

**SCICOM (MSC) BERHAD**  
(Company No. 200201029763 (597426-H))  
(Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 30 JUNE 2022**

**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 fourth quarter ended 30 June 2022.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Year Ended	Preceding Financial Year Ended	Changes
	30.6.2022	30.6.2021	%	30.6.2022	30.6.2021	%
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>	67,517	55,722	21%	265,052	216,196	23%
Operating expenses	(51,720)	(42,341)	22%	(203,125)	(162,456)	25%
Depreciation and amortisation	(4,831)	(4,050)	19%	(18,385)	(16,594)	11%
<b>Operating profit</b>	<b>10,966</b>	<b>9,331</b>	<b>18%</b>	<b>43,542</b>	<b>37,146</b>	<b>17%</b>
Share of loss of joint venture (net of tax)	-	(3)	-100%	(2)	(3)	-33%
Gain/(Loss) on foreign exchange	326	60	443%	366	(495)	-174%
Bad debts recovered	-	213	-100%	-	213	-100%
Impairment loss on receivable	-	(2,365)	-100%	-	(2,365)	-100%
Gain on disposal of plant and equipment	15	-	100%	15	-	100%
Finance income	107	168	-36%	493	614	-20%
Finance costs*	(508)	(1,054)	-52%	(2,317)	(1,786)	30%
<b>Profit before taxation</b>	<b>10,906</b>	<b>6,350</b>	<b>72%</b>	<b>42,097</b>	<b>33,324</b>	<b>26%</b>
Taxation	(2,334)	(249)	837%	(10,651)	(7,510)	42%
<b>Profit for the financial year</b>	<b>8,572</b>	<b>6,101</b>	<b>41%</b>	<b>31,446</b>	<b>25,814</b>	<b>22%</b>

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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter 30.6.2022	Preceding Year Corresponding Quarter 30.6.2021	Changes	Current Financial Year Ended 30.6.2022	Preceding Financial Year Ended 30.6.2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Other comprehensive loss, net of tax</b>						
Foreign currency translation differences for foreign operations	(800)	(88)	809%	(3,198)	(632)	406%
<b>Total comprehensive income for the financial year</b>	<b>7,772</b>	<b>6,013</b>	<b>29%</b>	<b>28,248</b>	<b>25,182</b>	<b>12%</b>
Profit attributable to:						
- Owners of the Company	8,573	6,099	41%	31,452	25,818	22%
- Non-controlling interest	(1)	2	-150%	(6)	(4)	50%
Profit for the financial year	8,572	6,101	41%	31,446	25,814	22%
Total comprehensive income attributable to:						
- Owners of the Company	7,773	6,011	29%	28,254	25,186	12%
- Non-controlling interest	(1)	2	-150%	(6)	(4)	50%
Total comprehensive income for the financial year	7,772	6,013	29%	28,248	25,182	12%
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)	2.41	1.72	40%	8.85	7.26	22%
- Diluted (sen)	2.41	1.72	40%	8.85	7.26	22%

\* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office in January 2021.

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 2021 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At Current Financial Year Ended 30.6.2022 RM'000</b>	<b>As At Preceding Financial Year Ended 30.6.2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Plant and equipment	19,341	18,133
Software licences	9,058	12,718
Right-of-use assets	32,612	41,803
Investment in joint venture	-	2
Other receivables, deposits and prepayments	3,336	-
Deferred tax assets	1,506	1,798
	<b>65,853</b>	<b>74,454</b>
<b>Current Assets</b>		
Trade receivables and contract assets	57,252	52,450
Other receivables, deposits and prepayments	3,749	7,489
Amount due from a joint venture	-	16
Tax recoverable	1,290	1,612
Investments in cash funds	13,263	25,373
Cash and bank balances	23,568	4,645
	<b>99,122</b>	<b>91,585</b>
<b>TOTAL ASSETS</b>	<b>164,975</b>	<b>166,039</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	35,545	35,545
Retained earnings	85,626	77,278
Currency translation reserve	(7,415)	(4,217)
<b>Total equity attributable to Owners of the Company</b>	<b>113,756</b>	<b>108,606</b>
Non-controlling interest	(1,619)	(1,613)
<b>TOTAL EQUITY</b>	<b>112,137</b>	<b>106,993</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	26,029	34,195
Deferred tax liabilities	1,773	1,100
	<b>27,802</b>	<b>35,295</b>
<b>Current Liabilities</b>		
Trade and other payables	16,644	15,140
Lease liabilities	8,392	8,611
	<b>25,036</b>	<b>23,751</b>
<b>TOTAL LIABILITIES</b>	<b>52,838</b>	<b>59,046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>164,975</b>	<b>166,039</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>	<b>0.32</b>	<b>0.31</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	-----Attributable to Owners of the Company-----					
	Issued and fully paid ordinary shares		Non-distributable	Distributable	Non-controlling interest	Total Equity
	Number of shares	Share capital	Currency translation reserve	Retained earnings		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 months ended 30.6.2021</b>						
As at 1 July 2020	355,454	35,545	(3,585)	71,010	(1,609)	101,361
Currency translation differences	0	0	(632)	0	0	(632)
Profit/(expense) for the financial year	0	0	0	25,818	(4)	25,814
Total comprehensive (expense)/income for the financial year	0	0	(632)	25,818	(4)	25,182
Dividends paid for the financial year ended:						
- 30 June 2020	0	0	0	(3,554)	0	(3,554)
- 30 June 2021	0	0	0	(15,996)	0	(15,996)
As at 30 June 2021	355,454	35,545	(4,217)	77,278	(1,613)	106,993
<b>12 months ended 30.6.2022</b>						
As at 1 July 2021	355,454	35,545	(4,217)	77,278	(1,613)	106,993
Currency translation differences	0	0	(3,198)	0	0	(3,198)
Profit/(expense) for the financial year	0	0	0	31,452	(6)	31,446
Total comprehensive (expense)/income for the financial year	0	0	(3,198)	31,452	(6)	28,248
Dividends paid for the financial year ended:						
- 30 June 2021	0	0	0	(5,331)	0	(5,331)
- 30 June 2022	0	0	0	(17,773)	0	(17,773)
As at 30 June 2022	355,454	35,545	(7,415)	85,626	(1,619)	112,137

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 2021 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Current Financial Year Ended 30.6.2022 RM'000</b>	<b>Preceding Financial Year Ended 30.6.2021 RM'000</b>
<b>Operating Activities</b>		
<b>Net profit for the financial year</b>	<b>31,446</b>	<b>25,814</b>
<b>Adjustments:</b>		
Depreciation of plant and equipment	6,281	4,618
Amortisation of software licenses	2,795	2,399
Depreciation of right-of-use assets	9,309	9,577
Impairment loss on receivable	-	2,365
Unrealised foreign exchange loss/(gain)	(48)	205
Plant and equipment written off	1	1
Gain on disposal of plant and equipment	(15)	-
Taxation	10,651	7,510
Finance income	(493)	(614)
Finance cost	2,317	1,786
Share of loss of joint venture	2	3
<b>Operating profit before changes in working capital</b>	<b>62,246</b>	<b>53,664</b>
Receivables	(4,189)	(56)
Payables	1,504	3,742
<b>Cash flow from operations</b>	<b>59,561</b>	<b>57,350</b>
Net tax paid	(9,363)	(9,691)
<b>Net cash flow generated from operating activities</b>	<b>50,198</b>	<b>47,659</b>
<b>Investing Activities</b>		
Purchase of plant and equipment	(7,752)	(12,805)
Purchase of software licences	(917)	(4,380)
Decrease/(Increase) in investment in cash funds	12,110	(1,965)
Interest received	493	614
Gain on disposal of plant and equipment	15	-
Disposal of a subsidiary, net of cash disposed	-	(1)
Increase in fixed deposits with maturity of more than 3 months	(966)	(34)
<b>Net cash flow generated from/(used in) investing activities</b>	<b>2,983</b>	<b>(18,571)</b>
<b>Financing Activities</b>		
Repayment of lease liabilities	(10,145)	(10,587)
Payment of dividends	(23,104)	(19,550)
<b>Net cash flow used in financing activities</b>	<b>(33,249)</b>	<b>(30,137)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19,932</b>	<b>(1,049)</b>
Effect of foreign exchange on cash and cash equivalents	(1,975)	(47)
Cash and cash equivalents at beginning of financial year	3,611	4,707
<b>Cash and cash equivalents at end of financial year</b>	<b>21,568</b>	<b>3,611</b>
Deposits with maturity of more than 3 months	2,000	1,034
<b>Cash and bank balances at the end of the financial year</b>	<b>23,568</b>	<b>4,645</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial report.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**1. BASIS OF PREPARATION**

The unaudited interim financial report has been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” 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 2021.

**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 2021.

***Amendments to published standards that are effective***

The Group have applied the following for the first time for the financial year beginning on 1 July 2021:

- Amendments to MFRS 9, MFRS 7 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’

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.

***Standards and 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 2022. The Group will apply the following amendments to standard in the financial year beginning on/after 1 July 2022:

**Effective for annual reporting periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 Reference to the Conceptual Framework
- Amendments to MFRS 9 Financial Instruments – Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Effective for annual reporting periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on 'Disclosure of Accounting Policies' and 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

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.

**3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 30 June 2021 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 year 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 year to date.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**7. MOVEMENT IN DEBT AND EQUITY SECURITIES**

During the current financial quarter and financial year 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 year to date :-

In respect of the financial year ended	Dividend	Date of dividend payment	Amount paid
2021	Interim dividend of 1.5 sen per ordinary share	29 September 2021	RM5,331,803
2022	Interim dividend of 1.5 sen per ordinary share	27 December 2021	RM5,331,803
2022	Interim dividend of 2.0 sen per ordinary share	29 March 2022	RM7,109,071
2022	Interim dividend of 1.5 sen per ordinary share	28 June 2022	RM5,331,803

**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 and also internal training for the Group.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**9. SEGMENT RESULTS AND REPORTING (cont'd)**

Segmental analysis by geographical areas:

	<b>Current Period Quarter 30.6.2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.6.2021 RM'000</b>
<b>Revenue</b>		
Malaysia	51,658	38,180
Singapore	1,572	2,165
Philippines	6,064	6,909
Sri Lanka	801	1,273
Greater China	4,803	6,101
Others	2,619	1,094
	67,517	55,722

Segmental analysis by business segment is as follows:

For the financial year ended 30 June 2022

FY 2022	<b>Current Financial Year Ended 30.6.2022</b>			
	<b>Outsourcing services RM'000</b>	<b>Education RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
Revenue from external customers	264,789	263	-	265,052
Inter-segment revenue	-	1,020	(1,020)	-
<b>Total revenue</b>	<b>264,789</b>	<b>1,283</b>	<b>(1,020)</b>	<b>265,052</b>
Segment results	61,904	404	-	62,308
Depreciation of plant and equipment				(6,281)
Amortisation of software licences				(2,795)
Amortisation of right-of-use assets				(9,309)
Share of loss of joint venture				(2)
Finance income				493
Finance cost				(2,317)
Profit before taxation				42,097
Taxation				(10,651)
<b>Net profit for the financial year</b>				<b>31,446</b>

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**9. SEGMENT RESULTS AND REPORTING (cont'd)**

For the financial year ended 30 June 2021

FY 2021	Preceding Financial Year Ended 30.6.2021			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	216,151	45	-	216,196
Inter-segment revenue	6,000	2,207	(8,207)	-
Total revenue	222,151	2,252	(8,207)	216,196
Segment results	50,045	1,048	-	51,093
Depreciation of plant and equipment				(4,618)
Amortisation of software licences				(2,399)
Amortisation of right-of-use assets				(9,577)
Share of results of joint venture				(3)
Finance income				614
Finance cost				(1,786)
Profit before taxation				33,324
Taxation				(7,510)
Net profit for the financial year				25,814

**10. VALUATION OF PLANT AND EQUIPMENT**

There was no revaluation of plant and equipment during the financial quarter under review and financial year to date. As at 30 June 2022, 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**

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.

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**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 2021.

**14. COMMITMENTS**

Commitments for the Group not provided for are as follows:

(a) Capital commitments

In respect of plant and equipment  
- Authorised and contracted

	<b>Current Financial Year Ended 30.6.2022</b>	<b>Preceding Financial Year Ended 30.6.2021</b>
	RM'000	RM'000
	857	268

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**16. REVIEW OF PERFORMANCE**

**PERFORMANCE BY QUARTER**

<b>Financial quarter ended</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>Increase/ (decrease)</b>
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	67,254	55,720	11,534
Education	263	2	261
<b>Total revenue</b>	<b>67,517</b>	<b>55,722</b>	<b>11,795</b>
<b>Profit before taxation</b>	<b>10,906</b>	<b>6,350</b>	<b>4,556</b>

**a. Revenue**

BPO

The Group recorded an increase in BPO revenue of RM11.53 million for the current financial quarter under review as compared to the preceding year corresponding quarter. The increase is due mainly to growth for existing projects amounting to RM10.45 million and RM1.08 million from new projects in the current financial quarter under review.

Education

For the current financial quarter under review, the Education business has started generating external training revenue from the Group's eLMS (e Learning Management System).

**b. Profit before taxation**

The Group's profit before taxation registered an increase of 71.7% as compared to the preceding year corresponding quarter. The higher profit before taxation is primarily due to an increase in BPO revenue by 20.7% in comparison with the preceding year corresponding quarter. The Group made an impairment of its trade receivables amounted to RM2.34 million that impacted its profit before taxation in the preceding year corresponding quarter.

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**16. REVIEW OF PERFORMANCE (cont'd)**

**PERFORMANCE BY FINANCIAL YEAR TO DATE**

<b>Financial year ended</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>Increase/ (decrease)</b>
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	264,789	216,151	48,638
Education	263	45	218
<b>Total revenue</b>	<b>265,052</b>	<b>216,196</b>	<b>48,856</b>
<b>Profit before taxation</b>	<b>42,097</b>	<b>33,324</b>	<b>8,773</b>

**c. 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.

Revenue for the current financial year under review increased by RM48.64 million as compared to the preceding financial year. The revenue from the Group's existing clients increased by approximately RM15.79 million as compared to the preceding financial year. New business secured contributed RM32.85 million to the growth in the BPO business revenue for the current financial year under review.

Education

For the financial year under review, the Education business has developed training modules for the Group's eLMS (e Learning Management System) and has started generating external training revenue in current financial quarter under review.

**a. Profit before taxation**

The Group's profit before taxation registered an increase of 26.3% as compared to the preceding year. The higher profit before taxation is primarily due to an increase in BPO revenue by 22.5% in comparison with the preceding year corresponding quarter. The Group made an impairment of its trade receivables amounted to RM2.34 million that impacted its profit before taxation in the preceding year.

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**17. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

Financial quarter ended	30 Jun 2022	31 Mar 2022	Increase/ (decrease)
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	67,254	66,116	1,138
Education	263	-	263
<b>Total revenue</b>	<b>67,517</b>	<b>66,116</b>	<b>1,401</b>
<b>Profit before taxation</b>	<b>10,906</b>	<b>9,352</b>	<b>1,554</b>

**a. Revenue**

BPO

For the current financial quarter under review, the Group's BPO revenue increased by RM1.14 million as compared to the preceding quarter. The increase is due mainly to growth for existing projects amounting to RM0.72 million and RM0.42 million from new projects in the current financial quarter under review.

Education

For the current financial quarter under review, the Education business has started generating external training revenue from the Group's eLMS (e Learning Management System).

**b. Profit before taxation**

The Group's profit before taxation registered an increase of 16.6% as compared to the preceding quarter. The higher profit before taxation is primarily due to an increase in revenue and foreign exchange gain as compared to preceding quarter.



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**18. CURRENT YEAR REVIEW AND PROSPECT FOR THE FINANCIAL YEAR 2023 (FY2023)**

**Current Year Review**

For the current financial year under review, the Group registered an increase in revenue and profit before taxation of 22.6% and 26.3% respectively, as compared to the preceding year corresponding. The improved result achieved is primarily due to higher transactional volume for the Group's existing BPO clients that contributed RM15.79 million. Contribution from new BPO projects secured amounted to RM32.85 million for the current financial year under review. The Group's Education business unit has completed the development of the Group's eLMS (e Learning Management System) and commenced training during the current financial year under review.

**Prospects for financial year 2023**

BPO

In FY2023, the Group is expecting transactional volumes to increase for certain existing clients. Increasing inflation and the subsequent increase in the cost of doing business in developed nations has made Malaysia with its low inflation rate, cost base and weaker currency, a more attractive proposition for the Group's potential BPO clients in those markets. The Group has thus intensified its business development efforts to take advantage of the current macro-economic conditions.

With borders and countries returning to travel normalcy, the Group has seen a revival of the Gov-tech sales pipeline that was previously impacted during the pandemic period. The Group has received an increased level of interest for its Integrated Border Management System primarily from developing nations. Similarly, there has also been an increased level of interest for the Group's Identity Management System and its suite of innovative products and services. The Group is diligent in pursuing each prospect in FY2023.

Education

The Group expects that contribution from the Education business unit to increase substantially with the development of more online training courses for the Group's eLMS that will be released to the market in FY2023. The Group intensified its marketing efforts for its suite of online courses.

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**18. CURRENT YEAR REVIEW AND PROSPECT FOR THE FINANCIAL YEAR 2023 (FY2023) (cont'd)**

**Prospects for financial year 2023 (cont'd)**

Overall

The Group is monitoring the current global economic environment and remains vigilant of any risk and challenges to the Group's business. The Group continues to focus on mitigating any business risk in these uncertain times through business diversification in the digital space, prudent financial management and innovative product and service development for our core activities. This strategy is expected to increase revenue and contribution from existing clients along with conversion of new clients in the current sales pipeline. The Group is confident in achieving growth in terms of revenue and profitability for FY2023.

**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 ended 30 June 2022.

**20. TAXATION**

	<b>Current Financial Quarter Ended 30.6.2022 RM '000</b>	<b>Current Financial Year Ended 30.6.2022 RM '000</b>
<u>Group</u>		
Current tax	1,952	9,686
Deferred tax	382	965
	<b>2,334</b>	<b>10,651</b>
Effective tax rate	21%	25%

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. For the current financial quarter under review, the Group's effective tax rate is lower than the statutory tax rate due recognition and utilisation of previously unrecognised temporary differences.





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**20. TAXATION (cont'd)**

As reported in the previous financial years, 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 (2021: RM1.3 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 26 August 2022, being the date of this report.

**22. GROUP BORROWINGS AND DEBT SECURITIES**

The Group does not have any borrowings and debt securities as at 30 June 2022.

**23. UPDATE ON LITIGATION**

Informatics International Limited

On 29.11.2019, an application for an Interim Injunction (the 'Application') was served upon Scicom (MSC) Berhad ('Scicom MSC') and its wholly-owned subsidiary Scicom Lanka ('SLPL') along with six (6) employees of SLPL. The Application 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, as well as restrain Scicom MSC and SLPL from engaging in the provision of certain consultancy and solution services. There is no monetary claim sought in this action. The Application alleges: (i) Breach of a Confidentiality Agreement entered into between the 6 employees of SLPL having been ex-employees of IIL. (ii) Breach of a Confidentiality & Teaming Agreement entered into between Scicom MSC and IIL. (iii) Offences contrary to section 160(1) and (6) of the Intellectual Property Act No 36 of 2003; which can be summarised as being acts of unfair competition, namely that all the Defendants have gained an unfair advantage through a dishonest use of information belonging to IIL and/or in breach of confidentiality agreements.



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**23. UPDATE ON LITIGATION (cont'd)**

SCICOM has sought and obtained legal advice that the Application filed by IIL is frivolous and without merit. We have appointed Counsel in Sri Lanka to represent SCICOM's interests and that of our employees. The Application has no material financial or operational implications to Scicom MSC or SLPL. The 6 employees have been directed to desist from any overt and proactive marketing or promotional activities on the basis of taking a cautious position to avoid unnecessary interventions from IIL until this matter is resolved

The Supreme Court granted permission to appeal on the 29<sup>th</sup> March 2021 and at the same time ordered an interim stay on the injunctions pending determination of the appeal. The substantive appeal hearing was listed for 8<sup>th</sup> September 2021 but was cancelled due to COVID-19 restrictions in Sri Lanka. For reasons relating to the ongoing situation in Sri Lanka a new date has been set of 19<sup>th</sup> October 2022 for hearing at the Supreme Court. The matter is listed in the Commercial High Court on 29<sup>th</sup> August 2022.

Other than the above, there were no material litigation matters dealt with during the financial period or pending as at 26 August 2022, being the date of this report.

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**24. DIVIDENDS**

The Board of Directors has approved and declared a fourth interim dividend of 2.0 sen, single-tier, per ordinary share, amounting to RM7,109,071 which is payable on 28 September 2022.

	<b>Current Financial Year Ended 30.6.2022</b>	<b>Preceding Financial Year Ended 30.6.2021</b>
<b>Interim dividend for the financial year ended 30 June</b>	<b>2022</b>	<b>2021</b>
<u>Fourth interim</u>		
Approved and declared on	26-Aug-22	27-Aug-21
Date payable/paid	28-Sep-22	29-Sep-21
Based on register members dated	13-Sep-22	14-Sep-21
Amount per share	2.0 sen single-tier	1.5 sen tax exempt
Net dividend payable/paid(RM)	7,109,071	5,331,803
<b>Interim dividend for the financial year ended 30 June</b>	<b>2022</b>	<b>2021</b>
<u>Third interim</u>		
Approved and declared on	27-May-22	28-May-21
Date paid	28-Jun-22	29-Jun-21
Based on register members dated	14-Jun-22	15-Jun-21
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803
<b>Interim dividend for the financial year ended 30 June</b>	<b>2022</b>	<b>2021</b>
<u>Second interim</u>		
Approved and declared on	28-Feb-22	26-Feb-21
Date paid	29-Mar-22	29-Mar-21
Based on register members dated	15-Mar-22	15-Mar-21
Amount per share	2.0 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	7,109,071	5,331,803
<b>Interim dividend for the financial year ended 30 June</b>	<b>2022</b>	<b>2021</b>
<u>First interim</u>		
Approved and declared on	26-Nov-21	27-Nov-20
Date paid	27-Dec-21	29-Dec-20
Based on register members dated	13-Dec-21	14-Dec-20
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803

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**25. EARNINGS PER SHARE (“EPS”)**

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

	<b>Current Financial Quarter Ended 30.6.2022</b>	<b>Current Financial Year Ended 30.6.2022</b>
Profit attributable to the Owners of the Company for the financial year (RM'000)	8,573	31,452
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	2.41	8.85

Diluted earnings per share is the same as basic earnings per share 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 June 2022.

**27. FAIR VALUE OF FINANCIAL LIABILITIES**

There were no gains/losses arising from fair value changes of financial liabilities for the financial year ended 30 June 2022.

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM  
DIRECTOR  
26 AUGUST 2022