408)
Profit for the financial year		-	-	-	25,818,301	(4,261)	25,814,040
Total comprehensive (expense)/income for the financial year		-	-	*(631,408)*	*25,818,301*	*(4,261)*	*25,182,632*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2020	13	-	-	-	(3,554,536)	-	(3,554,536)
- 30 June 2021	13	-	-	-	(15,995,409)	-	(15,995,409)
Total transactions with owners		-	-	-	*(19,549,945)*	-	*(19,549,945)*
Balance as at 30 June 2021		355,453,560	35,545,356	(4,216,812)	77,278,060	(1,613,078)	106,993,526

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
		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)
Profit for the financial year		-	-	-	22,051,902	1,395	22,053,297
Total comprehensive (expense)/income for the financial year		-	-	*(196,454)*	*22,051,902*	*1,395*	*21,856,843*
Transactions with owners:							
Dividends for the 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		-	-	-	*(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 2021 (CONTINUED)

	Note	Attributable to owners of the Company			
		Issued and fully paid ordinary shares		Distributable	
		Number of shares	Share capital	Retained earnings	Total equity
		unit	RM	RM	RM
Company					
Balance as at 1 July 2020		355,453,560	35,545,356	56,486,403	92,031,759
Profit for the financial year		-	-	29,022,198	29,022,198
Total comprehensive income for the financial year		-	-	*29,022,198*	*29,022,198*
Transactions with owners:					
Dividends for the financial year ended:					
- 30 June 2020	13	-	-	(3,554,536)	(3,554,536)
- 30 June 2021	13	-	-	(15,995,409)	(15,995,409)
Total transactions with owners		-	-	*(19,549,945)*	*(19,549,945)*
Balance as at 30 June 2021		355,453,560	35,545,356	65,958,656	101,504,012

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Note	Attributable to owners of the Company			
		Issued and fully paid ordinary shares		Distributable	
		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
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 the 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		-	-	*(17,772,678)*	*(17,772,678)*
Balance as at 30 June 2020		355,453,560	35,545,356	56,486,403	92,031,759

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 118 to 183.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**25,814,040**	22,053,297	**29,022,198**	23,197,970
Adjustments for:				
Allowance for/(reversal) on impairment of financial assets:				
- advances to subsidiaries	**-**	-	**3,080,160**	1,389,223
- amounts due from subsidiaries	**-**	-	**(7,918,399)**	2,151,896
- trade receivable	**2,364,669**	-	**2,364,669**	-
Amortisation of intangible assets	**2,398,893**	1,595,417	**1,912,406**	1,277,483
Bad debts written off	**-**	345,126	**-**	345,126
Depreciation of plant and equipment	**4,617,581**	4,206,212	**3,951,185**	3,262,695
Depreciation of right-of-use assets	**9,576,781**	10,181,849	**8,323,405**	8,887,467
Gain on disposal of plant and equipment	**-**	(618)	**-**	(618)
Reversal of impairment in investment in a subsidiary	**-**	-	**(10,000)**	-
Plant and equipment written off	**1,440**	-	**1,362**	-
Finance income	**(614,246)**	(971,505)	**(610,750)**	(944,559)
Finance cost	**1,785,814**	839,056	**1,659,519**	635,046
Unrealised foreign exchange loss	**204,945**	356,047	**141,090**	323,533
Taxation	**7,509,919**	8,618,807	**8,615,047**	8,589,195
Gain on derecognition of lease liability	**-**	(40,107)	**-**	-
Share of loss of joint venture	**3,050**	-	**-**	-
Operating profit before changes in working capital	**53,662,886**	47,183,581	**50,531,892**	49,114,457
Changes in working capital:				
Trade and other receivables	**(55,896)**	(10,683,342)	**(473,011)**	(10,728,148)
Trade and other payables	**3,741,667**	(1,956,599)	**4,830,930**	(2,135,832)
Intercompany balances	**-**	-	**8,566,801**	2,476,362
Cash generated from operating activities	**57,348,657**	34,543,640	**63,456,612**	38,726,839
Income tax paid	**(9,690,899)**	(9,507,860)	**(9,625,240)**	(9,409,991)
Income tax refunds	**-**	103,111	**-**	-
Net cash generated from operating activities	**47,657,758**	25,138,891	**53,831,372**	29,316,848

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Note	Group		Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposal of a subsidiary, net of cash disposed		**(691)**	-	**5,000**	-
Proceeds from disposal of plant and equipment		**-**	850	**-**	850
Purchase of intangible assets		**(4,379,785)**	(3,399,721)	**(2,238,179)**	(1,843,326)
Purchase of plant and equipment		**(12,805,010)**	(5,761,914)	**(12,307,031)**	(5,322,502)
Advances to subsidiaries		**-**	-	**(9,161,292)**	(6,522,405)
Repayment of advances by subsidiaries		**-**	-	**200,000**	300,000
Subscription of shares in subsidiaries		**-**	-	**-**	(9,998)
Interest received		**614,246**	971,505	**610,750**	944,559
Increase in investments in cash funds		**(1,964,633)**	(8,439,321)	**(1,964,633)**	(8,439,321)
(Increase)/Decrease in fixed deposits with maturity of more than 3 months		**(34,515)**	6,000,000	**(34,515)**	5,000,000
Net cash used in investing activities		**(18,570,388)**	(10,628,601)	**(24,889,900)**	(15,892,143)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends		**(19,549,945)**	(17,772,678)	**(19,549,945)**	(17,772,678)
Repayment of lease liabilities		**(10,587,421)**	(10,031,166)	**(9,470,160)**	(9,098,682)
Net cash used in financing activities		**(30,137,366)**	(27,803,844)	**(29,020,105)**	(26,871,360)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(1,049,996)**	(13,293,554)	**(78,633)**	(13,446,655)
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**(46,827)**	(535,678)	**(37,592)**	(443,181)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**4,707,032**	18,536,264	**3,540,447**	17,430,283
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23	**3,610,209**	4,707,032	**3,424,222**	3,540,447
Deposits with maturity of more than 3 months		**1,034,515**	1,000,000	**1,034,515**	1,000,000
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR		**4,644,724**	5,707,032	**4,458,737**	4,540,447

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 118 to 183.

NOTES TO THE FINANCIAL STATEMENTS

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 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 of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act 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.

Preparation of financials statements of the Group and the Company in confirmity 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's and the 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.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company have applied the following for the first time for the financial year beginning on 1 July 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform'

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

(b) Amendments that have been issued but not yet effective

A number of amendments to standards and interpretations are effective for financial year beginning after 1 July 2021. The Group and the Company will apply the following amendments to standard in the financial year beginning on/after 1 July 2021:

- Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform – Phase 2' (effective 1 January 2021) provide practical expedient allowing entities to update the effective interest rate to account for any required changes in contractual cash flows that are a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

  The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

  The amendments shall be applied retrospectively but comparatives are not restated.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.

2 BASIS OF PREPARATION (CONTINUED)

(b) Amendments that have been issued but not yet effective (continued)

A number of amendments to standards and interpretations are effective for financial year beginning after 1 July 2021. The Group and the Company will apply the following amendments to standard in the financial year beginning on/after 1 July 2021: (continued)

- The amendments did not change the current accounting for business combinations on acquisition date. The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date

  The amendments shall be applied prospectively.

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

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical peformance of the plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'Onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

- 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. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

There are no other standards, amendments and improvements to published standards and interpretations to existing standards that are not effective that would be expected to have a material impact on the Group and Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

(i) Subsidiaries

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (continued)

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

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

Plant and equipment are depreciated on the straight-line method to allocate the costs to their residual values over their estimated useful lives, summarised as follows:

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

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

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

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

(d) Intangible assets

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 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.

Software development cost

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;

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

Software development cost (continued)

(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 twenty 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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iii) Measurement (continued)

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's and on 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.

FVTPL

Assets that do not meet the criteria for amortised cost 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 other comprehensive income ('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 the following of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Amount due from subsidiaries/joint venture

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Impairment for debt instruments (continued)

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.

Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, except for those which are in default or credit impaired are assessed individually.

General 3-stage approach for other receivables and amount due from subsidiaries/joint venture

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.

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 due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the subsidiary's ability to meet its obligations	Lifetime ECL
Non-performing	Debtors for which there are evidence indicating the assets are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Significant increase in credit risk

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

The following indicators are incorporated:

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

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

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

Definition of default and credit-impaired financial assets

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

(a) Quantitative criteria:

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

(b) Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

NOTES TO THE FINANCIAL STATEMENTS

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 trade receivables 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 trade receivables.

(ii) Individual assessment

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.

Impairment losses on trade receivables are presented as part of net loss/reversal on impairment of financial assets 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.

(h) Leases

A lease is a contract, or part of a contract, whereby the lessor conveys to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee

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 of 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.

(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.

(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 by 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

(c) Lease liabilities (continued)

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.

(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 of the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Cash and cah 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 investsments with original maturities of 3 months or less that are readily convertible to know 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 of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

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

(iii) Earnings per share

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing:

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

<u>Diluted earnings per share</u>

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

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

(l) Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group and the 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax

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

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

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

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

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

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

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

(n) Employee benefits

(i) Short term employee benefits

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(ii) Post-employment pension benefits (continued)

A defined contribution plan is a pension plan under which the Group and the Company pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the 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's and the 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) Profit-sharing and bonus plans

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

(o) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition for contracts with customers

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

Outsourcing services

Outsourcing services consist of Business Process Outsourcing ('BPO') services which offer 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 with a credit term of 30 - 120 days.

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 includes multiple deliverables, such as the 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 to the Company based on a payment schedule. If the outsourcing services rendered by the Group and by the Company exceed the payment, an unbilled trade receivables is recognised. If the payments exceed the outsourcing services rendered, contract liability is recognised.

Education

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

(i) Education vouchers

Revenue from the 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 the 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 have 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 – 120 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 the customer is presented as a contract liability. A contract liability is also recognised for expected volume discounts granted to the customer for future purchases.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition for contracts with customers

Education (continued)

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

(ii) Industrial training services

Revenue from industrial training services is recognised over time using the output method when the services are delivered according to the terms of the respective contracts with customers. Revenue from rendering of services is recognised over the period in which the services are rendered with a credit term of 30 days.

In the 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, an unbilled trade receivable is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(iii) Sale of training materials

Revenue from sale of training materials is recognised at point in time when the goods are delivered with a credit term of 30 days.

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.

(r) Contract balances

(i) Contract assets

A contract asset is recognised when the Group's and the 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. 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 of the 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. Interest income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Interest income (continued)

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(t) Dividend income

Dividend income is recognised when the Group's and the 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'.

(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.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (continued)

(iii) Group companies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), 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's and the Company's Board of Directors that makes strategic decisions.

(w) Government grants

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

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

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 estimates are based on the Group's best of knowledge of current events, historical experience, actions that the Group and the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances, including the macroeconomic impact of the Covid-19 pandemic. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of investments in subsidiaries

During the financial year, as disclosed in Note 17, the Company recognised an impairment loss of RM3,070,160 (2020: RM1,389,223) in respect of its interests in subsidiaries. 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.

NOTES TO THE FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Capitalisation of internally generated intangible assets

During the financial year, as disclosed in Note 15, the Group capitalised RM664,757 (2020: RM1,528,950) of software development cost as intangible assets. Total cost capitalised as at 30 June 2021 for the Group and the Company was RM7,406,462 (2020: RM7,010,677) and RM3,149,236 (2020: 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's 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) Amortisation of software development costs

The estimates for the residual values, useful lives and related amortisation charges for the development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of development costs as at the reporting date is disclosed in Note 15 to the financial statements.

(d) Impairment of intangible assets

The assessment of whether development costs and other intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these assets are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of intangible assets as at the reporting date are disclosed in Note 15 to the financial statements.

(e) 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) is disclosed in Note 25.

The Group and the Company has several lease contracts for premises that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) 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 by the Group and the Company. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(g) Measurement of expected credit loss allowance for financial assets

The expected credit loss ('ECL') allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group and the Company reasonably could have used different estimates in current reporting period as future events often vary and therefore the estimates require adjustments.

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:

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

(ii) 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, investments in cash funds and plant and equipment of the dormant entities in the Group.

Segment liabilities comprise operating liabilities and exclude tax liabilities and deferred tax liabilities of the dormant entities in the Group.

Segment capital expenditure comprises additions to plant and equipment, and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2021

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
External revenue	216,151,486	44,510	-	216,195,996
Inter segment revenue	6,000,000	2,206,800	(8,206,800)	-
Total revenue	222,151,486	2,251,310	(8,206,800)	216,195,996
Segment results	50,044,332	1,047,500	-	51,091,832
Operating profit				51,091,832
Finance income				614,246
Finance cost				(1,785,814)
Depreciation and amortisation expenses				(16,593,255)
Share of results of joint venture				(3,050)
Profit before taxation				33,323,959
Taxation				(7,509,919)
Net profit for the financial year				25,814,040

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2021

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Segment assets	136,474,442	960,266	(4,833,752)	132,600,956
Unallocated assets:				
- Investment in joint venture				1,950
- Deferred tax asset				1,798,134
- Tax recoverable				1,612,284
- Cash and bank balances				4,644,724
- Investments in cash funds				25,373,354
- Others				7,638
Total assets				166,039,040
Segment liabilities	90,888,328	11,119,545	(44,065,429)	57,942,444
Unallocated liabilities				
- Deferred tax liabilities				1,099,777
- Others				3,293
Total liabilities				59,045,514

For the financial year ended 30 June 2021

	Outsourcing services	Education	Adjustments and eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	17,175,920	8,875	-	17,184,795
Significant non-cash expenses:				
- Depreciation and amortisation expenses:	16,571,388	21,867	-	16,593,255
- Unrealised foreign exchange loss	150,253	-	54,692	204,945
- Impairment loss	(2,473,576)	584,800	4,253,445	2,364,669

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

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
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
- Investments 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	(51,142)	9,161,635
Significant non-cash expenses:				
- Depreciation and amortisation expenses	15,723,084	34,113	226,281	15,983,478
- Unrealised foreign exchange loss	322,377	-	33,670	356,047
- Bad debts written off	345,126	-	-	345,126
- Impairment loss	3,541,119	-	(3,541,119)	-

** In relation to consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

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 **	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia *	**142,283,081**	105,834,993	**63,362,552**	23,286,953
Philippines	**29,115,732**	27,761,739	**-**	-
China	**19,542,855**	21,544,636	**-**	-
Singapore	**8,927,352**	9,224,545	**-**	-
Hong Kong	**6,997,583**	5,495,392	**-**	-
Sri Lanka	**5,050,486**	5,309,954	**9,293,027**	5,903,894
Thailand	**2,680,353**	2,953,274	**-**	-
Others	**1,598,554**	3,205,689	**-**	-
	216,195,996	181,330,222	**72,655,579**	29,190,847

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

(c) Major customers

Four (2020: five) individual customers representing 7% (2020: 9%) of total customers contributed 72% (2020: 75%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

6 REVENUE

Revenue from contracts with customers and the timing of revenue recognition are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Outsourcing services:				
- Over time	**216,151,486**	181,160,086	**209,815,936**	174,258,779
Education:				
- Over time	**44,510**	-	**-**	-
- Point in time	**-**	170,136	**-**	-
	216,195,996	181,330,222	**209,815,936**	174,258,779

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, allowances, overtime and bonuses	**118,992,736**	93,489,923	**111,472,019**	86,198,608
Defined contribution plans	**11,158,120**	8,874,786	**10,367,967**	7,999,441
Other employee benefits	**7,073,892**	3,643,719	**6,443,365**	3,393,760
Staff welfare	**804,837**	954,690	**637,209**	760,307
	138,029,585	106,963,118	**128,920,560**	98,352,116
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	**505,466**	495,000	**505,466**	495,000
	139,605,030	108,528,097	**130,496,005**	99,917,095

NOTES TO THE FINANCIAL STATEMENTS

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 of the Company during the financial year were as follows:

	Group		Company	
	2021	2020	2021	2020
	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	**147,720**	163,700	**147,720**	163,700
	1,217,699	1,233,679	**1,217,699**	1,233,679
Non-executive Directors:				
- Fees	**505,466**	495,000	**505,466**	495,000
	1,723,165	1,728,679	**1,723,165**	1,728,679

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 2021 (CONTINUED)

8 RENTAL EXPENSES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Rental:				
- Apartments	**46,100**	131,500	**46,100**	131,500
- Office equipment	**23,412**	21,820	**22,487**	20,941
- Others	**110,854**	211,539	**105,355**	6,681
	180,366	364,859	**173,942**	159,122

Rental expenses which comprise payments associated with short-term leases and low-value assets are as follows:

Expenses relating to short-term leases	**46,100**	131,500	**46,100**	131,500
Expenses relating to low value assets	**134,266**	233,359	**127,842**	27,622
	180,366	364,859	**173,942**	159,122

Total amount of cashflows in relation to lease arrangements of the Group and the Company during the year ended 30 June 2021 were RM10,767,787 (2020: RM10,396,025) and RM9,644,102 (2020: RM9,257,804), respectively.

9 FINANCE INCOME AND COST

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Finance income:				
- Interest income	**614,246**	971,505	**610,750**	944,559
Finance cost:				
- Interest on lease liabilities	**(1,785,814)**	(839,056)	**(1,659,519)**	(635,046)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers PLT ('PwC'), Malaysia	**238,000**	238,000	**192,000**	192,000
- Other auditors	**21,904**	20,353	**-**	-
- Fees for other services				
- Member firms of PwC Malaysia	**41,500**	52,788	**21,500**	22,156
Depreciation of plant and equipment	**4,617,581**	4,206,212	**3,951,185**	3,262,695
Depreciation of right-of-use assets	**9,576,781**	10,181,849	**8,323,405**	8,887,467
Amortisation of intangible assets	**2,398,893**	1,595,417	**1,912,406**	1,277,483
Foreign exchange loss/(gain):				
- Realised	**290,401**	(27,078)	**267,829**	(64,609)
- Unrealised	**204,945**	356,047	**141,090**	323,533
Gain on disposal of plant and equipment	**-**	(618)	**-**	(618)
Net loss/(reversal) on impairment of financial assets:				
- amount due from subsidiaries	**-**	(7,918,399)	**(7,918,399)**	2,151,896
- advances to subsidiaries	**-**	-	**3,080,160**	1,389,223
- trade receivables	**2,364,669**	-	**2,364,669**	-
Net reversal on impairment of non-current assets	**-**	-	**(10,000)**	-
Bad debts written off	**-**	345,126	**-**	345,126
Marketing expenses	**4,606,619**	6,405,600	**4,552,281**	6,397,887
Professional fees	**799,498**	1,056,339	**712,009**	607,916
Plant and equipment written off	**1,440**	-	**1,362**	-
Software integration and support services	**3,779,568**	4,031,665	**9,413,654**	4,244,710

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

11 TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Income tax:				
Current financial year:				
- Malaysian tax	**7,538,478**	8,506,365	**7,545,486**	8,446,432
Under provision of tax in prior financial years:				
- Malaysian tax	**50,674**	97,655	**50,660**	96,634
	7,589,152	8,604,020	**7,596,146**	8,543,066
Deferred taxation (Note 26):				
Relating to origination and reversal of temporary differences	**(79,233)**	14,787	**1,018,901**	46,129
	7,509,919	8,618,807	**8,615,047**	8,589,195

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

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

The subsidiary of the Company, Scicom E Solutions Sdn. Bhd. ("E Solution") was granted full income tax exemption under Pioneer Status Incentive under Section 7, Promotion of Investments Act 1986 on its statutory income derived from its activites approved as Multimedia Super Corridor Malaysia Qualifying Activities. Under this exemption, the E Solution's statutory income from it's approved activities is exempted from tax during E Solution's Exempt Period ('Exempt Period"), which commenced from 1 December 2017 until 30 November 2022.

Pursuant to the P.U. Order No. 332 - Promotion of Investment (Exclusion of Income for MSC Status Company) Regulations 2018 which was gazetted on 26 December 2018 and deemed to have come into operation on 1 July 2018, where the MSC pioneer status is granted before 17 October 2017, both the income derived from Intellectual Property and non-Intellectual Property right would be taxable from 1 July 2021 onwards. This implies that the pioneer status and exemption period of E Solution has effectively ended on 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

11 TAXATION (CONTINUED)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate:				
Malaysian statutory tax rate	**24**	24	**24**	24
Tax effects of:				
- Expenses not deductible for tax purposes	**3**	2	**2**	3
- Income not subject to tax	**-**	-	**(3)**	-
- Recognition and utilisation of previously unrecognised capital allowances and tax losses	**(6)**	-	**-**	-
- Tax exemptions under exempt period	**(1)**	-	**-**	-
- Reversal of previously recognised deferred tax assets	**2**	-	**-**	-
- Unrecognised deferred tax asset on current year losses	**1**	2	**-**	-
Average effective tax rate	**23**	28	**23**	27

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	
	2021	**2020**
Profit for the financial year attributable to owners of the Company (RM'000)	**25,818**	22,052
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**7.26**	6.20

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 DIVIDENDS

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

	2021		2020	
	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 2021	**1.5**	**5,331,803**	-	-
- 30 June 2020	**-**	**-**	1.5	5,331,803
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2021	**1.5**	**5,331,803**	-	-
- 30 June 2020	**-**	**-**	1.5	5,331,803
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2021	**1.5**	**5,331,803**	-	-
- 30 June 2020	**-**	**-**	1.0	3,554,536
Fourth interim dividends paid in respect of the financial years ended:				
- 30 June 2020	**1.0**	**3,554,536**	-	-
- 30 June 2019	**-**	**-**	1.0	3,554,536
	5.5	**19,549,945**	5.0	17,772,678

Subsequent to the financial year, on 27 August 2021, the Board of Directors declared a fourth interim dividend of 1.5 sen, tax exempt, per ordinary share of RM5,331,803 which is to be paid on 29 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

14 PLANT AND EQUIPMENT

	As at 1 July 2020	Additions	Write-off	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM	RM
2021					
Group					
Cost					
Furniture and fittings	7,178,795	1,372,563	(123,916)	(105,460)	8,321,982
Office equipment and computers	56,163,983	8,345,891	(659,181)	(423,101)	63,427,592
Telecommunications equipment	8,962,133	2,069,310	(448,189)	-	10,583,254
Office renovations	11,157,940	1,017,246	-	(163,798)	12,011,388
Motor vehicles	1,067,657	-	-	-	1,067,657
	84,530,508	12,805,010	(1,231,286)	(692,359)	95,411,873

	As at 1 July 2020	Additions	Write-off	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM	RM
2021					
Group					
Accumulated depreciation					
Furniture and fittings	6,190,486	350,286	(123,727)	(102,354)	6,314,691
Office equipment and computers	48,303,258	3,460,696	(657,933)	(343,340)	50,762,681
Telecommunications equipment	8,779,005	104,955	(448,186)	-	8,435,774
Office renovations	10,193,109	667,644	-	(162,521)	10,698,232
Motor vehicles	1,033,657	34,000	-	-	1,067,657
	74,499,515	4,617,581	(1,229,846)	(608,215)	77,279,035

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2019	Additions	Reclassi-fication	Disposals	Currency translation differences	As at 30 June 2020
	RM	RM	RM	RM	RM	RM
2020						
Group						
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-fication	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

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2020	Additions	Write-off	As at 30 June 2021
	RM	RM	RM	RM
2021				
Company				
Cost				
Furniture and fittings	4,755,688	1,368,450	(123,916)	6,000,222
Office equipment and computers	44,415,535	7,857,564	(640,033)	51,633,066
Telecommunications equipment	5,455,961	2,069,309	(448,189)	7,077,081
Office renovations	7,635,114	1,011,708	-	8,646,822
Motor vehicles	1,065,000	-	-	1,065,000
	63,327,298	12,307,031	(1,212,138)	74,422,191

	As at 1 July 2020	Charge for the financial year	Write-off	As at 30 June 2021
	RM	RM	RM	RM
2021				
Company				
Accumulated depreciation				
Furniture and fittings	3,818,925	324,801	(123,728)	4,019,998
Office equipment and computers	37,838,481	2,831,493	(638,861)	40,031,113
Telecommunications equipment	5,272,834	104,955	(448,187)	4,929,602
Office renovations	6,683,672	655,936	-	7,339,608
Motor vehicles	1,031,000	34,000	-	1,065,000
	54,644,912	3,951,185	(1,210,776)	57,385,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

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					
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

NOTES TO THE FINANCIAL STATEMENTS

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**2,007,291**	988,309	**1,980,224**	936,763
Office equipment and computers	**12,664,911**	7,860,725	**11,601,953**	6,577,054
Telecommunications equipment	**2,147,480**	183,128	**2,147,479**	183,127
Office renovations	**1,313,156**	964,831	**1,307,214**	951,442
Motor vehicles	**-**	34,000	**-**	34,000
	18,132,838	10,030,993	**17,036,870**	8,682,386

15 INTANGIBLE ASSETS

Group	As at 1 July 2020	Additions	Reclassifications	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM	RM
2021					
Cost					
Software license	11,259,057	3,715,028	-	(165,464)	14,808,621
Software development cost	-	664,757	7,010,677	(268,972)	7,406,462
Work-in-progress	7,010,677	-	(7,010,677)	-	-
	18,269,734	4,379,785	-	(434,436)	22,215,083

	As at 1 July 2020	Charge for the financial year	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM
Accumulated amortisation				
Software license	7,223,594	1,901,002	(119,162)	9,005,434
Software development cost	-	497,891	(5,977)	491,914
	7,223,594	2,398,893	(125,139)	9,497,348

NOTES TO THE FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (CONTINUED)

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
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 2021 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

Company	As at 1 July 2020	Additions	Reclassifications	As at 30 June 2021
	RM	RM	RM	RM
2021				
Cost				
Software license	9,471,049	2,238,179	-	11,709,228
Software development cost	-	-	3,149,236	3,149,236
Work-in-progress	3,149,236	-	(3,149,236)	-
	12,620,285	2,238,179	-	14,858,464

	As at 1 July 2020	Charge for the financial year	As at 30 June 2021
	RM	RM	RM
Accumulated amortisation			
Software license	5,975,253	1,597,482	7,572,735
Software development cost	-	314,924	314,924
	5,975,253	1,912,406	7,887,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

Company	As at 1 July 2019	Additions	Reclassifications	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	Disposals	As at 30 June 2020
	RM	RM	RM	RM
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 RM3,285 to Scicom E Solutions Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net book value				
Software licenses	**5,803,187**	4,035,463	**4,136,493**	3,495,796
Software development cost	**6,914,548**	-	**2,834,312**	-
Work-in-progress	**-**	7,010,677	**-**	3,149,236
	12,717,735	11,046,140	**6,970,805**	6,645,032

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

(ii) Work-in-progress represents software under development that is not ready for commercial use at the end of the reporting period Work-in-progress is stated at cost and transferred to the relevant category of intangible assets and amortised accordingly when the intangible assets are completed and ready for commercial use. As at 30 June 2021, the Group and the Company had two internally-generated intangibles, namely the Identity Management System Software ("IMS") and the Border Management System software ("BMS").

16 RIGHT-OF-USE ASSETS

	Office buildings	
	2021	2020
	RM	RM
Net Book Value		
Group		
At the beginning of the financial year	**8,113,714**	15,431,717
Additions	**9,903,429**	2,914,003
Modification of lease term	**33,619,757**	-
Depreciation	**(9,576,781)**	(10,181,849)
Currency translation differences	**(257,063)**	(50,157)
At the end of the financial year	**41,803,056**	8,113,714
Company		
At the beginning of the financial year	**6,838,672**	12,812,136
Additions	**6,201,765**	2,914,003
Modification of lease term	**33,619,757**	-
Depreciation	**(8,323,405)**	(8,887,467)
At the end of the financial year	**38,336,789**	6,838,672

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

17 INTERESTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted shares at cost	**3,177,392**	3,187,392
Advances to subsidiaries	**31,763,046**	28,682,886
	34,940,438	31,870,278
Less: Impairment loss	**(34,940,438)**	(31,870,278)
	-	-

The advances are unsecured and are non-interest bearing with no fixed terms of repayment. The Company does not anticipate any repayment from the subsidiaries.

During the financial year, the Company recognised a net impairment loss of RM3,070,160 (2020: RM1,389,223) in respect of its investment in subsidiaries following an impairment indicator arising from accumulated losses reported by the subsidiaries.

Provision for impairment:

	Company	
	2021	2020
	RM	RM
At the beginning of the financial year	**31,870,278**	30,481,055
Charge during the financial year	**3,070,160**	1,389,223
At the end of the financial year	**34,940,438**	31,870,278

The impairment of cost of investments and advances to subsidiaries are individually determined. The impairment loss recognised are in relation to subsidiaries with indication of impairment estimated based on the financial condition of the respective subsidiaries.

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the measurement of ECL on the advances to subsidiaries is shown below:

	Expected credit loss rate	Basis for recogonition of expected credit loss provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
	%	RM	RM	RM	RM
Company					
Non-performing	100	Lifetime ECL	31,763,046	(31,763,046)	-

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2021	2020	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2021	2020	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) Ltd. ^	Cambodia	**100**	100	Dormant
SciSolutions (Mauritius) Ltd ^	Mauritius	**100**	100	Dormant
Asian Contact Solutions Sdn. Bhd.*	Malaysia	**-**	100	Dormant

* Audited by PricewaterhouseCoopers PLT ('PwC'), Malaysia.
** Audited by a member firm of PricewaterhouseCoopers International Limited.
^ Not required by their local laws to appoint statutory auditors.

Non-controlling interests are not material to the Group.

(a) On 22 July 2020, the Company entered into a joint venture agreement with Microlink Solutions Berhad ('Microlink') by disposing 50% of the shareholding in Asian Contact Solutions Sdn. Bhd. to Microlink.

18 INVESTMENT IN JOINT VENTURE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unquoted shares	**5,000**	-	**5,000**	-
Share of loss	**(3,050)**	-	**-**	-
	1,950	-	**5,000**	-

Name	Country of incorporation	Group's effective interest 2021 %	Group's effective interest 2020 %	Principal activities
Asian Contact Solutions Sdn. Bhd. (Note 17(a))	Malaysia	**50**	-	Dormant

19 TRADE RECEIVABLES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Receivables - Billed	**34,093,559**	33,543,110	**32,500,753**	32,019,568
Receivables - Unbilled	**20,720,605**	18,845,166	**20,108,780**	18,288,963
Less: Impairment loss	**(2,364,669)**	-	**(2,364,669)**	-
	18,355,936	18,845,166	**17,744,111**	18,288,963
	52,449,495	52,388,276	**50,244,864**	50,308,531

Measurement of ECL

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 120 days (2020: 30 to 90 days). The fair value of trade receivables approximates its carrying value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

19 TRADE RECEIVABLES (CONTINUED)

Measurement of ECL (continued)

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current (not past due)	**40,524,476**	35,568,042	**39,272,664**	34,355,497
Past due:				
- 1 to 30 days	**8,442,751**	10,332,829	**8,195,438**	9,883,037
- 31 to 60 days	**1,496,438**	2,291,708	**1,242,540**	1,918,290
- 61 to 90 days	**380,193**	3,572,778	**154,645**	3,553,899
- More than 90 days	**1,605,637**	622,919	**1,379,577**	597,808
Credit impaired – individually	**2,364,669**	-	**2,364,669**	-
	54,814,164	52,388,276	**52,609,533**	50,308,531
Provision for impairment:				
Credit impaired – individually	**(2,364,669)**	-	**(2,364,669)**	-
	52,449,495	52,388,276	**50,244,864**	50,308,531

The movements in provision for impairment of certain component of trade receivables are as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At the beginning of the financial year	**-**	-	**-**	-
Charge during the financial year	**(2,364,669)**	-	**(2,364,669)**	-
At the end of the financial year	**(2,364,669)**	-	**(2,364,669)**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financial assets				
Other receivables	**975,585**	360,587	**906,081**	290,255
Deposits	**4,053,659**	4,467,519	**3,841,562**	3,653,049
	5,029,244	4,828,106	**4,747,643**	3,943,304
Non-financial assets				
Prepayments	**1,801,879**	2,069,695	**1,571,979**	1,876,115
Deposits*	**-**	2,332,023	**-**	2,332,023
Other receivables**	**658,705**	803,119	**22,733**	22,733
	7,489,828	10,032,943	**6,342,355**	8,174,175

**Deposits that are non-financial assets in nature comprises advance payment*

***Other receivables that are non-financial assets comprises government service tax, value added tax and economic service charge.*

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

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

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

Impairment loss

The movement in impairment loss is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At the beginning of the financial year	**-**	159,200	**-**	159,200
Written-off during the financial year	**-**	(159,200)	**-**	(159,200)
At the end of the financial year	**-**	-	**-**	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

21 AMOUNTS DUE FROM SUBSIDIARIES/JOINT VENTURE

The carrying amount of the amounts due from subsidiaries/joint venture are as follows:

	Note	Company	
		2021	2020
		RM	RM
Non-current			
Amounts due from subsidiaries	(a)	**16,106,329**	20,616,921
Less: Loss allowances	(a)	**(12,632,879)**	(20,616,921)
		3,473,450	-
Current			
Amounts due from subsidiaries	(a)	**1,710,251**	-
Less: Loss allowances	(a)	**(65,643)**	-
		1,644,608	-
Amounts due to subsidiaries:		**5,118,058**	-

	Note	Group and Company	
		2021	2020
		RM	RM
Amounts due from a joint venture:			
- Current	(b)	**15,642**	-

a) Amounts due from subsidiaries

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

Impairment loss

The movement in impairment loss is as follows:

	Company	
	2021	2020
	RM	RM
At the beginning of the financial year	**20,616,921**	18,465,025
(Reversal)/allowance on impairment for the financial year	**(7,918,399)**	2,151,896
At the end of the financial year	**12,698,522**	20,616,921

NOTES TO THE FINANCIAL STATEMENTS

21 AMOUNTS DUE FROM SUBSIDIARIES/JOINT VENTURE (CONTINUED)

a) Amounts due from subsidiaries (continued)

Impairment loss (continued)

The impairment of amounts due from subsidiaries are individually determined. The impairment loss recognised are in relation to subsidiaries with indication of impairment estimated based on the financial condition of the respective subsidiaries

Details of the measurement of ECL is shown below:

	Expected credit loss rate	Basis for recogonition of expected credit loss provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
	%	RM	RM	RM	RM
Company					
Underperforming	23	Lifetime ECL	6,660,160	(1,542,102)	5,118,058
Non-performing	100	Lifetime ECL	11,156,420	(11,156,420)	-
			17,816,580	(12,698,522)	5,118,058

(b) Amounts due from a joint venture

The amounts due from a joint venture are unsecured, interest-free and repayable on demand.

22 INVESTMENTS IN CASH FUNDS

	Group and Company	
	2021	2020
	RM	RM
Investments in cash funds	**25,373,354**	23,408,721

Investments in cash funds comprise of investment in money market and short-term and medium-term income funds.

The carrying amounts of investments in cash funds of the Group and of 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) (2020: Level 1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

22 INVESTMENTS IN CASH FUNDS (CONTINUED)

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

	Group and Company	
	2021	2020
	RM	RM
AAA	**17,465,098**	15,672,646
AA2	**7,908,256**	7,736,075
	25,373,354	23,408,721

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

23 CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash on hand and in bank	**3,610,209**	4,707,032	**3,424,222**	3,540,447
Deposits with licensed banks	**1,034,515**	1,000,000	**1,034,515**	1,000,000
Cash and bank balances	**4,644,724**	5,707,032	**4,458,737**	4,540,447
Less:				
- deposits with maturity of more than 3 months	**(1,034,515)**	(1,000,000)	**(1,034,515)**	(1,000,000)
Cash and cash equivalents	**3,610,209**	4,707,032	**3,424,222**	3,540,447

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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash on hand	**64,604**	256,067	**64,164**	256,067
Cash at bank and deposits with licensed banks:				
AAA	**4,445,730**	4,768,066	**4,394,573**	4,284,380
AA3	**45,609**	420,670	**-**	-
A2	**155**	113,247	**-**	-
No rating	**88,626**	148,982	**-**	-
	4,644,724	5,707,032	**4,458,737**	4,540,447

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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**415,741**	899,839	**410,994**	449,285
Accruals	**2,920,905**	1,922,122	**2,530,742**	1,297,750
Other payables	**5,993,501**	4,389,008	**5,944,666**	3,662,891
	9,330,147	7,210,969	**8,886,402**	5,409,926
Non-financial liabilities				
Provision for performance-related bonus	**1,306,312**	1,024,714	**1,173,923**	772,091
Other payroll-related liabilities	**4,147,414**	2,880,730	**3,413,460**	2,460,199
Other payables	**356,464**	65,690	**-**	-
	15,140,337	11,182,103	**13,473,785**	8,642,216

Credit terms of trade payables range from 30 to 90 days (2020: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

25 LEASE LIABILITIES (CONTINUED)

The Group and the Company lease office buildings. Rental contracts duration are typically between three (3) to six (6) years with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group and the Company has several lease contracts for premises that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current	**8,610,548**	6,282,648	**7,506,568**	5,374,632
Non-current	**34,194,852**	2,031,890	**31,766,816**	1,887,871
Cash and bank balances	**42,805,400**	8,314,538	**39,273,384**	7,262,503

Reconciliation of changes in liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
As at the beginning of financial year	**8,314,538**	15,120,157	**7,262,503**	12,812,136
Additions	**43,533,908**	2,914,003	**39,821,522**	2,914,003
Non-cash changes				
Interest expense	**1,785,814**	839,056	**1,659,519**	635,046
Accrued rental payment	**-**	(445,305)	**-**	-
Gain on derecognition of lease liabilities	**-**	(40,107)	**-**	-
Financing cash flows				
Payment of lease liabilities				
- principal portion	**(8,801,607)**	(9,192,110)	**(7,810,641)**	(8,463,636)
- interest portion	**(1,785,814)**	(839,056)	**(1,659,519)**	(635,046)
Currency translation differences	**(241,439)**	(42,100)	**-**	-
As at the end of financial year	**42,805,400**	8,314,538	**39,273,384**	7,262,503

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

25 LEASE LIABILITIES (CONTINUED)

Minimum lease payments payable on the lease liabilities are as follows.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Within 1 year	**10,493,651**	6,549,861	**9,394,841**	5,579,076
1 – 2 years	**10,092,648**	1,348,017	**9,053,923**	1,199,850
2 – 5 years	**24,751,943**	774,863	**22,633,751**	774,863
5 – 6 years	**3,833,311**	-	**3,833,311**	-
	49,171,553	8,672,741	**44,915,826**	7,553,789
Less: Future finance charges	**(6,366,153)**	(358,203)	**(5,642,442)**	(291,286)
	42,805,400	8,314,538	**39,273,384**	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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets:				
- To be recovered within 12 months	**433,070**	-	-	-
- To be recovered after more than 12 months	**1,365,064**	700,000	-	-
	1,798,134	700,000	-	-
Deferred tax assets:				
- To be recovered within 12 months	**(817,466)**	33,192	**(817,466)**	33,192
- To be recovered after more than 12 months	**(282,311)**	(114,068)	**(282,311)**	(114,068)
	(1,099,777)	(80,876)	**(1,099,777)**	(80,876)
Net deferred tax assets/(liabilities)	**698,357**	619,124	**(1,099,777)**	(80,876)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

26 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets (before offsetting)				
- Lease liabilities	**233,833**	-	**233,833**	-
- Provisions	**294,066**	185,302	**281,741**	185,302
- Tax losses	**1,796,173**	700,000	**-**	-
- Others	**33,864**	-	**33,864**	-
	2,357,936	885,302	**549,438**	185,302
Offsetting	**(559,802)**	(185,302)	**(549,438)**	(185,302)
Deferred tax assets (after offsetting)	**1,798,134**	700,000	**-**	-
Deferred tax liabilities (before offsetting)				
- Plant and equipment	**1,659,579**	188,530	**1,649,215**	188,530
- Others	**-**	77,648	**-**	77,648
	1,659,579	266,178	**1,649,215**	266,178
Offsetting	**(559,802)**	(185,302)	**(549,438)**	(185,302)
Deferred tax liabilities (after offsetting)	**1,099,777**	80,876	**1,099,777**	80,876

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At the beginning of the financial year	**619,124**	633,911	**(80,876)**	(34,747)
Charged/(credited) to profit or loss (Note 11):				
- Plant and equipment	**(1,471,049)**	(122,441)	**(1,460,685)**	(153,783)
- Lease liability	**233,833**	-	**233,833**	-
- Provisions	**108,764**	185,302	**96,439**	185,302
- Tax losses	**1,096,173**	-	**-**	-
- Others	**111,512**	(77,648)	**111,512**	(77,648)
	79,233	(14,787)	**(1,018,901)**	(46,129)
At the end of the financial year	**698,357**	**619,124**	**(1,099,777)**	**(80,876)**

26 DEFERRED TAXATION (CONTINUED)

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 are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Capital allowances	**-**	43,740	**-**	-
Tax losses	**14,984,410**	20,202,191	**-**	-

The tax losses are available for set off against future taxable profit of the Group with the remaining period up to tax expiry are as below:

	Group	
	2021	2020
	RM	RM
Expiring in 2025	**17,684,490**	18,745,643
Expiring in 2026	**4,373,215**	4,373,215
Expiring in 2027	**410,756**	-
	22,468,461	23,118,858

27 SHARE CAPITAL

	Group and Company	
	2021	2020
	RM	RM
Issued and fully paid ordinary shares with no par value		
At the beginning/end of the financial year	**35,545,356**	35,545,356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

28 RESERVES

(a) Retained earnings

Retained earnings represent the cumulative earnings of the Group and of 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

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**267,824**	1,794,904	**267,824**	1,794,904

NOTES TO THE FINANCIAL STATEMENTS

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.	Joint venture

(ii) Significant related party transactions

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

	Company	
	2021	2020
	RM	RM
Purchase of services from subsidiaries	**(8,556,800)**	(2,476,362)
Disposal of plant and equipment to subsidiaries	**-**	47,856
Disposal of software licenses to subsidiaries	**-**	3,284
Advances to subsidiaries:		
- funds transfer to subsidiaries/joint ventures	**3,127,911**	1,441,792
- expenses paid on behalf of subsidiaries	**6,033,381**	5,080,613
Repayment of advances by a subsidiary	**(200,000)**	(300,000)

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling 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. The remuneration of the key management personnel are disclosed under Note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's 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's 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's 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's 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's 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's 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 other prices will affect the Group's 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 Sri Lankan Rupee ('LKR'). The Group's and the 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's and the Company's exposure to USD and LKR are as follows.

	Group and Company	
	2021	2020
	RM	RM
USD		
Trade receivables	**3,854,038**	4,610,292
Cash and bank balances	**2,490,113**	2,328,226
Trade and other payables	**(18,051)**	(77,702)
Total exposure	**6,326,100**	6,860,816
Impact on profit after tax for the financial year		
5% increase against MYR	**316,305**	343,041
5% decrease against MYR	**(316,305)**	(343,041)

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued):

	Group and Company	
	2021	2020
	RM	RM
LKR		
Trade receivables	**1,592,806**	1,523,542
Cash and bank balances	**45,943**	533,779
Trade and other payables	**(29,433)**	(2,104,527)
Total exposure	**1,609,316**	(47,206)
Impact on profit after tax for the financial year		
5% increase against MYR	**80,466**	2,360
5% decrease against MYR	**(80,466)**	(2,360)

(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 a financial loss to the Group and the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Credit and counterparty risk (continued)

(i) Trade receivables and other receivables

Trade receivables

There is concentration of credit risk with respect to the Group and the Company's trade receivable, where three (2020: four) customers contributed RM18.0 million (2020: RM19.4 million) of the Group's and the Company's trade receivables. Credit risk is managed through the Group's and the Company's historical experience in collection of trade receivables.

The Group's and the Company's customers are mainly significant entities comprising multinational organisations and Malaysian government agencies. The Group and the Company consider the risk of material loss in the event of non-performance by a customer to be unlikely. The Group and the Company apply the general 3-stage approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables 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.

Other receivables

The Group and the Company apply the general 3-stage approach to measuring ECL for other receivables. The Group and the Company consider the risk of material loss in the event of non-performance by other receivable counterparties to be unlikely because these are organisations with no history of default.

(ii) Intercompany balances

At the end of the financial year, there was no indication that the amounts due from the subsidiaries are not recoverable other than those which have already been impaired.

(iii) Bank balances and investments in cash funds

Bank balances and investments 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, as such the identified impairment loss was immaterial.

The credit quality of the financial institutions in respect of the investments in cash funds and bank balances are set out in Note 22 and 23 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

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 the remaining contractual maturities

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

	Below 1 year RM	1 - 2 years RM	3 - 6 years RM	Total RM
2021				
Group				
Trade and other payables	9,330,147	-	-	9,330,147
Lease liabilities	10,493,651	10,092,648	28,585,254	49,171,553
	19,823,798	10,092,648	28,585,254	58,501,700
Company				
Trade and other payables	8,886,402	-	-	8,886,402
Lease liabilities	9,394,841	9,053,923	26,467,062	44,915,826
	18,281,243	9,053,923	26,467,062	53,802,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

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's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

	Below 1 year RM	1 - 2 years RM	3 - 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

(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's 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's and the Company's strategy for managing capital was unchanged from 2020.

As of 30 June 2021, the Group and the Company had no outstanding borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

32 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Financial assets – at amortised cost				
Trade receivables	**52,449,495**	52,388,276	**50,244,864**	50,308,531
Other receivables excluding prepayments and statutory refundables	**5,029,244**	4,828,106	**4,747,643**	3,943,304
Amount due from subsidiaries	**-**	-	**5,118,058**	-
Cash and bank balances	**4,644,724**	5,707,032	**4,458,737**	4,540,447
	62,123,463	62,923,414	**64,569,302**	58,792,282
Financial assets - FVTPL				
Investments in cash funds	**25,373,354**	23,408,721	**25,373,354**	23,408,721
Financial liabilities – at amortised cost				
Trade and other payables excluding statutory liabilities	**9,330,147**	7,210,969	**8,886,402**	5,409,926
Lease liabilities	**42,805,400**	8,314,538	**39,273,384**	7,262,503
	52,135,547	15,525,507	**48,159,786**	12,672,429

(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 for recurring fair value measurements during the financial year.

The carrying value of the balances disclosed in the financial statements approximates their fair values and are equivalent to nominal values due to the relatively short term nature of these financial instruments except as disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

33 CONTINGENT LIABILITY

A subsidiary of the Company received tax assessment notices of RM1.3 million, INR23.8 million (2020: 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

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 hearing of the Company's appeal was fixed for 9 December 2020. However, due to the Conditional Movement Control Order, this appeal was conducted through Zoom. Written submissions for the Company have been filed and served to the Court and the Respondent.

On 17 December 2020, the Kuala Lumpur High Court ("High Court") struck out the action by EMGS against the Company and 3 others in KL High Court Civil Suit No. WA-22NCVC-88-02/2020 ("Striking Out Decision"). The action against the Company was struck out on the Judge's own motion. In his brief oral grounds, the Judge stated that the Statement of Claim was defective, that the action was time barred and that EMGS did not have locus standi to bring the action.

On the 12 January 2021 EMGS filed Notice of Appeal against the Striking Out Decision. Scicom has, with the leave of the Court of Appeal applied to stay the Arbitration Decision Appeal pending the outcome of the Striking Out Decision appeal.

The hearing date for the Striking Out Decision appeal was adjourned on 9 August 2021 and has been relisted for 3 March 2022. The Arbitration Decision Appeal at the Court of Appeal is adjourned for a Case Management hearing date after the Striking Out Decision appeal. The Company is in the view that it is probable that its appeal will be successful.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

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 108 to 183 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 2021 and financial performance of the Group and of the Company for the financial year ended 30 June 2021 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 23 September 2021.

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 108 to 183 are, to the best of my knowledge and belief, 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 23 September 2021, before me.

SHAIFUL HILMI BIN HALIM (NO.W804)
COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD

(Incorporated in Malaysia)
Company 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 2021, 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 2021 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 108 to 183.

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.

INDEPENDENT AUDITORS' REPORT

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

(Incorporated in Malaysia)
Company 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 During the financial year ended 30 June 2021, the Group and the Company recognised revenue of RM216.2 million and RM209.8 million respectively, primarily derived from outsourcing services. Revenue is recognised upon satisfaction of services at the pre-agreed terms which includes the required resources to render the service and rates agreed with the respective customers. The terms with each customer may vary and this will impact the revenue recognised. We focused on revenue recognition as it required significant time and resources to audit the revenue at transaction level, which is material to the financial statements.	We have 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; • Checked revenue recognised based on satisfaction of performance obligation to provide outsourcing services; • Checked revenue recognised to the 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 adjustments to revenue recognised during the financial year.

INDEPENDENT AUDITORS' REPORT

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

(Incorporated in Malaysia)
Company 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 On 21 February 2020, the Company received a Writ of Summons 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 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 • Reviewed minutes of discussion between the Board of Directors and checked Directors' assessment of the summons and its legal merits in line with the requirements of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'. Based on the procedures performed above, we did not find any material exceptions.

INDEPENDENT AUDITORS' REPORT

(Incorporated in Malaysia)
Company 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 on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

(Incorporated in Malaysia)
Company 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, actions taken to eliminate threats or safeguards applied.

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)
Company 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 subsidiaries of which we have not acted as auditors, are 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
LLP0014401-LCA & AF 1146
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
02932/06/2022 J
Chartered Accountant

Kuala Lumpur
23 September 2021

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 during the financial year.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid and payable to the Group's and Company's External Auditors and a firm associated to it for the financial year ended 30 June 2021 were as follows.

	Group RM	Company RM
Audit fees	238,000	192,000
Non-audit fees	41,500	21,500

Note: The non-audit fees incurred includes tax and advisory services.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

For the financial year ended 30 June 2021, no contracts of a material in nature were entered into or were subsisting between the Group and its Directors or major shareholders.

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

There was no RRPT entered by the Group and the Company during the financial year ended 30 June 2021.

CORPORATE INFORMATION

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 30 SEPTEMBER 2021

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

DISTRIBUTION OF SHAREHOLDINGS AS 30 SEPTEMBER 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	117	2.48%	3,905	0.00%
100 to 1,000 shares	713	15.11%	485,324	0.14%
1,001 to 10,000 shares	2,495	52.88%	12,544,935	3.53%
10,001 to 100,000 shares	1,177	24.95%	36,972,434	10.40%
100,001 to less than 5% of issued shares	212	4.50%	163,956,108	46.13%
5% and above of issued shares	4	0.08%	141,490,854	39.80%
	4,718	**100.00%**	**355,453,560**	**100.00%**

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 30 SEPTEMBER 2021
(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)	67,440,000	18.972
2	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	34,535,060	9.715
3	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MGN-LSA0006M)	19,800,000	5.570
4	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	19,715,794	5.546
5	ALI BIN ABDUL KADIR	13,200,000	3.713
6	HSBC NOMINEES (ASING) SDN BHD SEB AB FOR EVLI EMERGING FRONTIER FUND	12,765,100	3.591
7	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MY2262)	10,460,000	2.942
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	9,163,600	2.578
9	SIEH KOK SWEE	8,003,600	2.251
10	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	7,334,400	2.063
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	7,283,200	2.048
12	KHOO LOON SEE	3,921,288	1.103
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	3,550,000	0.998
14	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	3,549,500	0.998
15	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	3,545,500	0.997
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JAGANATH DEREK STEVEN SABAPATHY (PB)	3,000,000	0.843

CORPORATE INFORMATION

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

No.	Name of Shareholder	No. of Shares Held	%
17	GAN BOON AIK	2,846,400	0.800
18	LIM KOOI FUI	2,472,700	0.695
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMAR SHARIFF BIN MYDEEN	2,277,000	0.640
20	MOHD SALLEH BIN HJ HARUN	1,590,800	0.447
21	BENNY PHILIP	1,452,000	0.408
22	LEE WEI CHUNG	1,390,000	0.391
23	MICHAEL GAN EU KHEONG	1,340,000	0.376
24	MEENAMBAL A/P VIJAYAKUMAR	1,251,336	0.352
25	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	1,218,500	0.342
26	EAPEN THOMAS A/L K I THOMAS	1,188,000	0.334
27	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,186,000	0.333
28	DP CAPITAL LIMITED	1,124,000	0.316
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (DGF)	1,108,400	0.311
30	NETINSAT ASIA SDN BHD	1,078,704	0.303
	Total	**248,790,882**	**69.976**

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2021

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	91,845,763	25.84%	0	0.00%
2	Netinsat Asia Sdn Bhd	68,518,704	19.28%	0	0.00%
3	Krishnan A/L C K Menon	934,520	0.26%	68,518,704	19.28%
4	Sreekumar A/L Narayana Pillai	0	0.00%	68,518,704	19.28%

DIRECTORS' SHAREHOLDING AS AT 30 SEPTEMBER 2021

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	91,845,763	25.84%	0	0.00%
2	Krishnan A/L C K Menon	934,520	0.26%	68,518,704 [1]	19.28%
3	Dato' Mohd Salleh bin Hj. Harun	1,956,000	0.55%	0	0.00%
4	Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	1,045,000	0.29%	1,063,000 [2]	0.30%
5	Karen Judith Goonting	0	0.00%	0	0.00%
6	Mahani Binti Amat	0	0.00%	0	0.00%
7	Datuk Joseph Dominic Silva	0	0.00%	0	0.00%

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

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS

ABAC	Anti-Bribery and Anti-Corruption Policy
Act	Companies Act 2016
AGM	Annual General Meeting
AI	Artificial Intelligence
ARMC	Audit and Risk Management Committee
BCP	Business continuity planning
BMS	Border Management System
Board	Board of Directors
BPaaS	Business Process as a Service
BPO	Business Process Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Report	Corporate Governance Report
CIO	Chief Information Officer
Code	Code of Business Conduct
COO	Chief Operating Officer
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CX	Customer Experiences
CXM	Customer Experience Management
DFA	Dual Factor Authentification
EAD	Exposure at Default
ECL	Expected Credit Loss
eKYC	Know Your Customer Solutions
EMGS	Education Malaysia Global Services
EPS	Earning Per Share
ESG	Environment, Social and Governance
ESOS	Employees' Share Option Scheme
ETA	Estimated Time of Arrival
FCF	Free Cash Flows
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year
GaaP	Government as a Platform
GBP	British Pound Sterling

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS (CONTINUED)

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
IMS	Identity Management Solution
INR	Indian Rupee
Insurtech	Insurance Technology
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
KL	Kuala Lumpur
LED	Light Emitting Diode
LGD	Loss Given Default
LMS	Learning Management Systems
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MCCG	Malaysian Code on Corporate Governance
MCO	Movement Control Order
MFRS	Malaysia Financial Reporting Standards
ML	Machine Learning
MOH	Ministry of Health
MQA	Malaysian Qualification Agency
MSC	Multimedia Super Corridor
MUR	Mauritius Rupee
OCI	Other Comprehensive Income
OSH	Occupational Safety and Health
PAT	Profit After Tax
PBT	Profit Before Taxation
PDPA	Personal Data Protection Act
PFI	Private Funding Initiatives
PJ	Petaling Jaya, Malaysia
PTSI	PT Scicom Indonesia
PWC	PricewaterhouseCoopers PLT
R&D	Research & Development

CORPORATE INFORMATION

GLOSSARY OF ABBREVIATIONS (CONTINUED)

RM	Ringgit Malaysia
ROU	Right-Of-Use
RPA	Robotic Process Automation
RRPT	Recurrent Related Party Transactions of a Revenue and Trading Nature
Scicom	Scicom (MSC) Berhad
Scicom Academy	Scicom (Academy) Sdn Bhd
Scicom (UK)	Scicom International (UK) Limited
SEA	South East Asia
SEG	Scicom Education Group
SeLMS	Scicom Learning Management System
SGC	Scicom Global Connect
SGD	Singapore Dollar
SICDA	Securities Industry (Central Depositories) Act 1991
SLPL	Scicom Lanka (Private) Limited
SML	SciSolutions (Mauritius) Limited
SMT	Senior Management Team
SOP	Standard Operating Procedure
SPPI	Solely Payment of Principal and Interest
SSPA	Service and Support Professionals Association
Statement	Directors' Statement on Internal Control
SVP	Senior Vice President
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
UK	United Kingdom
UNSDG	United Nations Sustainable Development Goals
USA	United States of America
USD	United States Dollar
UX	User Experiences
VIU	Value-In-Use
VPN	Virtual Private Networking
VR	Virtual Reality
WFH	Work from Home

CORPORATE INFORMATION

GROUP DIRECTORY

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

2nd Floor, Mercu MQA 3539,
Jalan Teknokrat 7
63000 Cyberjaya
Selangor Darul Ehsan Malaysia

Level 6, Office Block
University of Cyberjaya
Persiaran Bestari
63000 Cyberjaya
Selangor Darul Ehsan Malaysia

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

2nd Floor, Mercu MQA 3539
Jalan Teknokrat 7
63000 Cyberjaya
Selangor Darul Ehsan Malaysia

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

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
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
Gedung The Landmark Centre Tower II Lt 5
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 NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting ("19th AGM") of the Company will be conducted fully virtually from the Broadcast Venue at Scicom (MSC) Berhad, Kuala Lumpur Meeting Room, 9th Floor Menara TA One, 22, Jalan P. Ramlee, 50250 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on **Friday, 26 November 2021** 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 2021 together with the Reports of the Directors and Auditors thereon.	(Please refer to the Explanatory Notes to the Agenda)
2. To approve the payment of Directors' fees of RM505,466.00 for the financial year ended 30 June 2021.	(Ordinary Resolution 1)
3. To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company:-	
(i) Krishnan A/L C K Menon	(Ordinary Resolution 2)
(ii) Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	(Ordinary Resolution 3)
4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 4)
B. Special Business	
5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** "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 and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting ("AGM"), at such price and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months 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 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 held 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."	(Ordinary Resolution 5)
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 2021

NOTES:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders will not be allowed to attend the 19th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 19th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 19th AGM.

2. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.

3. A member entitled to attend and vote at this General Meeting 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.

4. 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 the General Meeting.

5. 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.

6. 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.

7. Where a member, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.

8. 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 the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

   i. In hard copy form
   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 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. By electronic means via Tricor TIIH Online website at https://tiih.online
   Please follow the procedure as set out in the Administrative Guide of the 19th AGM for the electronic submission of proxy form via TIIH Online.

NOTES:- (CONTINUED)

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar 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 not less than forty-eight (48) hours before the time appointed for holding the General Meeting 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.

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

11. Last date and time for lodging the proxy form is **Wednesday, 24 November 2021 at 10.00 a.m.**

12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company 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 if this has not been lodged with the Company's Share Registrar earlier.

13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 19th AGM will be put to vote by way of poll.

EXPLANATORY NOTES TO THE AGENDA:

(i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2021

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 Annual General Meeting. As such, this Agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) Ordinary Resolutions 1 - Directors' fees for the financial year ended 30 June 2021

The proposed Ordinary Resolution 1, if passed, will facilitate the payment of Directors' fees for the financial year ended 30 June 2021, details of which are disclosed in the Corporate Governance Overview Statement of the Annual Report 2021 and Corporate Governance Report. The amount of Directors' fees payable includes fees payable to Non-Executive Directors as members of the Board and Board Committees.

(iii) Ordinary Resolutions 2 and 3 - Re-election of Directors

Krishnan A/L C K Menon and Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 19th AGM.

Krishnan A/L C K Menon is the Non-Independent Non-Executive Chairman and a major shareholder of the Company. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah is the Independent Non-Executive Director and a shareholder of the Company. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

EXPLANATORY NOTES TO THE AGENDA: CONTINUED

(iii) Ordinary Resolutions 2 and 3 - Re-election of Directors (continued)

The Board had, 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 of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the current Board's competencies. The aforesaid Directors continue to bring independent and objective judgement to the Board.

Based on the above, the Board is supportive of the re-election of the aforesaid retiring Directors.

(iv) Ordinary Resolution 4 - Re-appointment of Auditors

The Board had, 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 19th AGM are disclosed in the Audit and Risk Management Committee Report of the Annual Report 2021.

(v) Ordinary Resolution 5 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed resolution, if passed, will empower the Directors to issue and 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 Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

This is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 27 November 2020. The 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, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for 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 or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 November 2020 and the mandate will lapse at the conclusion of the 19th AGM.

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..
[FULL ADDRESS]

being a member(s) of **SCICOM (MSC) BERHAD** hereby appoint:

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

and

Full Name (in Block)	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 Nineteenth Annual General Meeting of the Company which will be conducted fully virtually from the Broadcast Venue at Scicom (MSC) Berhad, Kuala Lumpur Meeting Room, 9th Floor Menara TA One, 22, Jalan P. Ramlee, 50250 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on **Friday, 26 November 2021 at 10.00 a.m.** or at any adjournment thereof, and to vote as indicated below:-

Description of Resolution	**Resolution**	**FOR**	**AGAINST**
To approve the payment of Directors' fees of RM505,466.00 for the financial year ended 30 June 2021.	**Ordinary Resolution 1**		
To re-elect Krishnan A/L C K Menon as Director.	**Ordinary Resolution 2**		
To re-elect Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah as Director.	**Ordinary Resolution 3**		
To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 4**		
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	**Ordinary Resolution 5**		

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 _____________ 2021

 # 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, one of whom 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.

____
Signature#
Member

PROXY FORM (CONTINUED)

NOTES:-

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   Shareholders will not be allowed to attend the 19th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 19th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 19th AGM.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting 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.*

4. *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 the General Meeting.*

5. *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.*

6. *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.*

7. *Where a member, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

8. *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 the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote..*

   i. *In hard copy form*
   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 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. *By electronic means via Tricor TIIH Online website at https://tiih.online*
   Please follow the procedure as set out in the Administrative Guide of the 19th AGM for the electronic submission of proxy form via TIIH Online.

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar 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 not less than forty-eight (48) hours before the time appointed for holding the General Meeting 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.*

10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging the proxy form is **Wednesday, 24 November 2021 at 10.00 a.m.***

12. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company 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 if this has not been lodged with the Company's Share Registrar earlier.*

13. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 19th AGM will be put to vote by way of poll.*

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

www.scicom-intl.com