SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

ANNOUNCEMENT

The Board of Directors of Scicom (MSC) Berhad (hereinafter referred to as "Scicom" or "the Company") is pleased to announce the following unaudited consolidated results for the first quarter ended 30 September 2020.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019	Changes	Current Financial Period Ended 30.9.2020	Preceding Financial Period Ended 30.9.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	**52,499**	**48,092**	**9%**	**52,499**	**48,092**	**9%**
Operating expenses	(38,712)	(34,352)	13%	(38,712)	(34,352)	13%
Depreciation and amortisation	(4,316)	(4,090)	6%	(4,316)	(4,090)	6%
Operating profit	**9,471**	**9,650**	**-2%**	**9,471**	**9,650**	**-2%**
Loss on foreign exchange	(321)	(214)	50%	(321)	(214)	50%
Bad debts written off	-	(142)	-100%	-	(142)	-100%
Finance income	135	239	-44%	135	239	-44%
Finance costs	(121)	(249)	-51%	(121)	(249)	-51%
Profit before taxation	**9,164**	**9,284**	**-1%**	**9,164**	**9,284**	**-1%**
Taxation	(2,389)	(2,856)	-16%	(2,389)	(2,856)	-16%
Profit for the financial period	**6,775**	**6,428**	**5%**	**6,775**	**6,428**	**5%**

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019	Changes	Current Financial Period Ended 30.9.2020	Preceding Financial Period Ended 30.9.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive (loss)/ income, net of tax						
Foreign currency translation differences for foreign operations	(83)	(121)	-31%	(83)	(121)	-31%
Total comprehensive income for the financial period	6,692	6,307	6%	6,692	6,307	6%
Profit attributable to:						
- Owners of the Company	6,776	6,423	5%	6,776	6,423	5%
- Non-controlling interest	(1)	5	-120%	(1)	5	-120%
Profit for the financial period	6,775	6,428	5%	6,775	6,428	5%
Total comprehensive income attributable to:						
- Owners of the Company	6,693	6,302	6%	6,693	6,302	6%
- Non-controlling interest	(1)	5	-120%	(1)	5	-120%
Total comprehensive income for the financial period	6,692	6,307	6%	6,692	6,307	6%
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	1.91	1.81	5%	1.91	1.81	5%
- Diluted (sen)	N/A	N/A	N/A	N/A	N/A	N/A

Other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
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(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Period Ended 30.6.2020	As At Preceding Financial Year Ended 30.06.2019
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	9,619	10,031
Software licences	11,737	11,046
Right-of-use assets	5,389	8,114
Deferred tax assets	700	700
	27,445	29,891
Current Assets		
Trade receivables	34,577	33,543
Unbilled receivables	20,191	18,845
Other receivables, deposits and prepayments	10,996	10,033
Tax recoverable	113	91
Investments in cash funds	22,510	23,409
Cash and bank balances	6,677	5,707
	95,064	91,628
TOTAL ASSETS	122,509	121,519
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	74,232	71,010
Currency translation reserve	(3,668)	(3,585)
Total equity attributable to Owners of the Company	106,109	102,970
Non-controlling interest	(1,610)	(1,609)
TOTAL EQUITY	104,499	101,361
Non-Current Liabilities		
Lease liabilities	1,638	2,032
Deferred tax liabilities	81	81
	1,719	2,113
Current Liabilities		
Trade and other payables	11,529	11,181
Lease liabilities	4,199	6,283
Tax liabilities	563	581
	16,291	18,045
TOTAL LIABILITIES	18,010	20,158
TOTAL EQUITY AND LIABILITIES	122,509	121,519
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.30	0.29

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	----------Attributable to Owners of the Company------					
	Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30.9.2019						
As at 1 July 2019	355,453	35,545	(3,389)	66,730	(1,610)	97,276
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(121)	0	0	(121)
Net profit for the financial period	0	0	0	6,423	5	6,428
Total comprehensive (loss)/income	0	0	(121)	6,423	5	6,307
Dividends paid for the financial year ended:						
- 30 June 2019	0	0	0	(3,554)	0	(3,554)
As at 30 September 2019	355,453	35,545	(3,510)	69,599	(1,605)	100,029
3 months ended 30.9.2020						
As at 1 July 2020	355,453	35,545	(3,585)	71,010	(1,609)	101,361
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(83)	0	0	(83)
Net profit/(loss) for the financial period	0	0	0	6,776	(1)	6,775
Total comprehensive (loss)/income	0	0	(83)	6,776	(1)	6,692
Dividends paid for the financial year ended:						
- 30 June 2020	0	0	0	(3,554)	0	(3,554)
As at 30 September 2020	355,453	35,545	(3,668)	74,232	(1,610)	104,499

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
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(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Period Ended 30.9.2020	Preceding Financial Period Ended 30.9.2019
	RM'000	RM'000
Operating Activities		
Net profit for the financial period	6,775	6,428
Adjustments:		
Depreciation of plant and equipment	1,116	1,252
Amortisation of software licenses	498	428
Depreciation of right-of-use assets	2,702	2,410
Bad debts written off	-	142
Unrealised foreign exchange (gain)/loss	(206)	285
Taxation	2,391	2,856
Finance income	(135)	(239)
Finance cost:		
- accretion on lease liabilities	121	249
Operating profit before changes in working capital	13,262	13,811
Receivables	(3,137)	458
Payables	347	(1,915)
Cash flow from operations	10,472	12,354
Interest received	135	239
Net tax paid	(2,431)	(1,904)
Net cash flow generated from operating activities	8,176	10,689
Investing Activities		
Purchases of plant and equipment	(701)	(93)
Purchases of software licences	(1,195)	(508)
Investment in cash funds	899	(98)
Decrease in fixed deposits with maturity of more than 3 months	-	1,500
Net cash flow (used in)/generated from investing activities	(997)	801
Financing Activities		
Repayment of lease liabilities	(2,576)	(2,533)
Payment of dividends	(3,554)	(3,554)
Net cash flow used in financing activities	(6,130)	(6,087)
Net increase in cash and cash equivalents	1,049	5,403
Effect of foreign exchange on cash and cash equivalents	(79)	(136)
Cash and cash equivalents at beginning of financial year	4,707	18,536
Cash and cash equivalents at end of financial period	5,677	23,803
Deposits with maturity of more than 3 months	1,000	5,500
Cash and bank balances at the end of the financial period	6,677	29,303

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2020

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 30 June 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2020.The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- Conceptual Framework for Financial Reporting ("Framework")
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)

The adoption of these standards and amendments had no significant effect on the financial performance or position of the Group.

Standards and amendments that have been issued but not yet effective

Effective for annual reporting periods beginning on or after 1 January 2022
- Annual improvements to MFRS standards 2018 – 2020 (Amendments to MFRS 1 and MFRS 16)
- Amendments to MFRS 3 'Business Combinations'
- Amendments to MFRS 116 'Property, Plant and Equipment'

Effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'

The amendments above are not expected to have a material impact on the financial statements of the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2020 was not qualified.

4. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal and cyclical factors during the financial quarter under review.

5. UNUSUAL ITEMS

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review and financial period to date.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no material changes in the basis of estimates of amounts previously reported which have a material effect in the financial quarter under review and financial period to date.

7. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial quarter and financial period to date, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities.

8. DIVIDENDS PAID

The following dividends were paid during the financial period to date :-

In respect of the financial year ended	Dividend	Date of dividend payment	Amount paid
2020	Interim dividend of 1.0 sen per ordinary share	29 September 2020	RM3,554,536

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. SEGMENT RESULTS AND 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 two primary segments that are the focus of the management's internal financial and operational reporting structure are as follows:

a. Business Process Outsourcing (BPO)'s suite of services include integrated solutions in Customer Lifecycle Management, Digital/ E-Commerce Solutions and E-Government (Gov-Tech) Solutions.

b. Education includes educational and industrial training services primarily focused on customer care in the service industry, English Language Testing/ Assessments and also internal training for the Group.

Segmental analysis by geographical areas:

	Current Period Quarter 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019
	RM'000	RM'000
Revenue		
Malaysia	33,053	29,281
Singapore	2,244	2,768
Philippines	6,830	6,996
Sri Lanka	1,271	1,386
China	6,084	5,504
Others	3,017	2,157
	52,499	48,092

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. SEGMENT RESULTS AND REPORTING (cont'd)

Segmental analysis by business segment is as follows:

For the financial period ended 30 September 2020

FY 2021	Current Financial Period Ended 30.9.2020			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	52,477	22	-	52,499
Inter-segment revenue	-	602	(602)	-
Total revenue	52,477	624	(602)	52,499
Segment results	13,181	285		13,466
Unallocated income/ other gains				-
Depreciation of plant and equipment				(1,116)
Amortisation of software licences				(498)
Amortisation of right-of-use assets				(2,702)
Finance income				135
Finance cost				(121)
Profit before taxation				9,164
Taxation				(2,389)
Net profit for the financial period				6,775

For the financial year ended 30 September 2019

FY 2020	Preceding Financial Period Ended 30.9.2019			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	48,023	69	-	48,092
Inter-segment revenue	-			-
Total revenue	48,023	69	-	48,092
Segment results	13,900	(516)		13,384
Unallocated income/ other gains				0
Depreciation of plant and equipment				(1,252)
Amortisation of software licences				(428)
Amortisation of right-of-use assets				(2,410)
Finance income				239
Finance cost				(249)
Profit before taxation				9,284
Taxation				(2,856)
Net profit for the financial period				6,428

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review and financial period to date. As at 30 September 2020, all plant and equipment were stated at cost less accumulated depreciation.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial quarter under review up to the date of the interim financial report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 21 October 2020, the Company disposed 5,000 ordinary shares held in Asian Contact Solutions Sdn Bhd (formerly known as Asian Contact Centres Sdn Bhd) to Microlink Solutions Berhad ("Microlink") at a price of RM1.00 per ordinary share for a total sale consideration of RM5,000.00. Accordingly, ACSSB is now equally owned by Scicom and Microlink.

Other than the above, there were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the financial quarter under review.

13. CONTINGENT LIABILITY OR CONTINGENT ASSET

There was no contingent liability or contingent asset arising since the last audited financial statement for the financial year ended 30 June 2020.

14. COMMITMENTS

Commitments for the Group not provided for as at 30 September 2020 are as follows:

(a) Capital commitments

	Current Financial Period Ended 30.9.2020
	RM'000
In respect of plant and equipment - Authorised and contracted	633

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the financial period under review.

16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER/FINANCIAL PERIOD TO DATE

Financial quarter ended	30 Sep 2020	30 Sep 2019	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	52,477	48,023	4,454
Education	22	69	(47)
Total revenue	**52,499**	**48,092**	**4,407**
Profit before taxation	**9,164**	**9,284**	**(120)**

a. Revenue

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. The Group also secures clients that requires ad-hoc short term services.

The Movement Control Order ("MCO") and travel ban due to Covid-19 has had a mixed impact on the financial performance of the Group's BPO business for the current financial quarter under review. The Group's BPO clients primarily in the tourism, leisure and the education verticals, have seen a reduction in transaction volume during the current financial quarter under review resulting in a decrease in the Group's BPO revenue amounting to approximately RM16.07 million.

The above reduction has been mitigated by an increase in business activities of certain BPO clients primarily within the online consumer product vertical and also new clients secured since the preceding year corresponding quarter. Increase in billings from both existing clients and also new clients secured amounted to RM18.52 million and RM2.00 million, respectively totaling approximately RM20.52 million.

The net increase in the Group's BPO revenue for the current financial quarter under review as compared to the preceding quarter corresponding quarter is RM4.45 million.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY QUARTER/FINANCIAL PERIOD TO DATE (cont'd)

Education

For the current financial quarter under review, the Education business has conducted external corporate training and online English Language assessment for the staff in the Group.

b. Profit before taxation

Despite the increase in revenue, the Group's profit before tax for the current financial quarter under review is lower than the preceding year corresponding quarter. This is due mainly to the change in composition of revenue for BPO business and its associated profit margins and accompanying costs. This has resulted in a decrease in operating profit as compared to the preceding year corresponding quarter.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	30 Sep 2020	30 Jun 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	52,477	42,483	9,994
Education	22	-	22
Total revenue	**52,499**	**42,483**	**10,016**
Profit before taxation	**9,164**	**4,915**	**4,249**

a. Revenue

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services.

For the current financial quarter under review, the Group's BPO revenue increased by RM11.54 million as compared to the preceding quarter. The increase in revenue for the BPO business is mainly due to higher transaction volume for its online consumer product and education verticals during the current quarter under review. Revenue from BPO clients primarily in the tourism and leisure recorded a reduction of RM1.55 million for the current financial quarter under review as compared to the preceding quarter.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS (cont'd)

The net increase in the Group's BPO revenue for the current financial quarter under review is RM9.99 million.

Education

For the current financial quarter under review, the Education business has conducted external online corporate training programmes.

b. Profit before taxation

The Group's higher profit before taxation for the current financial quarter under review as compared to the preceding quarter is due mainly to the increase in revenue for the Group's BPO business.

18. CURRENT YEAR REVIEW

For the current financial quarter under review, the Group registered an increase in revenue of 9.2% as compared to the preceding year corresponding quarter. The increase in revenue is due mainly to a higher transactional volume for the Group's BPO clients in the online consumer product vertical and also from new clients secured. Despite the higher revenue, the Group's profit before tax for the current financial quarter under review decreased by 1.28% as compared to the preceding year corresponding quarter. This is due to the change in composition of revenue of the BPO business and its associated profit margins and accompanying costs. This has resulted in a slight decrease in operating profit as compared to the preceding year corresponding quarter.

In comparison with the preceding quarter's result, the Group's revenue and profit before taxation for the current financial quarter under review has recorded a significant improvement, amounting to an increase of 23.6% and 86.5% respectively, as the Group's overall BPO business increases in tandem with new business wins.

The Group continues to aggressively enhance its pipeline of prospects locally and has made significant inroads in its business development efforts for its suite of products globally. The Group expects these prospects to convert and contribute to the Group's earnings in the second half of financial year 2021.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. EXPLANATORY NOTES FOR VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not publish any profit forecast in respect of the financial year ending 30 June 2021.

20. TAXATION

	Current Financial Quarter Ended 30.9.2020 RM '000	Current Financial Period Ended 30.9.2020 RM '000
Group		
Current tax	2,389	2,389
Deferred tax	-	-
	2,389	2,389
Effective tax rate	26%	26%

For the current financial quarter and financial period under review, the Group's effective tax rate is higher than the statutory tax rate due to the unrecognised deferred tax asset on current year losses. 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.

A wholly owned subsidiary of the Company, Scicom Contact Centre Services Private Limited (India) has received tax assessment notices of RM1.3 million INR23.8 million (2020: RM1.4 million, INR23.8 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors have received expert advice on this matter from a tax agent. Based on the advice received, the Board of Directors are of the view that no significant liability will crystallize from these assessments.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 27 November 2020, being the date of this report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group does not have any borrowings and debt securities as at 30 September 2020.

23. UPDATE ON LITIGATION

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

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

The 30 day period for EMGS to lodge an appeal against the Court Order for a stay lapsed on 10th January 2020 and the Company has to date not received any notice of arbitration from EMGS or its solicitors. There has been no new updates since the date of the previous quarterly announcement on 28 August 2020. Moving forward, announcements will be made only if there is a change in this matter.

(ii) On the 7th February 2020, a Writ was issued on the Company (Ref: Kuala Lumpur High Court Suit No. WA-22NCVC-88-02/2020). It was only served on the Company on 21st February 2020. The Company entered an appearance through its solicitors on 26th February 2020. No prior demands or discussions in relation to the matters on which the Writ is purportedly based took place between the parties prior to the service of the Writ.

The claim against the Company is for declaratory relief, general damages of approximately RM24.5 million and unliquidated damages. The Board, based on legal advice obtained, maintained that the claim is time barred, frivolous and has no merits and has assessed the potential liability to the Company as nil.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. UPDATE ON LITIGATION (cont'd)

(ii) 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 states that the system has been functioning seamlessly for over 7 years with all the requisite clearances from the authorities.

The Company took out an application to stay the proceedings and refer the dispute to arbitration. On 27th 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 Kuala Lumpur High Court decision to the Court of Appeal. On the 12th of 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 27th July 2020. On legal advice, the Company is optimistic that its appeal will be successful.

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

(iii) On 29th November 2019, the Company was served with an Application for an Interim Injunction against the Company and its wholly-owned subsidiary namely Scicom Lanka (Pvt) Ltd ("SLPL") along with six (6) employees of SLPL which was fixed for hearing on the 9th of December 2019 at the Commercial High Court of Colombo, the Democratic Socialist Republic of Sri Lanka ("Sri Lanka"). The Application for the Interim Injunction was filed by Informatics International Limited ("IIL"), a company incorporated in Sri Lanka. IIL is seeking to restrain its ex-employees currently employed by SLPL, the Company and SLPL from engaging in the provision of certain consultancy and solution services. There is no monetary claim sought in this action.

The Company has appointed Counsel in Sri Lanka to represent its interests and that of its employees. The Company has sought and obtained legal advice that the Application for the Interim Injunction filed by IIL is frivolous and without merit. The Application for the Interim Injunction has no material financial or operational implications to the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. UPDATE ON LITIGATION (cont'd)

(iii) The original hearing was adjourned to 3rd September 2020 due to the restrictions on normal court service imposed by the COVID-19 crisis.

On the 8th September 2020, the Commercial High Court in Colombo ("the High Court") gave its decision and granted four interim injunctions requested by IIL. As before, the granting of those injunctions has no material impact on the operation of the Company's business in Sri Lanka and the Company has been advised there are very strong grounds for reversing the High Court ruling. An appeal against the orders of the High Court is in progress to the Supreme Court of the Democratic Socialist Republic of Sri Lanka ("the Supreme Court"). For various reasons, including unavailability of IIL counsel and issues with court documents, the initial application for leave to appeal was adjourned from 16th October 2020 to 17th December 2020.

Other than the above, there were no material litigation matters dealt with during the financial period or pending as at 27th November 2020, being the date of this report.

24. DIVIDENDS

The Board of Directors has approved and declared a first interim dividend of 1.5 sen, tax exempt, per ordinary share, amounting to RM5,331,803 which is payable on 29 December 2020.

	Current Financial Period Ended 30.9.2020	Preceding Financial Period Ended 30.9.2019
Interim dividend for the financial year ended 30 June	**2021**	**2020**
First interim		
Approved and declared on	27-Nov-20	25-Nov-19
Date payable/paid	29-Dec-20	24-Dec-19
Based on register members dated	14-Dec-20	10-Dec-19
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend payable/paid(RM)	5,331,803	5,331,803
Interim dividend for the financial year ended 30 June	**2020**	**2019**
Fourth interim		
Approved and declared on	28-Aug-20	28-Aug-19
Date paid	29-Sep-20	30-Sep-19
Based on register members dated	14-Sep-20	13-Sep-19
Amount per share	1.0 sen tax exempt	1.0 sen tax exempt
Net dividend paid (RM)	3,554,536	3,554,536

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

25. EARNINGS PER SHARE ("EPS")

The basic earnings per share for the financial quarter/year under review are computed as follows:

	Current Financial Quarter Ended 30.9.2020	Current Financial Period Ended 30.9.2020
Profit attributable to the Owners of the Company for the financial year (RM'000)	6,776	6,776
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	1.91	1.91

Diluted earnings per share is not applicable as the Company has no potential ordinary shares to be issued.

26. DERIVATIVE FINANCIAL INSTRUMENTS

There were no outstanding derivative financial instruments as at 30 September 2020.

27. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains/losses arising from fair value changes of financial liabilities for the financial period ended 30 September 2020.

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR
27 NOVEMBER 2020