scicom

The Science of Communication

Celebrating

OUR PEOPLE OUR BUSINESS

25TH ANNIVERSARY ISSUE

Annual Report

2022

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GROUP & TEAM
Company Profile

Over
50
blue chip clients

ABOUT SCICOM

Scicom's integrated portfolio of business services combined with decades of industry experience enable companies to execute their strategic vision to deliver business outcomes 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 over the past 25 years.

Our forward-thinking and agile solutions is a testament to 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.

Driven by its fundamental values of Quality, Teamwork, Innovation, Integrity, and People, Scicom has grown to a total headcount of 3,790 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. 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.

Scicom Digital works closely with clients to identify areas where our digital solutions can create new revenue streams, increase effectiveness of existing services, streamline workflow processes, reduce operational costs and create additional value.

Scicom Education's 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.

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.

FORGING INDUSTRY BEST PRACTICES AND DELIVERING IMPACTFUL SOLUTIONS.

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 | **Biometric** Solutions | **Back-end Processing** & Fulfillment | **Big Data** & Analytics

Over
200
million Customer Interactions annually

CUSTOMER LIFECYCLE MANAGEMENT

Scicom BPO (Business Process Outsourcing) has emerged in the industry as a success story consistently over the past 25 years. This serves as a testament to Scicom BPO's staunch commitment to its clients, customers, and employees.

We are an industry-leading Customer Management BPO provider that offers multilingual 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.

At Scicom BPO, we have recruited and developed diverse, talented, and passionate teams from all walks of life. Our continuous investment in career development and up-skilling has resulted in a talent management practice of internal promotions and cross-departmental transfers that enables employees to achieve their career goals.

Our customer care solutions have resulted in higher customer experience and satisfaction for clients in the business-to-consumer and business-to-business segments across the following industries: airlines, financial services, telecommunications, consumer electronics, media & broadcasting, travel & leisure, E-Commerce, healthcare, and government.

CONSISTENTLY EXCEEDING CUSTOMER EXPECTATIONS.

Our Solution Sets

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

OFFERING
24 x 7 x 365
OPERATIONS

SCICOM GOV-TECH

Scicom Gov-Tech's digital solutions enables Government agencies to streamline, automate processes, and reduce operational costs to achieve strategic objectives and business KPIs. Scicom Gov-Tech plays a pivotal role in enabling agencies to develop robust data and analytics collection tools that empower decision-makers with comprehensive and accurate information. Our technology platforms allows clients to leverage the best digital solutions to solve challenges faced by the Government sector.

Scicom Gov-Tech is driven by a desire to expand accessibility and enhance the user experience for Government services. Our strategic partnerships with the Government sector are a result of a demonstrated history of delivering proven digital solutions that improves core government systems and services to citizens.

EMPOWERING DECISION-MAKERS WITH COMPREHENSIVE AND ACCURATE INFORMATION.

Our Solution Sets

International Student Management Systems | **Border Control** Solutions |
Blockchain Technologies | **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 | **Digital ID** Solutions |
Migrant Worker Management Systems |
Vaccine Management & Administration Systems | **eKYC** (Know Your Customer) Solutions
Covid-19 Test Management & Administration Systems |

OVER
50
NATIONALITIES
WORKING WITH US

SCICOM EDUCATION GROUP

Scicom Education provides a wide range of language, vocational, and corporate training programmes. We work with clients to develop bespoke training programmes that meets our client's business needs.

Our team has successfully developed a Learning Management System (LMS) which delivers interactive self-paced e-Learning programmes. The LMS provides customisable games, quizzes, and engaging features that enhance knowledge retention and allow clients to track specific training metrics of each user.

Scicom Education plays a critical role in developing competencies in key areas, including stress and conflict management, customer relations, English language proficiency and leadership skills. We developed a customisable English-language assessment test to screen potential hires for English proficiency. In addition, we also offer services for psychometric and aptitude assessments that help identify training needs. Whether it's graduates entering the job market or staff who require up-skilling, Scicom Education’s flexible approach has helped thousands achieve their learning objectives and accelerate their career growth.

REMAINING ONE STEP AHEAD ON LEARNING TOOLS & TEACHING METHODS.

Our Solution Sets

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

OVER

25

YEARS EXPERIENCE
& TRACK RECORD

SCICOM DIGITAL

Scicom Digital designs and delivers exceptional digital experiences. Our teams develop advanced solutions that harness the power of artificial intelligence, data analytics, and automation to support each aspect of our clients' digital strategies.

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 accelerates the digital transformation of businesses in a powerful way, leveraging the latest digital technologies to provide a return on 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.

DESIGNING AND DELIVERING EXCEPTIONAL DIGITAL EXPERIENCES.

Our Solution Sets

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

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

Fa'izah Binti Mohamed Amin
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

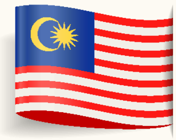
STOCK EXCHANGE LISTING

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

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

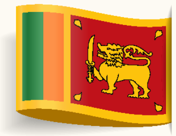
SCICOM E-SOLUTIONS SDN BHD
(Kuala Lumpur, Malaysia) 100% owned

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

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

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 INC
(Glenview, Illinois, USA) 100% owned

SCISOLUTIONS (MAURITIUS) LTD
(Mauritius) 100% owned

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

PT SCICOM INDONESIA
(Jakarta, Indonesia) 100% owned

BOARD OF DIRECTORS

KRISHNAN MENON

Non-Independent Non-Executive Director/ Chairman

Krishnan Menon, a Malaysian, male, 72, was appointed to the Board of Scicom on 10 March 2004. He 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 all the five (5) Board meetings held during the financial year.

BOARD OF DIRECTORS

DATO’ SRI LEO ARIYANAYAKAM

Non-Independent Executive Director/Chief Executive Officer

Dato' Sri Leo Ariyanayakam, a Sri Lankan with Malaysian Permanent Residence, male, 59, was appointed to the Board of Scicom on 30 October 2002. He is also the Chief Executive Officer of the Company. 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.

BOARD OF DIRECTORS

DATO' NICHOLAS JOHN LOUGH @ SHARIF LOUGH BIN ABDULLAH

Independent Non-Executive Director

Dato' Nicholas John Lough, a British citizen with Malaysian Permanent Residence, male, 70, was appointed to the Board of Scicom on 14 May 2014. He 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 and Hong Leong Bank Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Hong Leong MSIG Takaful Berhad, a public company.

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


scicom

BOARD OF DIRECTORS

DATO' MOHD SALLEH BIN HJ HARUN

Non-Independent Non-Executive Director

Dato' Mohd Salleh Bin Hj Harun, a Malaysian, male, 78, was appointed to the Board of Scicom on 22 August 2005. He 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 a 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.

BOARD OF DIRECTORS

MAHANI BINTI AMAT

Independent Non-Executive Director

Mahani Binti Amat, a Malaysian, female, 68, was appointed to the Board of Scicom on 15 June 2017. She 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.

BOARD OF DIRECTORS

DATUK JOSEPH DOMINIC SILVA

Independent Non-Executive Director

Datuk Joseph Dominic Silva, a Malaysian, male, 57, was appointed to the Board of Scicom on 7 February 2018. He is a member of the Audit and Risk Management Committee. Datuk Dominic is a Finance graduate from University of Wales and holds a Master's degree in Research (Business) from the University of Liverpool.

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

Datuk Dominic has over 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.

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.

BOARD OF DIRECTORS

KAREN JUDITH GOONTING

Independent Non-Executive Director

Karen Goonting, a Malaysian, female, 60, was appointed to the Board of Scicom on 14 May 2014. She is the Chairperson of the Nominating and Remuneration Committee. She holds a Bachelor of Laws from Victoria University of Wellington, New Zealand and a Bachelor of Science (Psychology) from the University of Upper Iowa, USA.

She is a Barrister & Solicitor of the High Court of New Zealand and an Advocate & Solicitor of the High Court of Malaya.

Karen has over 35 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 12 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 all the five (5) Board meetings held during the financial year.

BOARD OF DIRECTORS

FA'IZAH BINTI MOHAMED AMIN

Independent Non-Executive Director

Fa'izah Binti Mohamed Amin, a Malaysian, female, 54, was appointed to the Board of Scicom on 1 January 2022. She holds a Bachelor's Degree in Political Science from Brock University in Canada. She possesses cross-industry credentials of more than 20 years. She started her career as a foreign correspondent before moving on to becoming an information specialist and subsequently joined Time Broadcast Group as Head of News & Information Division in 1995. She then joined TM Bhd as Manager of New Media Strategy in 1997 and promoted to Head of Technology Planning & Innovation in 2000, Assistant General Manager of Business Strategy in 2004, General Manager of Middle East & Africa Business in 2007, and General Manager of Technology Planning/ICT Business in 2010.

In 2014, she joined UMW Technology Sdn Bhd as President and Chief Digital, and moved on to HP Inc as Managing Director in 2018 before resigning in 2020. She was a Governor and Director of the American Chamber of Commerce from 2019 to 2020.

She is currently an Independent Director of Cradle Fund Sdn Bhd. She is also an Independent Non-Executive Director of DKSH Holdings (Malaysia) Berhad and Hong Leong Bank Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad.

She has attended two (2) Board meetings during the financial year 2022 since her appointment to the Board on 1 January 2022.

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, 47, 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 20 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.

SENIOR MANAGEMENT TEAM

BENNY PHILIP

Chief Operating Officer - Outsourcing

Benny, a Malaysian Permanent Residence, male, 54, 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 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 significant management experience gained from working with Global organisations such as Unilever, Panasonic, Ford Motor Company and HSBC.

SENIOR MANAGEMENT TEAM

JASIM PUTHUCHEARY

Chief Operating Officer - e-Solutions & Gov-Tech

Jasim, a Malaysian, male, 52, joined Scicom on 15 January 2009 and was appointed as the COO for Scicom's GovTech operations on 1 July 2011. He is responsible for Scicom's GovTech strategy and operations and has over 15 years of GovTech industry and consulting experience. Scicom's GovTech drives three aspects of public sector modernisation – citizen-centric public services that are accessible, a whole-of-government approach to digital government transformation, and efficient and transparent government systems.

Jasim started his career in Corporate Finance with RHB Securities. Thereafter, he joined Usaha Tegas' corporate finance division, where he worked on projects for Maxis, ASTRO and Powertech. In 2001, Jasim joined Commerce Dot Com as its Chief Operating Officer. At Commerce Dot Com he was responsible for implementing and operating the Government's e-procurement system. Jasim holds a degree in Law (LLB) from the University of London.

SENIOR MANAGEMENT TEAM

CHANDIMA HEMACHANDRA

Chief Technology Officer

Chandima, a Sri Lankan, male, 59, joined Scicom on 20 January 2011 as CTO He is an information technology professional with over 27 years of experience. He has 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 former 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.

SENIOR MANAGEMENT TEAM

SHANTI JACQUELINE JEYA RAJ

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

Shanti, a Malaysian, female, 57, 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 Senior Vice President ("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.

SENIOR MANAGEMENT TEAM

WONG YEE LING

Senior Vice President - Internal Audit Risk and Governance

Yee Ling, a Malaysian, female, 49, 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 has 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).

SENIOR MANAGEMENT TEAM

SHEREEN DYER

Senior Vice President - Legal Affairs

Shereen, a British national, female, 47, 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.

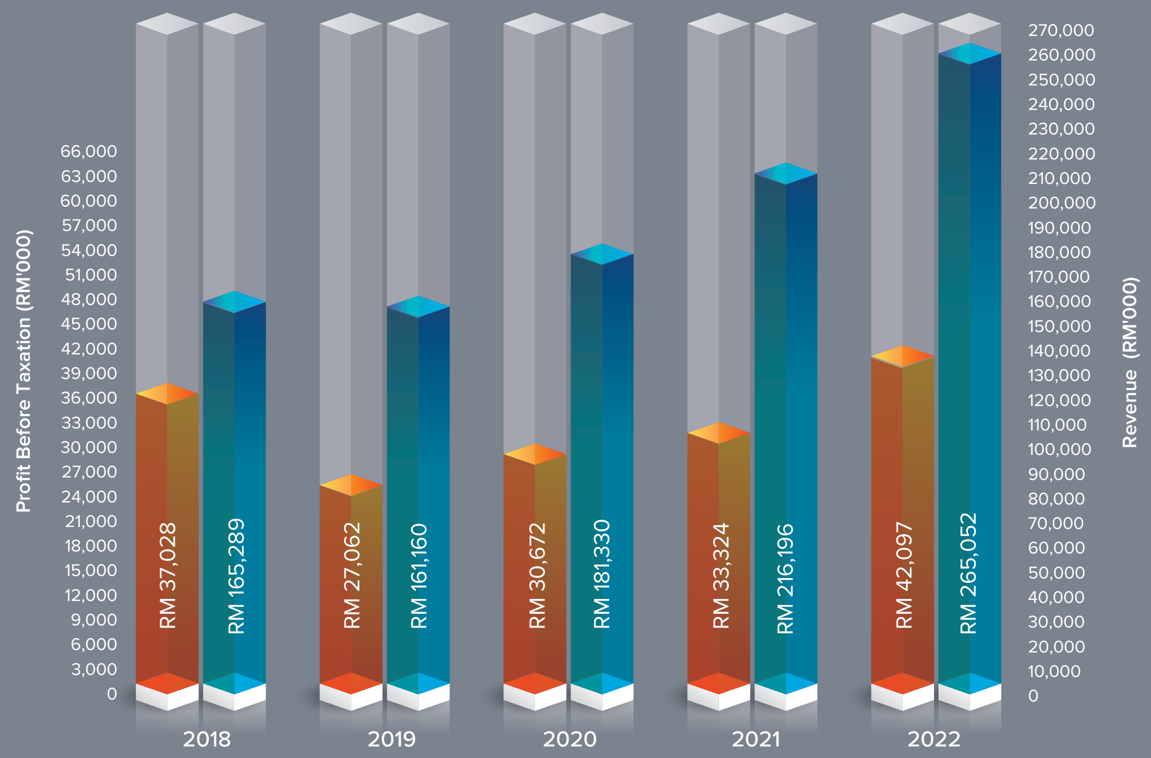
None of the Senior Management Staff have any:
- *family relationship with any Director and/or major shareholder of the Company;*
- *conflict of interest with the Company;*
- *directorship in public companies and listed issuers;*
- *conviction for offences within the past 5 (five) years (other than traffic offences, if any); and*
- *public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

YEAR IN REVIEW

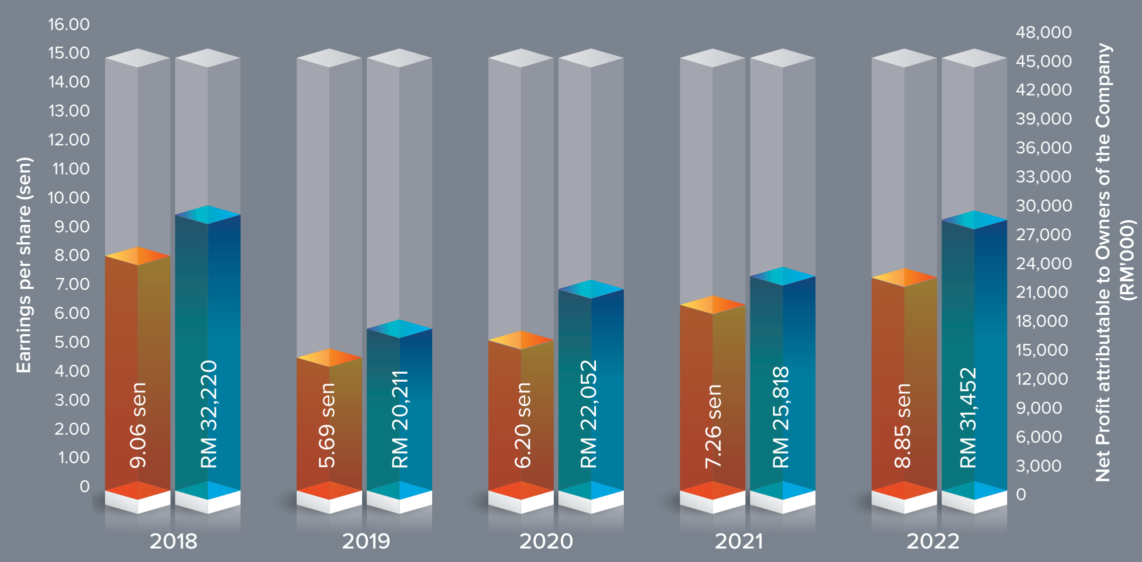
GROUP FINANCIAL HIGHLIGHTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
PROFITABILITY (RM'000)				
Operating revenue	265,052	216,196	258,941	209,816
Profit before taxation ("PBT")	42,097	33,324	41,686	37,637
Net profit for the financial year	31,446	25,814	31,326	29,022
Net profit attributable to the equity holders of the Company	31,452	25,818	31,326	29,022
KEY BALANCE SHEET DATA (RM'000)				
Total assets	164,974	166,039	158,993	155,351
Total liabilities	52,838	59,046	49,267	53,847
Capital and reserves attributable to equity holders of the Company	112,136	106,994	109,726	101,504
Net Cash Position	36,831	30,018	36,212	29,832
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	22.6%	19.2%	23.4%	20.4%
- PBT growth (%)	26.3%	8.6%	10.8%	18.4%
- Net profit growth (%)	21.8%	17.1%	7.9%	25.1%
- Basic earnings per share (sen)	8.85	7.26	N/A	N/A
- Diluted earnings per share (sen)	8.85	7.26	N/A	N/A
- Asset turnover (times)	1.61	1.30	1.63	1.35
- Net return on equity (times)	0.28	0.24	0.29	0.29
Liquidity:				
- Current (times)	3.96	3.86	4.19	4.43
- Cash over total assets (%)	22.3%	18.1%	22.8%	19.2%
- Trade receivables turnover (months)	2.59	2.91	2.54	2.87
Financing (excluding lease liabilities):				
- Debt over equity (times)	-	-	-	-
- Gearing (times)	-	-	-	-
Market Based (as at 30 June):				
Market capitalisation (RM'000)	373,226	383,890	-	-
Price-earning ratio (times)	11.86	14.88	-	-
Dividend Yield (%)	6.7%	5.6%	-	-
Net Asset Per Share (sen)	31.55	30.10	-	-

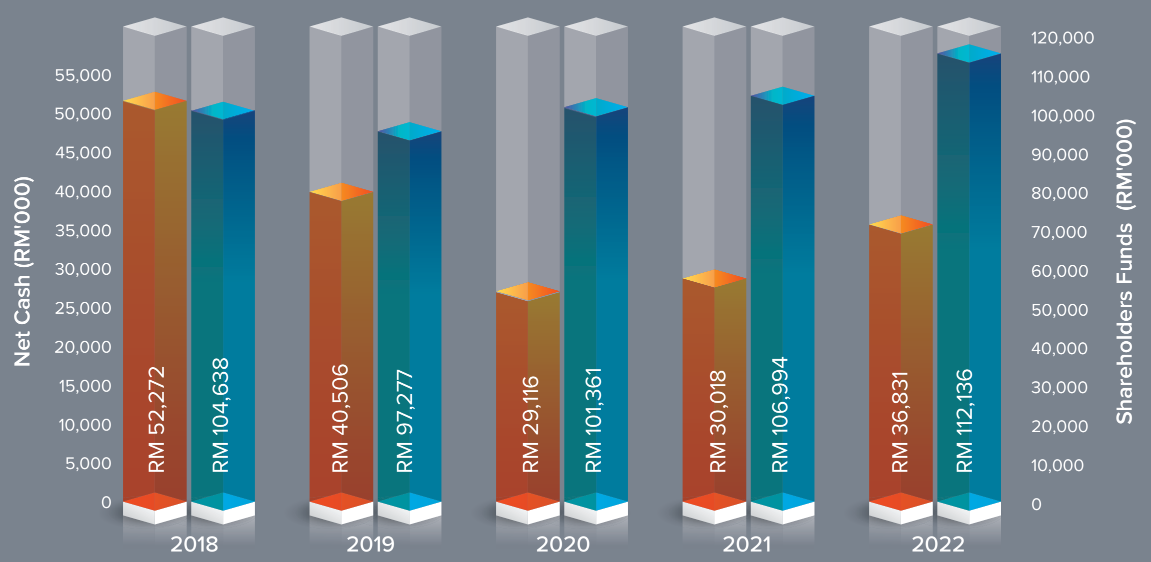
REVENUE AND PROFIT BEFORE TAXATION



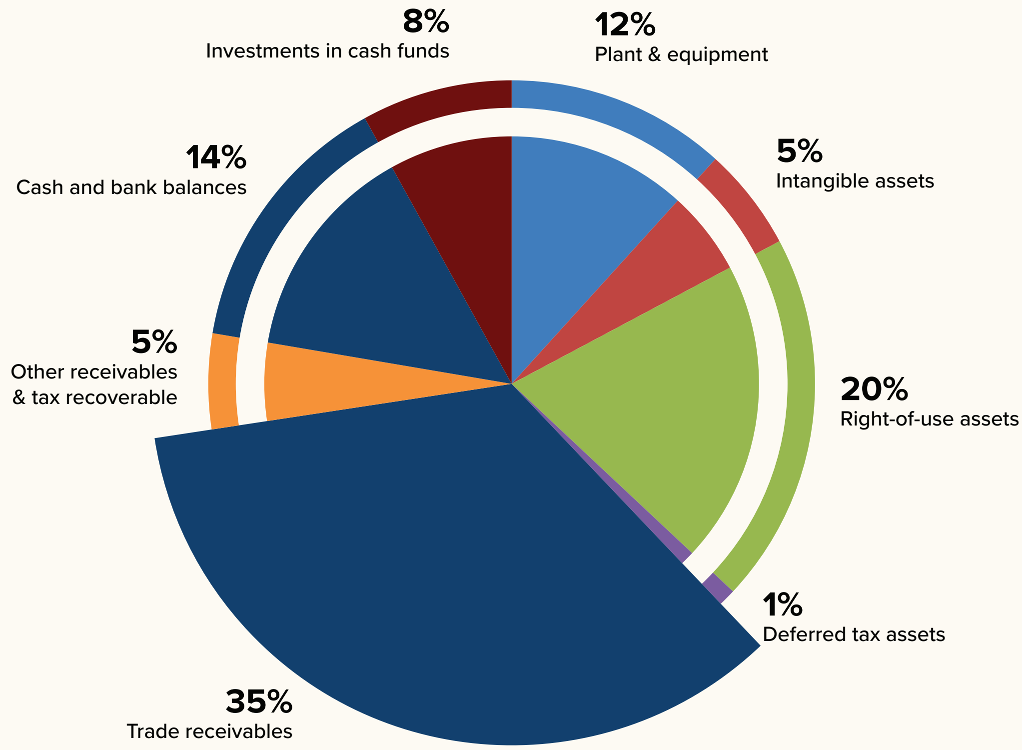
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE



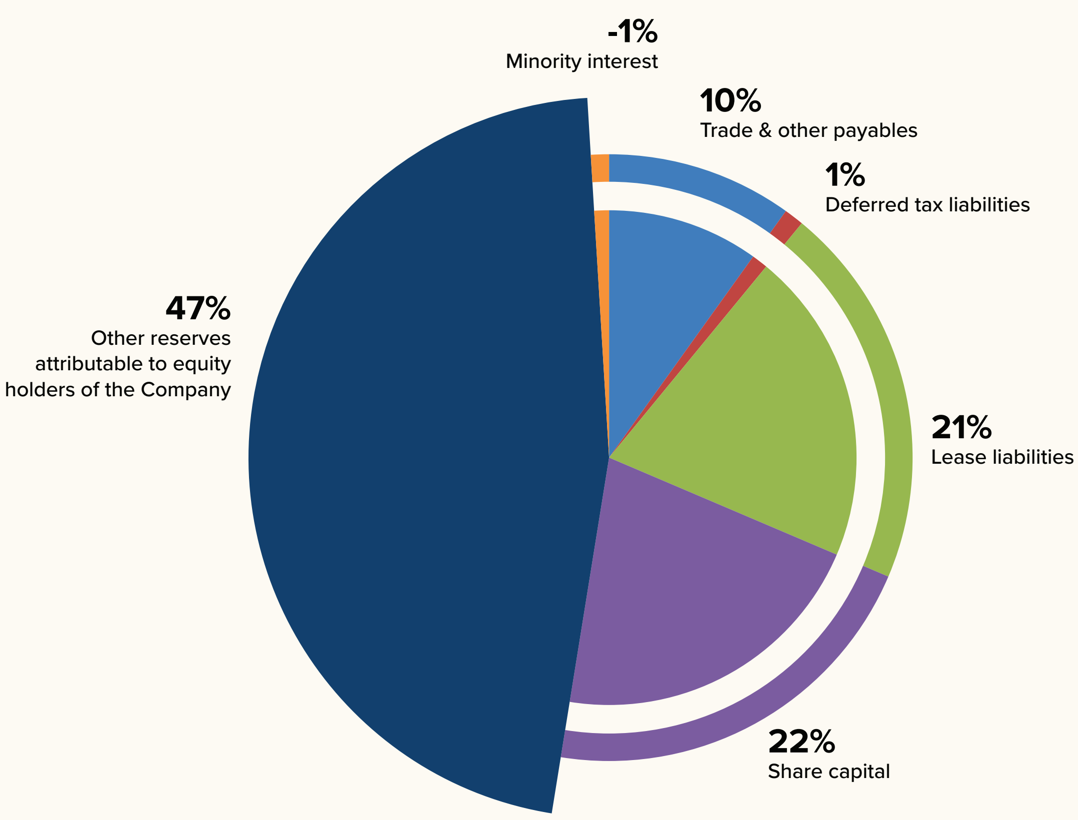
SHAREHOLDERS' FUNDS AND NET CASH



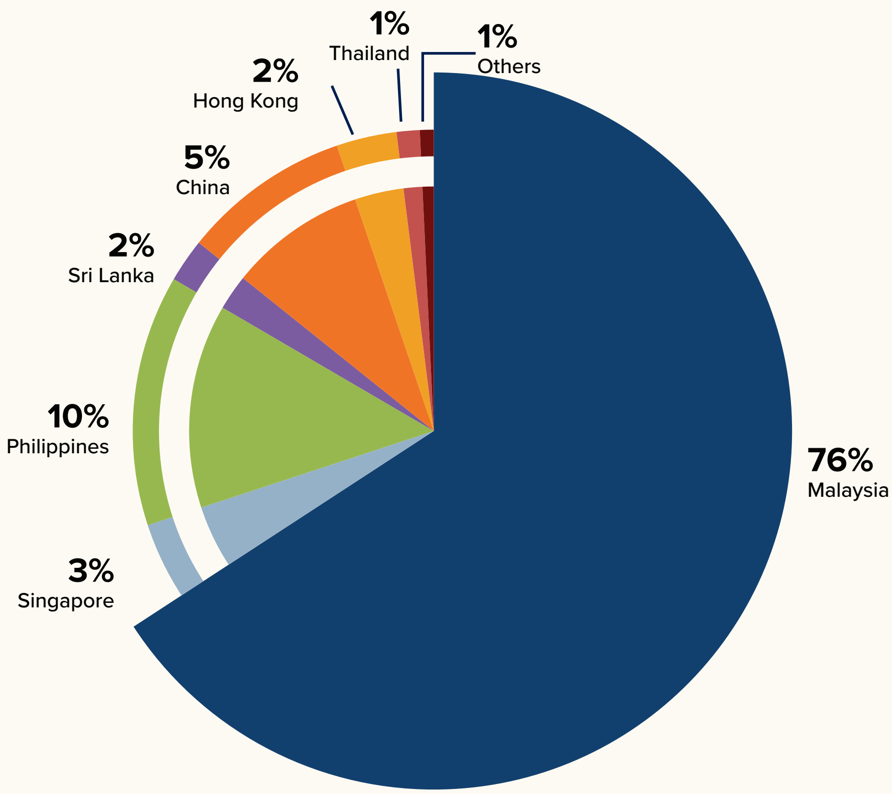
TOTAL ASSETS



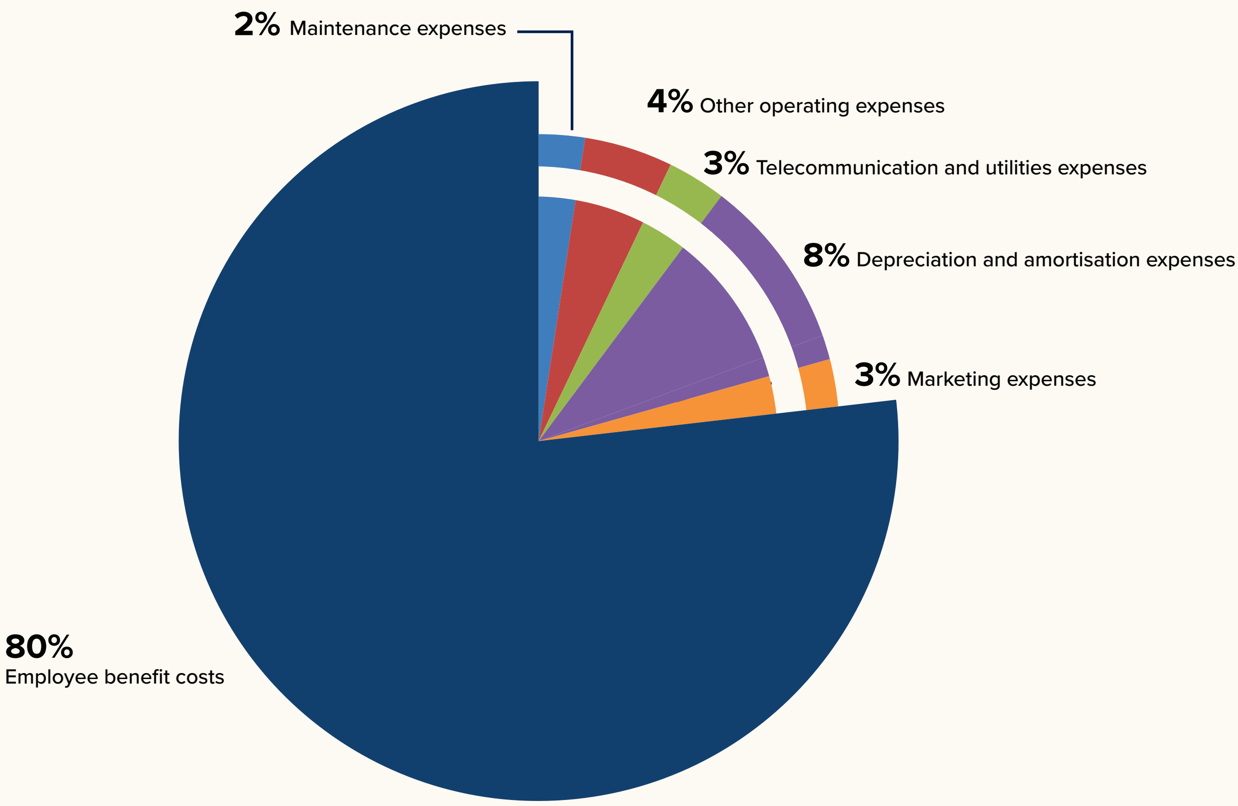
TOTAL LIABILITIES, CAPITAL AND RESERVES



REVENUE BY LOCATION



OPERATING EXPENSES



MANAGEMENT
DISCUSSION AND ANALYSIS

> "Creating value in Financial Year 2022: We delivered strong financial results and improved on our Environmental, Social, and Governance (ESG) performance. Our results reflect the dedication and hard work of over 3,790 talented people, who are focused on creating value for all our stakeholders—our clients and their customers, our staff, our shareholders and the communities we live in."

Scicom (MSC) Berhad ("Scicom") Group ("we", or "our") is Malaysia's leading Business Process Outsourcing (BPO) company for digital technology and customer experience solutions. We enable global brands and governments to improve their customer experience and lower their total cost to serve by combining innovative digital solutions with exceptional service capabilities. Scicom Group has been in the business since 1997 and Scicom became a Public Listed Company in 2005 and is listed on the Main Market of Bursa Malaysia (the Malaysian Stock Exchange).

YEAR IN REVIEW – FY2022 PERFORMANCE SUMMARY

In FY2022, the year of Scicom's silver jubilee, our team delivered commendable financial and operational results. We demonstrated the ability to achieve sustainable growth and made significant advances to our ESG commitments and enhanced our capabilities to cater for future growth.

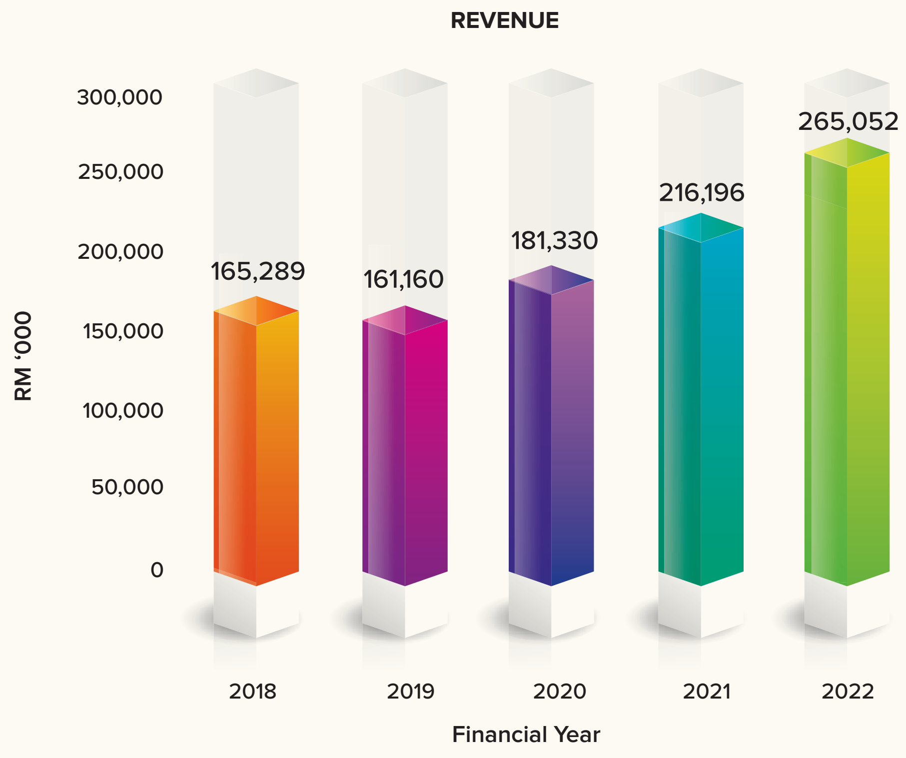
RM ('000)	FY2021	FY2022	% Increase
REVENUES	216,196	265,052	↑ +22.6%
PROFIT BEFORE TAX ("PBT")	33,324	42,097	↑ +26.3%
PROFIT AFTER TAX ("PAT")	25,814	31,446	↑ +21.8%

The Group continues to register double digit revenue growth year on year and for FY2022 achieved a record revenue of RM265.1 million. With the growth in revenue for this current financial year, the Group has achieved a CAGR of 20.9% during the pandemic period. In tandem with the increase in the Group's revenue, the Group also recorded a growth of 26.3% in its PBT and declared a higher dividend payout of 7 sen as compared to 6 sen in FY2021. The Group successfully completed 202.8 million transactions in the form of voice, social media, data processing and visa processing during the financial year.

The improvement was a result of the Group's ability to respond rapidly to our clients' increased business demands for bespoke customer service solutions in the post pandemic era. Serving clients from different geographic markets and across diverse industries enables us to benefit from industries recovering from the pandemic. Scicom Global Connect, our work-from-home ("WFH") solution allowed us to respond in a timely and dynamic manner to an increase in business requirements, enabling us to mobilise talent from all over the world to deliver a differentiated service proposition to our clients.

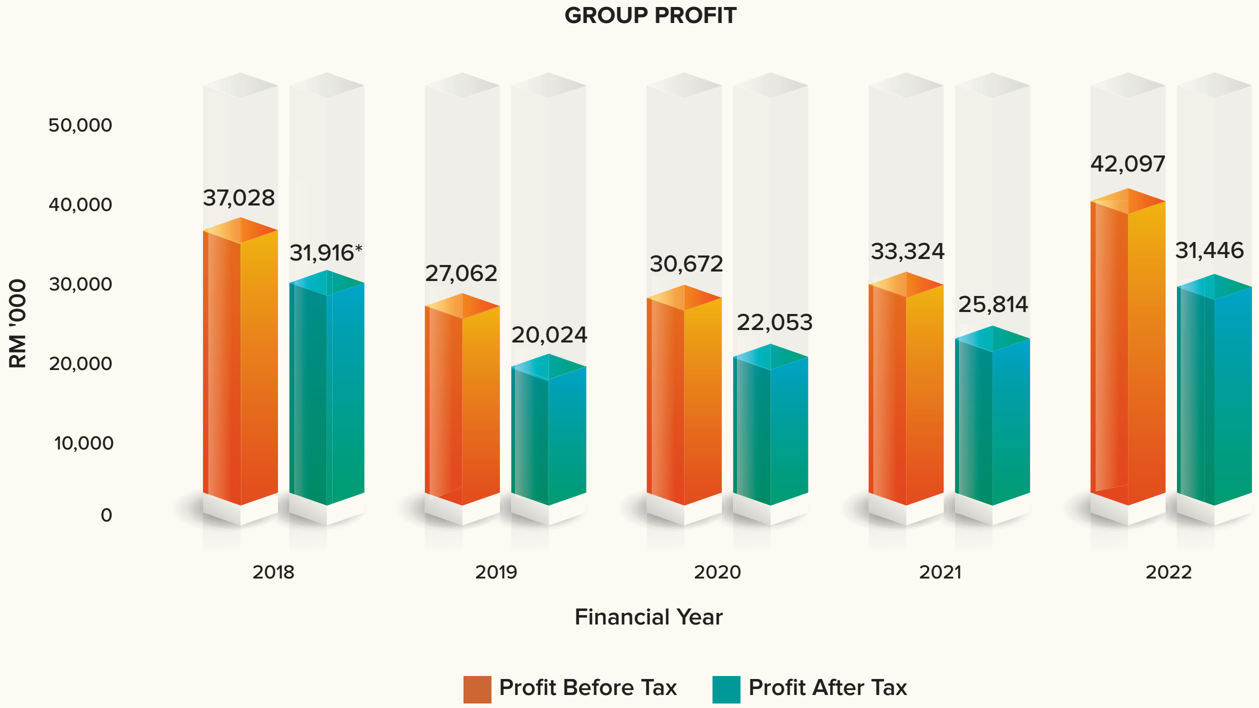
Group Revenue

The improvement in the Group's revenue was primarily driven by the BPO segment. The incremental revenue from existing BPO clients was RM15.8 million and the onboarding of new clients added RM32.9 million to the increase in the Group's revenue. Our portfolio of Digital & Customer Experience solutions and our client relationships uniquely positioned us to benefit from the rising demand for outsourced customer lifecycle management services. The Education business has also contributed to the growth in the Group's revenue through its newly launched online e-Learning Management System.



Group Profit

In FY2022, the Group recorded a profit before tax of RM42.1 million and profit after tax of RM31.4 million, an increase of 26.3% and 21.8% respectively compared to FY2021.



**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.*

In FY2022, we invested in the development of new Intellectual Property for digital identity, digital government and e-Learning solutions. Digital technology and customer experience will be a continual driver for change and the point of differentiation for businesses. Scicom will continue to invest in our business and our people to be well prepared to help our clients navigate their future.

Group Financial Position

The Group's balance sheet remains healthy and strong as the Group ended the financial year with a cash balance of RM36.8 million (FY2021: RM30.0 million) and 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 generated Free Cash Flows ('FCF') of RM41.5 million for FY2022 as compared to RM30.5 million for FY2021. The Group's Debtors' turnover for FY2022 also improved to 2.59 months as compared to 2.91 months for FY2021.

The Group's FY2022 Earnings per Share ("EPS") stands at 8.85 sen which is 21.9% higher as compared to FY2021 while the Group's Net Assets per Share ("NA") increased from RM0.31 in FY2021 to RM0.32 in FY2022.

Capital Expenditure

The Group has invested RM8.7 million in capital expenditure for FY2022 mainly for revenue generating purposes. As at 30th June 2022, the net book value of fixed assets (comprising of plant, equipment, and software licenses) amounted to approximately RM28.4 million. The Group's Fixed Assets Turnover Ratio improved from 7.0 in FY2021 to 9.3 in FY2022, indicating an increase in efficiency in the utilisation of the Group's fixed assets for revenue generation.

Shareholder Value

Scicom's share price at the end of FY2022 was at RM1.05 per share (FY2021: RM1.08 per share), with a corresponding market capitalisation of RM373.2 million (FY2021: RM383.9 million). Since our IPO in 2005, Scicom shares have delivered a Compound Annual Total Return to Shareholders (including dividends reinvested at spot prices) of 697.4%.

Dividends

The Group is committed to rewarding its shareholders with a sustainable dividend payout. Although there is no formal dividend policy in place, the Group has declared an average pay-out of approximately 88% of its net profit to shareholders in the form of dividends over the last five (5) financial years.

For FY2022, the first interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 27th of December 2021. The second interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 29th of March 2022. The third interim dividend of 1.5 sen per share (equivalent to RM5.3 million) was paid on the 28th of June 2022. The fourth interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 28th of September 2022.

This brings the total dividend declared for FY2022 to 7.0 sen per share, equivalent to approximately RM24.9 million or 79.1% of the Group's PAT for FY2022. The dividend yield for FY2022 was 6.7%, compared to 5.6% in the preceding year.

STRATEGY IN REVIEW - BPO OPERATIONS

The global Business Process Outsourcing (BPO) market was valued at USD 245.9 billion in 2021 by Grandview Research and is projected to expand at a compound annual growth rate ("CAGR") of 9.1% from 2022 to 2030. The market is driven by factors such as the increasing focus of organisations on improving efficiency and business agility, decreasing operating costs, and focussing on core competencies to survive constantly changing business dynamics. The customer services segment dominated the market in 2021, with a revenue share exceeding 30%. The segment is expected to retain its lead, registering the fastest CAGR during the forecast period.

Our strategy for growing revenue is to continually invest, innovate, and provide integrated value-driven services. We are differentiating ourselves in the marketplace by offering Customer Experience transformation, providing digital capabilities, interaction and predictive analytics, omnichannel and intelligent automation.

Technology continues to transform the way businesses interact with their customers at an accelerating pace and scale. Conversational Commerce has become a critically important competitive differentiator, allowing businesses to interact with customers throughout their entire purchasing journey. From the first touch point, to messaging, co-browsing, confirmation of sale, and re-engagement post-sale, customers will be able to connect directly through Conversational Commerce channels of the customers' choice - websites and in-app messaging, WhatsApp, Facebook Messenger, Apple Messages for Business, Google Rich Communication Services, etc. Across industries, Conversational commerce platforms and solutions, utilising artificial intelligence technology has been shown to improve the customer experience and ultimately drives sales.

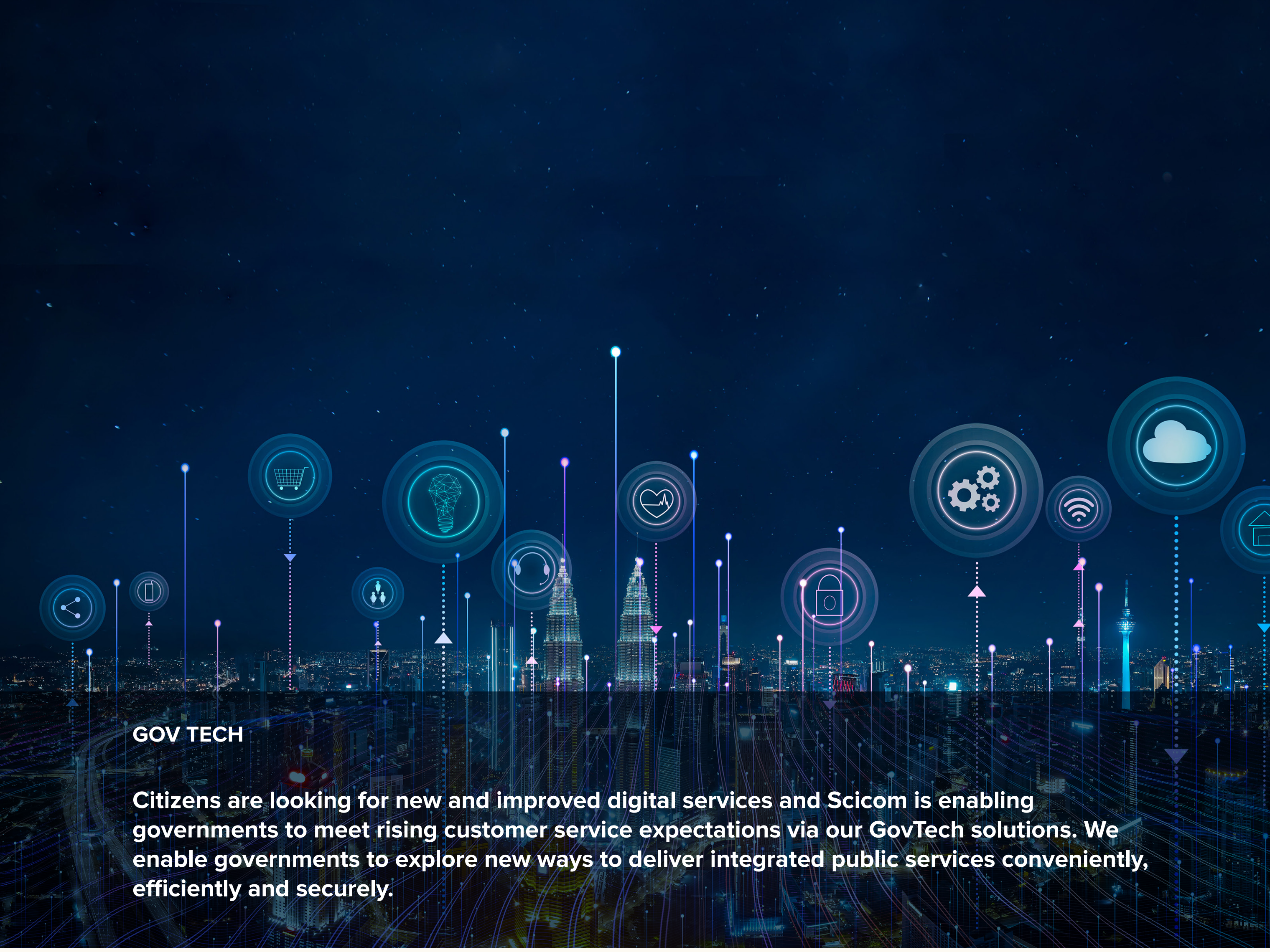
Scicom's FY2023 plan is to leverage Scicom Global Connect and Conversational Commerce solutions to increase our market share and broaden our geographical reach. The core of our overall growth strategy is delivering value to our BPO clients, our people, our shareholders, and communities. Value to us means delivering on our BPO client's business and financial targets, meeting our sustainability goals and creating a great place to work for our people.

The strategic imperatives for FY2023 for our BPO operations are listed below:

- Advancing our Digitally Led Customer Experience strategy: Achieving the right balance of leading conversational AI technology and empathetic human interaction to design, build and deliver next-generation solutions for leading brands. We developed Scicom Global Connect, our "Business Process Platform as a Service" (BPaaS) solution and will continue to refine our cloud-based solution for recruiting, training, and managing operations. This enables us to provide our services via WFH or hybrid models and to scale up operations quickly around the world when required.

- Strengthen our position with existing clients and focus relentlessly on growth in target industries primarily in developed countries. Key industries to target - consumer/ retail, telecommunications, financial services, travel and hospitality, and technology. We plan to pursue companies that are committed to customer engagement as a market differentiator in our targeted industry verticals.

- Attract and retain top global talent, and investing in internal capabilities to build a high-performance culture. Human connections will remain a cornerstone of our culture, and we are continually transforming our workplace to promote collaboration, innovation, connection, and well-being. Scicom will continue to invest in its WFH offering, CX technology, enhance its digital offerings along with upskilling our team to meet more complex customer needs.



GOV TECH

Citizens are looking for new and improved digital services and Scicom is enabling governments to meet rising customer service expectations via our GovTech solutions. We enable governments to explore new ways to deliver integrated public services conveniently, efficiently and securely.

GovTech refers to implementing technology solutions that are designed to facilitate operations in the public sector. It is an approach to public sector modernisation that promotes simple, efficient, and transparent government, with citizens at the centre of reforms. The surge in adoption of technical innovations, rise in government investments in digital government technology, and the high acceptance rate of cloud-based solutions are the factors that drive the growth of the GovTech market.

The GovTech's outsourced digital transformation, business process services (BPS) and associated technology industry serves a large and growing global market demand. The developing markets around the world that we target are growing at 7-8% a year. In FY2022, Scicom GovTech partnered with government clients to shift its service delivery approach to offer digital options for more complex interactions.

In FY2023, we will focus on marketing our ready suite of GovTech solutions for Identity Management, Border Control and tourism solutions. Scicom has a reputation for a proven delivery model with government clients coupled with a solid technical and financial foundation to enable and offer private-public partnerships to developing markets. This approach provides a sustainable financial option to cash strapped developing nations enabling them to significantly lower the cost of delivering government services to their citizenry.

DIGITAL

Scicom Digital is our business division that designs and implement next-gen digital commerce solutions for clients. We integrate and orchestrate Customer Experience (CX) technology, data, analytics, and intelligent automation to deliver high-tech, high-touch next-generation solutions, including artificial intelligence (AI). We implement agile business models and create direct-to-customer channels to enable our clients to meet their customers' expectations for digital as their primary interaction.

In FY2022, one of Scicom Digital's focus areas was on building solutions for the healthcare / medical insurance industry. In FY2023, we plan to partner with healthcare providers and insurers to provide seamless access to health and wellness services for corporates and their employees.

Our aim is to utilise technology to improve access to quality healthcare timely and deliver better health outcomes for corporates and their employees. There should be simpler, tech-driven, more consumer-centric and economic medical benefits system. At Scicom, we put this into play by unbundling the core building blocks of the medical benefits system to create a more consumer-centric and economic system – for corporates (payors), insurers, and healthcare providers. The health-tech insurance solution is powered by our own differentiated full stack technology platform, that enables us to earn our members' and payor's trust, leverage the power of personalised data, and help employees find quality care. Our tech-driven platform is designed to help payors (clients) drive improved efficiency, growth and superior engagement with their members and patients.

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.

EDUCATION

Defining skills the workforce will need in the future world of work. Building skills today for tomorrow's workforce.

Digital and AI technologies are transforming the world of work and that today's workforce will need to learn new skills and learn to continually adapt to stay relevant. Scicom Education provides corporate training and eLearning solutions that enhances workforce skills and capabilities. We also work with governments to design custom programs to build relevant digital skills and increase youth's employability through impactful learning and real work experience.

In FY2022, Scicom Education was focused on developing a Learning Management System (LMS) and creating customised e-Learning training courses that are Human Resources Development Fund (HRDF) claimable. We worked with the Malaysian government to identify and develop programmes to accelerate digitalisation and workforce skills for the B40 (Bottom 40%) group.

Scicom also worked with other government clients to define the skills it needs in the future world of work. As more automation, AI, and robotics are deployed, governments are realising the need to help their citizens develop in these areas, and to pilot effective curricula to impart technological, social and emotional, and higher cognitive skills.

In FY2023, for the corporate sector, the focus is to work with industry groups to identify high-demand business and digital skills and to design learning solutions for targeted industry verticals that matches their unique requirements. Scicom Education will blend unique instructional design strategies and create customised eLearning development solutions, allowing businesses to access high quality and industry-relevant skilling programmes at an affordable cost.

CONCLUSION

Looking ahead, we remain focused on continuing to achieve sustainable growth in terms of revenue and profit for the Group. Our experience, track record and proven capabilities have created a robust and scalable platform to deliver a differentiated service proposition for our clients. This coupled with our demonstrable ability to offer an innovative and agile business model for our corporate and government clients allows us to remain relevant in a rapidly changing business environment.

Moving forward, the Group has also committed significant resources to strengthening our track record as a responsible corporate citizen by delivering on our environmental, social and governance ("ESG") objectives.

The combination of achieving our financial and operational targets, being relevant and innovative, providing business agility to a discerning client-base and our commitment to ESG provides us with the ability to enhance shareholder value in a responsible and sustainable manner.

SEGMENTAL RISK

The table below highlights various key enterprise risks that the Group is exposed to, along with the mitigating controls. The Group continues to monitor the risk environment and to respond appropriately to ensure that risks are properly addressed.

Key Segmental Risks	BPO Segment	Gov-Tech Segment	Education Segment	How We Manage Key Segmental Risk
Covid-19 Pandemic	✓	✓	✓	The pandemic has disrupted operations of the Group to some extent particularly on the business development front across all business segments. However, all our business segments have remained fully operational throughout the pandemic, backed by various measures that have been put in place to protect the health and safety of our employees. This has safeguarded our capability and ability to meet contractual obligations and deliver quality services to our clients and their customers. Since the declaration of the pandemic, the Group has implemented strict operating procedures and standards, which are aligned with government mandates in countries that the Group operates in to ensure a safe and healthy working environment for all its employees. The Group enforced strict hygiene practices and guidelines as stipulated by the health authorities. Employees of the Group have been and continue to be encouraged to take part in the Covid-19 vaccination programmes. The Group continues to adopt a hybrid operating model with a significant number of our employees working from home while the Group adjusts its operations to cater for the endemic nature of Covid-19.
Information Security	✓	✓	✓	Ever-increasing market complexity is accelerating the Group's reliance on technology and data. As the Group continues to reshape, redesign and reinvent our capabilities to cater for changing business models within an evolving digital landscape, we are exposed to rapidly evolving information security threats which may adversely impact the Group's operations, profitability, and reputation. Therefore, information and data security protection are of paramount importance 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 information security risks are adequately identified, assessed, managed, monitored and reported. In addition, 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 and diversification strategy. These risks are further heightened with the introduction of a remote workforce set up in response to the 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.

Key Segmental Risks	BPO Segment	Gov-Tech Segment	Education Segment	How We Manage Key Segmental Risk
Business Continuity	✓	✓	✓	Human capital, information technology, data security and network infrastructure are the key resource components for the delivery of our products/services across all business segments of the Group. Thus, business continuity planning is critical to ensure continuous operations of the Group with the least disruption possible. Please refer to the Statement on Risk Management and Internal Controls for details on mitigating measures the Group has put in place to address this risk.
Human Capital	✓	✓	✓	Human capital remains one of the key success factors of the Group. Therefore, we have drawn up a comprehensive human resource strategy which addresses all aspects of human capital 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 and 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 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 countries that are undergoing varying stages of digital transformation, the Group remains committed to its investment in this segment.
Environment Social and Governance ('ESG')	✓	✓	✓	ESG is increasingly relevant and the Group strives to operate in a sustainable manner to meet the expectations of our stakeholders. Please refer to Corporate Sustainability Statement for further details on the Group's ESG framework and ESG strategy and initiatives.

CORPORATE
MILESTONE

2022

June
Inducted into FTSE4Good Bursa Malaysia Index

June
Scicom pays third interim dividend of 1.5 sen for financial year 2022

March
Scicom pays second interim dividend of 2.0 sen for financial year 2022

December
Scicom pays first interim dividend of 1.5 sen for financial year 2022

November
Scicom held its 19th AGM virtually

September
Scicom pays fourth interim dividend of 1.5 sen for financial year 2021

2021

CORPORATE SUSTAINABILITY STATEMENT

FY2022 Sustainability
Achievements & Highlights

SUSTAINABLE DEVELOPMENT GOALS

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

Achieved highest ever revenue of **RM 265.1 million**, double digit growth in revenue and profit before tax of 22.6% and 26.3%.

Successfully completed **202.8 million** transactions in the form of voice, social media, data processing and visa processing during the financial year.

Declared a higher dividend payout of **7 sen** as compared to 6 sen in FY2021.

RM2.7 million spent on Workplace Health & Safety and WFH Measures
(in response to Covid-19)

1. FY2022 SUSTAINABILITY ACHIEVEMENTS & HIGHLIGHTS.

In June 2022, Scicom was inducted into the FTSE4Good Bursa Malaysia ("F4GBM") Index in its bi-annual review. We are proud to have been recognised for our ESG efforts by F4GBM. The F4GBM Index measures the performance of companies demonstrating specific Environmental, Social and Governance ("ESG") practices. The Group's initiatives are centred on five key themes – Anti-Corruption, Climate Change, Corporate Governance, Human Rights & Community, and Labour Standards.

Scicom is embedding sustainability into our daily operations, and together with our business partners we work with, we aim to enhance mutual business value and contribute towards achieving a sustainable impact for all our stakeholders.

Scicom's Sustainability Commitments to

For the financial year 2022, Scicom has achieved the following sustainability milestones:

- Achieved double digit growth in revenue and profit before tax of 22.6% and 26.3%, respectively resulting in a record revenue of RM265.1 million for FY2022. In addition, Scicom's revenue recorded a CAGR of 20.9% during the pandemic period.
- Declared a higher dividend payout of 7 sen as compared to 6 sen in FY2021.
- Successfully completed 202.8 million transactions in the form of voice, social media, data processing and visa processing during the financial year.
- Enabled approximately 80% of employees to work from home (WFH).
- Invested RM2.7 million on Workplace Health & Safety and WFH Measures (in response to Covid-19).
- Acknowledged as one of Malaysia's 'Majikan Prihatin' by the Government for our significant contribution to the Government's effort in providing employment to first time job seekers, retrenched employees and long term unemployed employees during the pandemic period.
- Achieved a 4-star Employer Rating on JobStreet Malaysia.

2. OUR APPROACH TO SUSTAINABILITY

We undertook a process to integrate our ESG priorities into a FY2022 ESG Framework, in-line with the recent F4GBM Index assessment. The results of our Materiality Matrix lays out the specific goals and actions that will enable us to accelerate sustainable and inclusive growth. This will positively impact how we operate our business, and how we engage with our clients, suppliers, partners and communities.

We have set ESG goals for FY2023 and we will continue to create ESG value across multiple dimensions and will do so in a way that is transparent and data driven. To do this, we will implement targeted actions for all our goals to drive change across our businesses. Our ESG initiatives are managed by our senior executive team, who meet regularly to review our goals and performance.

The sustainability report covers the current financial period from 1 July 2021 until 30 June 2022. Currently, Scicom provides its sustainability reporting on a yearly basis for the review and approval by the Board of Directors. The entities included in the sustainability reporting are the active companies in the Group:

- Scicom (MSC) Berhad (holding company)
- Scicom (Academy) Sdn. Bhd.
- Scicom E-Solutions Sdn. Bhd.
- Scicom Lanka (Private) Ltd

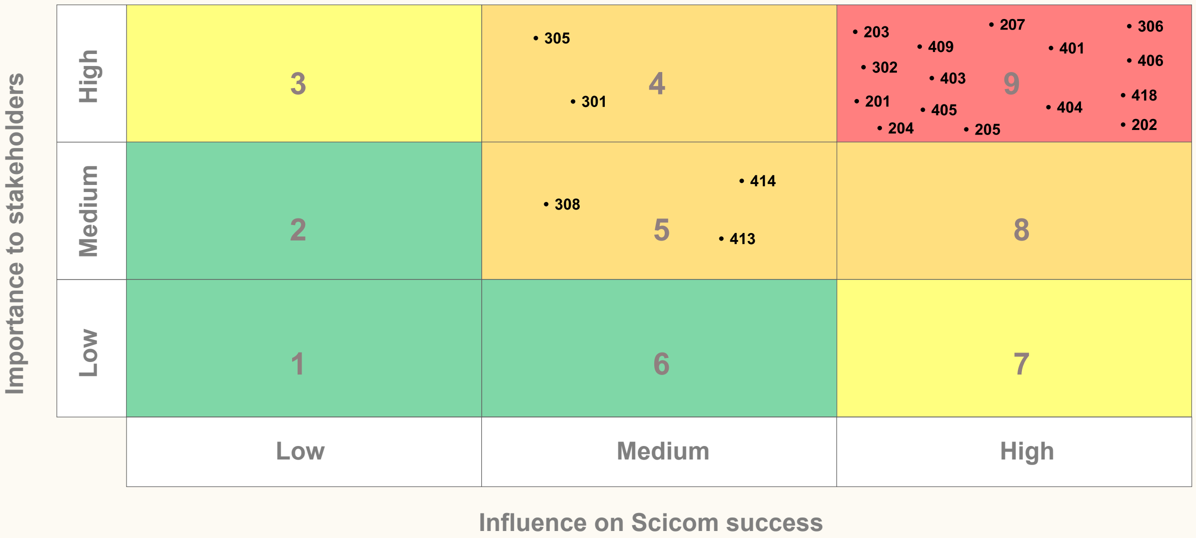
Scicom will focus on the following key priorities in FY2023.

- Strengthen our commitments to integrity, security, and ethical business conduct.
- Reduce our energy consumption per employee, enhance our recycling efforts and practise environmentally conscious sourcing practices.
- Invest in programs to proactively support career growth, health and wellness for our employees.

2.1 SCICOM MATERIAL MATTERS MATRIX

Scicom's ESG Materiality Assessment provides an insight to our sustainability management process, our material sustainability matters, and the progress that we have made in our effort to comply to the relevant ESG goals during FY2022.

In FY2022, we conducted a Materiality Assessment to refine our understanding of internal and external stakeholder expectation. The table below shows a summary of our FY2022 Materiality Assessment results.



The material topics that falls under quadrant 9 will be prioritised for disclosure in the sustainability report.

Materiality Top Topics Identification

We identified 15 significant areas through external research, industry benchmarking, and a review of our business operations. After engaging with internal and external stakeholders, we prioritised and finalised the top materiality matrix topics which is shown in the table below.

MATERIAL TOPIC INDEX NO.	MATERIAL TOPICS
201	Economic Performance
202	Market Presence
203	Indirect Economic Impacts
204	Procurement Practices
205	Anti-Corruption
207	Tax
302	Energy
306	Waste
401	Employment
403	Occupational Health and Safety
404	Training and Education
405	Diversity and Equal Opportunity
406	Non-discrimination
409	Forced or Compulsory Labour
418	Customer Privacy

Scicom will continue to strive to meet the standards for United Nation's Sustainable Development Goals ("SDG") that the Group has adopted in FY2020. The table below details Scicom's Sustainable Development Goals (SDGs) that are relevant for our businesses and our contribution towards the SDGs in FY2022 and our target plans for FY2023.

GOOD HEALTH & WELL-BEING

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Provide market competitive healthcare coverage and life insurance for all employees.	→ 100% of Scicom's employees are provided medical and term life coverage. → Enhanced medical and term life coverage and benefits especially the bottom tier employees. → Total premium for medical and life term coverage paid in FY2022 amounted to RM4.7 million (FY2021: 3.9 million).	→ Continue to improve medical and life coverage for all Scicom employees. → Continue to prioritise our employees' safety by offering a hybrid working environment, and to invest in programmes to promote well-being, and flexibility in the workplace.
Despite the improvement in the Covid-19 pandemic situation, Scicom continue to practice compliance with MOH SOPs to ensure that employees health and welfare is taken care of.	→ Continue to comply with all relevant Covid-19 guidelines – as instructed by MOH. → Provided weekly free Covid-19 testing to employees that are required to work from office premises and for new employees that have to attend training in office premises. → Continued with Work-from-Home (WFH) option for employees. An average of 80% (FY2021: 94%) of employees were classified as WFH during the financial year. → Provided laptops and internet connections to support employees working from home (WFH). → Provided masks and sanitizers for employees who were required to work in the office. → Sanitized the office spaces as and when a positive case is identified. → Provided transport for employees to commute to the office during lockdown periods. → Track the vaccination status of employees.	

QUALITY EDUCATION

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Provide continuous professional development in the form of training opportunities for all employees in order to enhance their knowledge and skills.	→ Provided employees with job specific training in FY2022 to enhance their skills and knowledge. Total training days conducted is 58,228. → FY2022 saw the development of Scicom's online training system (SeLMS) to conduct training for employees. Scicom's contribution to HRDF amounted to RM1.03 million in FY2022.	→ Create programmes (e.g., internships, work-study programmes etc.) that give students earlier access and exposure to the corporate working environment. → Provide employees with continuous opportunities to upskill themselves and enhance their job-related competencies.
Provide training opportunities in the field of customer service to new graduates and/or job seekers.	→ Scicom has developed and delivered enhanced customer service training programs for its employees. → For the FY2022, 450 new graduates or job seekers were trained with a total training days of 7,026.	→ Further collaborate with external parties, encompassing employers, educators, government entities, and public and private organisations, dedicated to help unemployed and low-wage workers gain workplace skills.

GENDER EQUALITY

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Eradicate gender discrimination within Scicom by establishing a reporting process to review and address all reported discrimination cases.	→ In FY2022, Scicom re-emphasized its zero-tolerance approach to gender discrimination and inequality in accordance with Scicom's Non-Discrimination Policy. → There were no case of discrimination reported during the financial year.	→ Continue to advocate and promote fair and gender equal recruitment practices. → Ensure that equal opportunities are provided to women at all decision-making levels.
Ensure that there is a gender balance across all levels of management and the Board of Directors.	→ Female employees constitute 54% of Scicom's total workforce for the FY2022 as compared to 52% in the FY2021. → 56% of total employees recruited were female. (FY2021: 54%). → 38% of Scicom's Board members are female during FY2022. (FY2021: 29%).	

DECENT WORK AND ECONOMIC GROWTH

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Sustainable growth in returns for stakeholders (i.e., shareholders, employees, customer and government).	Scicom achieved the following milestones in FY2022: ➔ Net Profit increased by 21.8%. ➔ Scicom successfully handled 202.8 million customer service transactions via different channels – chat, voice, email. ➔ 5 new clients secured within the BPO sector. ➔ Increased dividend payout by 1.0 sen per share (17%). ➔ Increase in EPS from 7.26 sen in FY2021 to 8.85 sen in FY2022. ➔ Average salary for employees in Malaysia has registered an increase of 3% as compared FY2021. ➔ Total tax paid by the Group and its employees amounted to RM10.23 million (FY2021: RM9.71 million) and RM4.66 million (FY2021: RM4.15 million) respectively. ➔ Scicom has zero tolerance against forced and also child labor in accordance with our Human Rights Policy.	➔ Create new business models and revenue streams. ➔ Continue to offer apprenticeship and internship opportunities to the youth of the countries that we operate in. ➔ Continue to develop new BPO capabilities for Scicom by remotely recruiting international candidates using Scicom Global Connect program. ➔ Continue to automate internal processes to reduce paper usage and increase productivity and efficiency.
Continuous focus on innovation to increase economic productivity and diversify revenue streams.	➔ Completed development of Covid 19 private vaccination management system. ➔ Additional modules for Border Management System. ➔ Completed development of Scicom's online training modules (SeLMS) as a new revenue stream for Education. ➔ Initiated the Global Connect initiatives to increase outreach to global pool of agents for BPO. ➔ Completed development of Covid vaccination online tracker for HR.	

REDUCED INEQUALITIES

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Ensure equal employment opportunity and pay for all employee of Scicom regardless of gender, ability and age.	→ The Board of Directors has reviewed and adopted Scicom's Non-Discrimination Policy during its annual review. → No reported case for workplace discrimination and inequality received. → Scicom has a diverse mix of employees from different racial backgrounds and age groups. Scicom was named 'Majikan Prihatin' and awarded the Certificate of Appreciation as one of the Malaysia's major employers during the pandemic period. Under the scheme, Scicom has provided employment to 191 first time job seekers, 65 retrenched employees and 555 employees that were unemployed for more than 2 months.	→ Continue to ensure that recruitment and renumeration is based on merit without any bias be it gender, race or age. → Continue to provide education and skills training and job opportunities to women, youth and underprivileged communities. → Ensure that there is full compliance of the Labour Law in the territories that we operate from.
Provide employment opportunities to youth in the country.	→ As at 30 June 2022, 71% of Scicom's total employees are categorized as youth (below 30 years of age). → Of the total new employees recruited in FY2022, 78% are youth and 7% are fresh graduates.	
Ensure that employee rights are protected in accordance with Labour Law.	→ In FY2022, Scicom complied with all labour laws including laws regarding discrimination, harassment, and retaliation in the territories we operate from. → There were no reports of violations of labour laws in the territories we operate from in FY2022. → 100% of the employees are paid above the minimum wage and the lowest wage employee earns more than 34% above the minimum wage.	

CLIMATE ACTION

Scicom Sustainability Goals	Group Achievements & Highlights (FY2022)	Target Action Plans
Ensure the achievement of Scicom's environmental goals and the adoption of Scicom's Environmental Policy	→ Continued focus on climate change as a risk to Scicom and the communities we serve. → The Board reviewed and approved Scicom's Environment Policy in its annual review. → 60% (FY2021: 49%) of light fixtures at Scicom's office premises have been changed to LED to save electricity consumption.	→ Set a greenhouse gas (GHG) emissions reduction target as a company wide goal from FY2023 onwards. → Invest in solutions that reduce GHG for business operations. Automation of internal processes to reduce paper usage. Potential savings in paper usage is estimated at 2,100 pieces of A4 papers per month. → Increase awareness of Scicom's Environmental Policy and how we can reduce our carbon footprint among our employees. → Develop SOPs for the safe disposal of waste. → Place recycling bins on all floors. Recyclable waste to be sent to recycling centres. → Ensure that 100% of light fixtures at office premises are LED.
Increase awareness of climate change concepts and implications among Scicom's employees	→ Delivered periodic climate change awareness sessions to ensure Scicom employees were constantly reminded to only print when necessary, and to switch off lights/PCs/air-conditioning when not in use.	

Scicom's ESG approach takes a holistic view in ensuring sustainable business practices that creates long-term value for stakeholders. Our ESG framework outlines specific goals and actions that will enable us to accelerate sustainable growth.

Economic	→ Generate sustainable returns from our business solutions while creating value for our stakeholders → Invest in technology solutions that improve operational efficiencies and to enhance customer experience and satisfaction for our clients → Improve cybersecurity measures and develop resilience against any and all risks to our information technology ("IT") infrastructure
Environmental	→ Continuously identify initiatives that will optimise energy consumption → Promote the recycling and reduction of waste → Increase awareness of environmental policy initiatives within the Group
Social	→ Provide a safe and healthy environment for all employees → Provide equal employment opportunities for all and to prevent racial discrimination in all its forms → Prevent sexual harassment and violence against women in all its forms → Recruit high potential employees, and to retain high performing employees → Constantly offer attractive employee renumeration packages and improve the overall work environment for all employees → Improve employee competency levels by providing relevant training programmes → Align all Corporate Social Responsibility ("CSR") initiatives within the Group's activities → Actively encourage employees to get involved in community-based initiatives, charity and/or other social work
Governance	→ 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) and is made a Key Performance Indicator ("KPI") in the performance evaluation for both the Board of Directors and Senior Management Team → Ensure that all applied sustainability strategies are tracked and monitored → 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

Scicom aspires to meet the highest professional, legal, and ethical standards and uphold the trust our stakeholders place in us. We maintain a culture of integrity and compliance across the Group. Topics addressed by our policies, standards, and procedures include but are not limited to:

- **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
- **Enterprise Risk Management Policy**
- **Human Resource** 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
- **Terms of Reference –** Sustainability
- **Code of Business Conduct and Ethics**
- **Remuneration for Director &** SMT Policy and Procedures

Our policies and professional standards apply to all employees. Any breach of these policies or standards carries serious consequences and is subject to comprehensive investigation and subsequent appropriate action.

3. MATERIALITY MATTERS

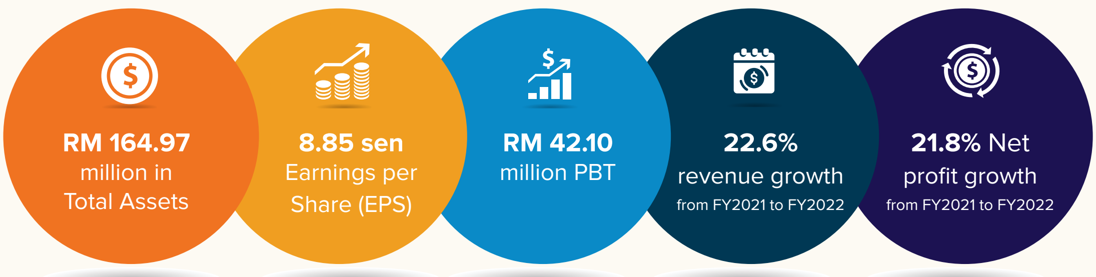
Scicom identifies material topics as those that have either a direct or indirect impact on the Group – from Economic, Environmental, Social and Governance ("EESG") perspectives.

3.1 Economic

3.1.1 Direct Economic Impact

Scicom have remained resilient in FY2022 despite the negative impact of the ongoing Covid-19 pandemic, and the various movement control orders ("MCO") imposed by the government in the territories we operate in.

The Group showed stable financial and operational performance in FY2022 largely attributed to growth in the Group's Business Process Outsourcing ("BPO") services.



Our favourable financial and operational performance in FY2022 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. For the financial period under review, our average tenure for BPO clients is 5.18 years with 5 new clients secured while 97% of our existing client contracts that expired in FY2022 have been renewed.

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

FY2022 has seen the escalation of various cyber threats across the globe. As a prominent national government technology ("Gov-Tech") provider, Scicom have made it a priority to continually solidify its systems, protocols and best practices to protect 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

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, antivirus, and antimalware 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 Centre) – 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 abovementioned protocols and practices, Scicom was once again awarded ISO/IES 27001:2013 certification for its robust and state-of-the-art Information Security Management Systems and SOPs in FY2022.

Cybersecurity and end point security protocols are more important than ever before as more of our employees work from home. Although ISO/IEC27001:2013 certification is not an industry requirement within the BPO industry, Scicom has continually invested time and r esources 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 has adopted 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 readopted by the Board of Directors in August 2022. It sets out the fundamental principles and guidelines for all Group employees 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 whistle-blowing policy is available on our corporate website at https://scicom-intl.com/wp-content/uploads/2022/02/Whistleblowing-Policy.pdf.

In FY2022 we did not receive any complaints with regards to suspected corrupt and/or unethical behaviour from our employees or any other stakeholders FY2022 (FY2021: 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 for the past 25 years. The BPO, gov-tech and digital market are shifting rapidly towards being more digital, data-enabled and cloud-based. Clients are looking to leverage technology, digital products and emerging capabilities into their operations and Scicom is responding by developing solutions and an intellectual property portfolio in areas such as data analytics, artificial intelligence, robotic process automation, cloud and cyber security.

IP Development

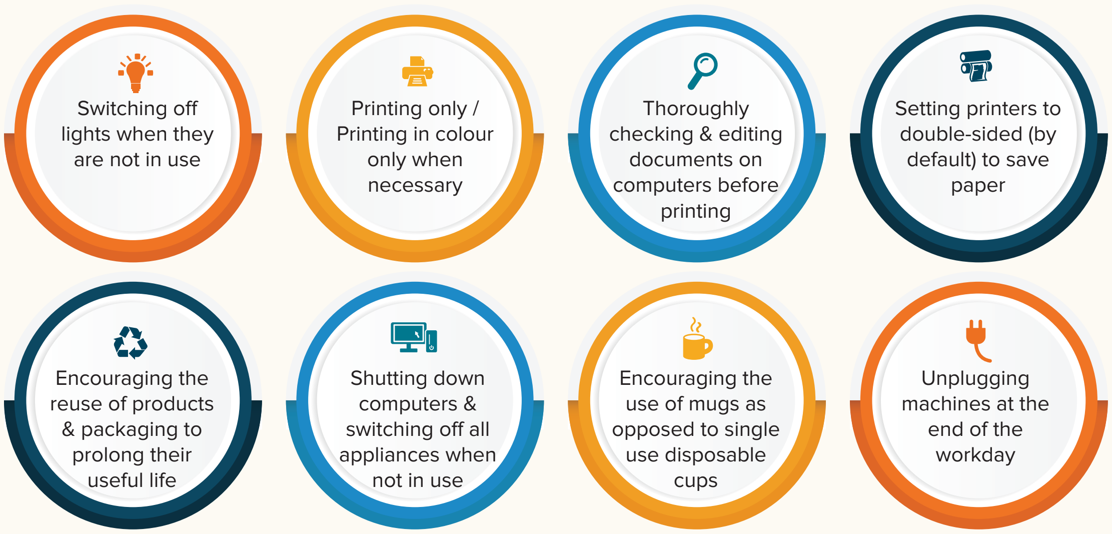
Strategy	Results
→ Exploring new business areas and technologies relevant to the Fourth Industrial Revolution (4.0) → Sourcing third party knowledge via collaborations and partnerships with promising local technology companies	→ Developing solutions and IP in data analytics, artificial intelligence, robotic process automation, cloud and cyber protection

3.2 Environmental

3.2.1 Carbon Footprint Management & Climate Change

FY2022 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 employees, and consist of the following measures:

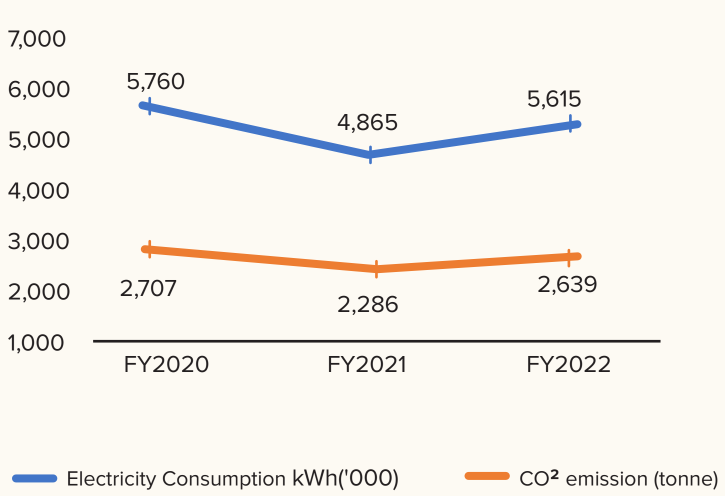


At Scicom, we will implement active measures to ensure that these protocols are adhered to by our employees by including this as part of our employment contracts, and conducting environmental awareness training sessions for all employees on a periodic basis.

3.2.2 Electricity Consumption

In FY2022, our electricity consumption (kWh) increased by 15.4% compared to FY2021. The increase in electricity consumption was due to new projects requiring additional workspace, increased headcount, more employees working from the office full time/ hybrid work. The new workspace that was opened during the financial year under review in Menara TA One contributed to an increase of 357,000 Kwh of energy usage.

Electricity Consumption & CO^2 emission



At the end of FY2022, 60% of all lighting across Scicom premises used LED technology. In addition to this, our primary office location at Menara TA One in Kuala Lumpur implemented the following energy saving measures:

- Building facilities (UPS room, datacenters, 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 reduce electricity usage where possible, and to improve energy efficiency management for the Group as a whole.

3.2.3 Paper Usage

In line with the Group's environmental conservation focus, we aim to manage paper usage effectively and efficiently at all our office premises. All printers are set to print double-sided by default, and all employees 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 digitisation key human resource, procurement and finance processes.

3.2.4 Waste Recycling

Scicom reduced its production of waste in FY2022 by installing recycling bins throughout our office premises. Our offices are also fitted with water refilling stations to eliminate single-use plastic bottles.

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 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 and career progression.

We follow to 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 employees. We have zero tolerance against forced or child labour in accordance with our Human Right Policy.

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.

3.3.2 Hiring & Attrition Rates

Scicom has continued to be a major employer in the markets we serve especially for the critical demographic segments of the population that are the focus of the government. During the financial year, 78% of our new hires are from the youth segment (30 years and below) and 7% are fresh graduates. Total headcount as at 30 June 2022 is 3,790, an increase of 14.2% as compared to 3,320 as at 30 June 2021. Our attrition levels continue to be lower than the industry averages across all the markets we operate in.

3.3.3 Talent, Training & Development

To maintain our position as a leader in the BPO, gov-tech and digital solutions industries, Scicom has consistently prioritised recruiting, upskilling, rewarding and retaining top tier talent.

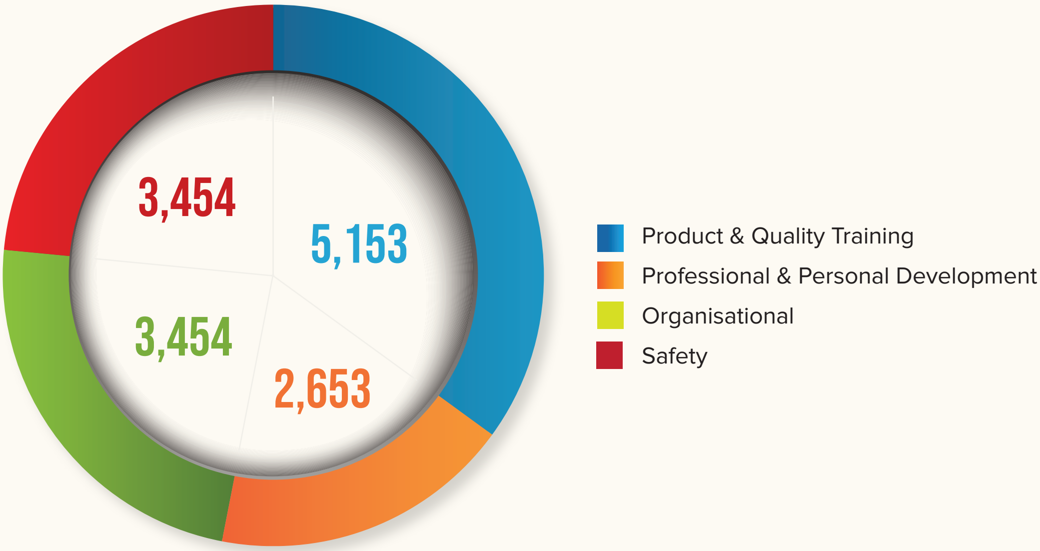
Our approach to managing talent is summarised below:

- Recruiting qualified individuals with industry-relevant expertise
- Investing In the development of our employees
- Rewarding and recognising top performing talent that are aligned to our culture

At Scicom, our people are our greatest asset. 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 employees.

In FY2022, we delivered a total of approximately 58,228 training days for our employees with a total of 14,714 sessions conducted. Average training days per employee is 15 days.

Total Number of Training Days by Category (FY2022)



3.3.4 Employees Benefits & Renumeration

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

The Group also continues to exceed government-legislated minimum wage structures across all the markets we operate in. 100% of our employees are paid above minimum wage.

3.3.5 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 invest 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 skillsets and level of competency prior to undergoing a customised leadership training programmes throughout their careers at Scicom.

3.3.6 Employee Engagement

The key to business agility and a thriving workplace lies is the power of its people. Employee engagement sets apart industry leaders, especially in the post pandemic era. Based on our experience during the pandemic, we took the opportunity to re-configure existing processes to be more resilient—in areas such as workplace health and safety, facilities planning, travel and sustainability. In FY2022, we also had to plan for the future of work as governments lifted restrictions. Our plan to return to the workplace relied on clear and constant communication with our people, making sure our work environments were safe.

For FY2023 we will be focussing on improving the Employee Experience. Scicom will continue to conduct annual employee engagement surveys, focus groups, and ad-hoc survey to gauge the level of engagement among its employees, identify problem areas and design interventions. The aim is to maximise individual and team performance at each stage of the employee life cycle.

3.3.7 Workforce Diversity and Inclusion

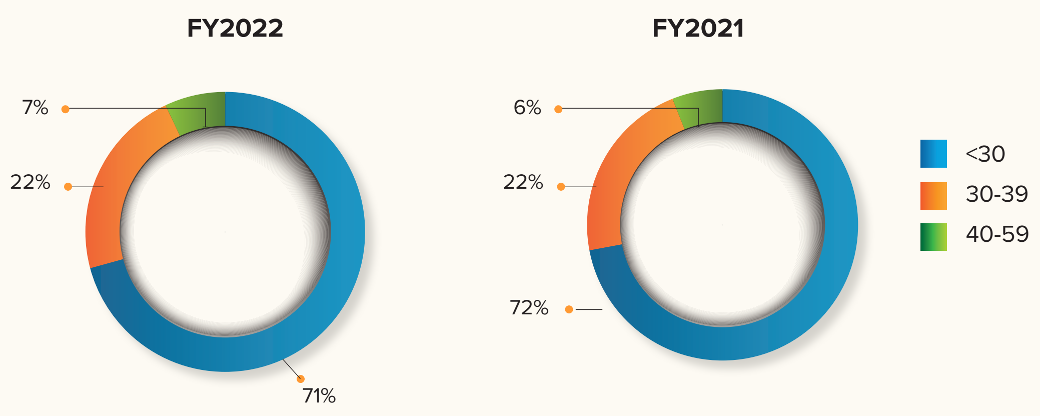
At Scicom, one of the keys to our success has always been our commitment to diversity and inclusion. Employees from a diverse range of perspectives and backgrounds significantly contribute to a high-performance workplace culture.

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

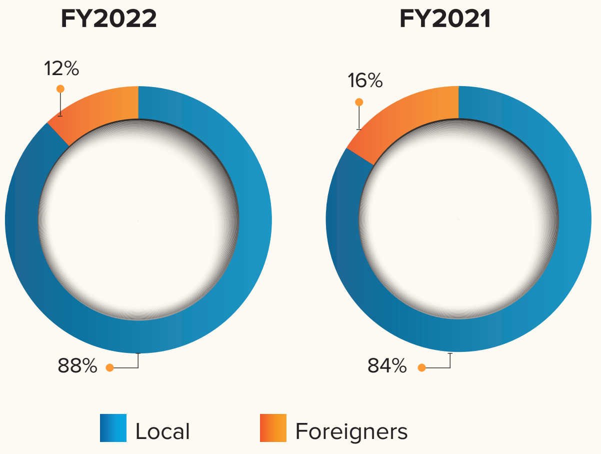
- Encouraging the celebration of cultural holidays with festive meals and get-togethers
- Fostering mutual respect amongst Scicom employees to ensure that all employees are related impartially, and supported to achieve their best
- Diversity and equality are crucial aspects of our performance review 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:

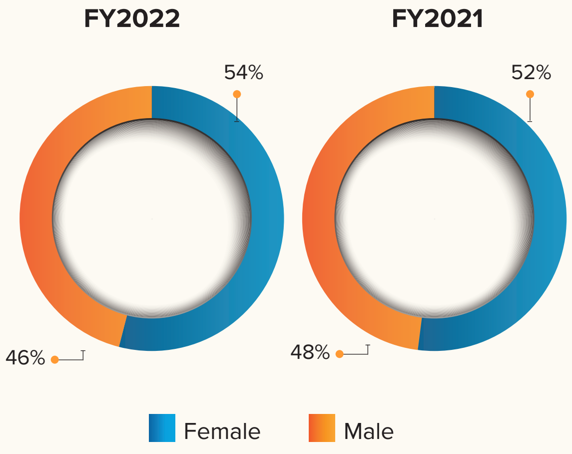
Staff Breakdown by Age Group



Staff Breakdown by Nationality



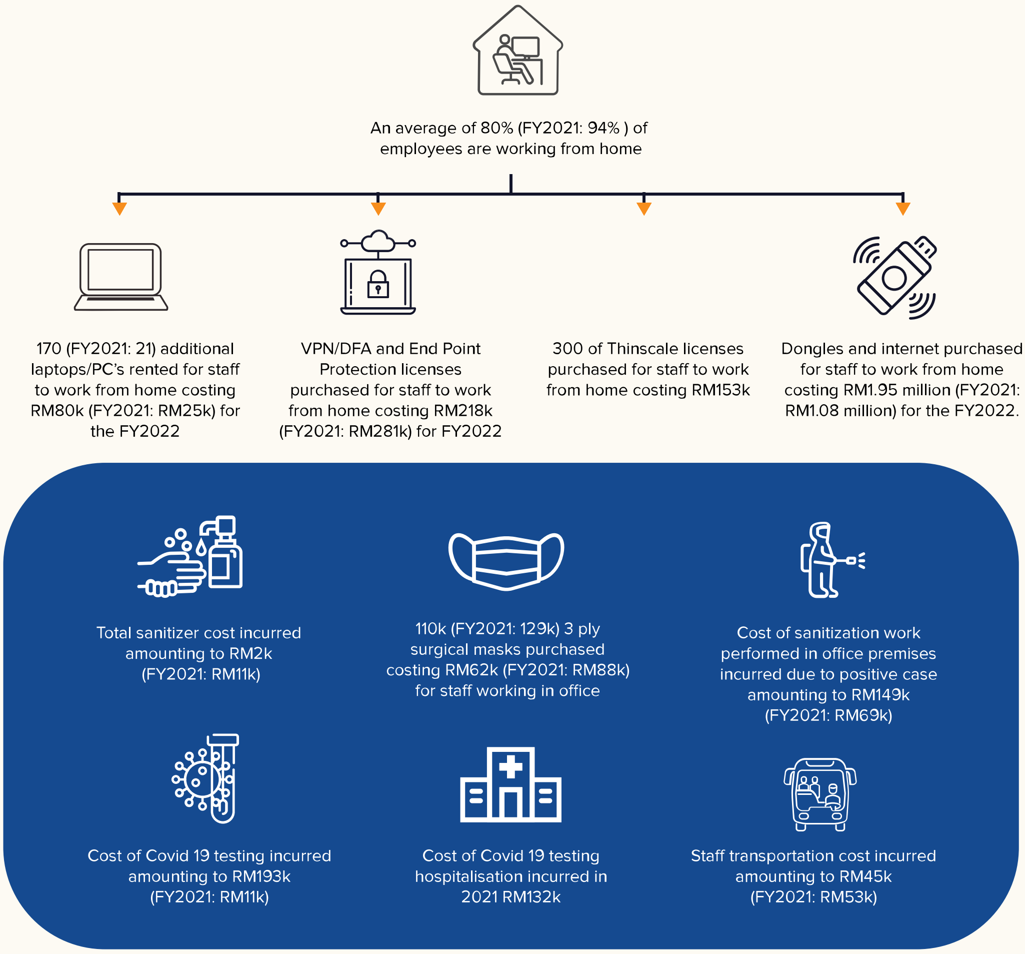
Staff Breakdown by Gender



3.3.8 Occupational Safety & Health

To further mitigate the impact of Covid-19 on business operations, Scicom continued to implement the following initiatives in FY2022 to ensure safe and healthy working conditions for all employees:

- Procurement of additional laptops/ PCs, VPN/ DFA licenses, Thinscale licenses and dongles to facilitate employees working from home
- Placement of hand sanitiser in various locations throughout all office premises
- 110k 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 employees transportation costs



Scicom's Occupational Safety and Health ("OSH") Committee also convened on a regular basis to continuously address issues associated with working occupational hazards and safe working practices across the business. No significant accidents involving employees were reported during the FY2022 at any of Scicom's office premises (FY2021: Zero).

3.3.9 Community Investment

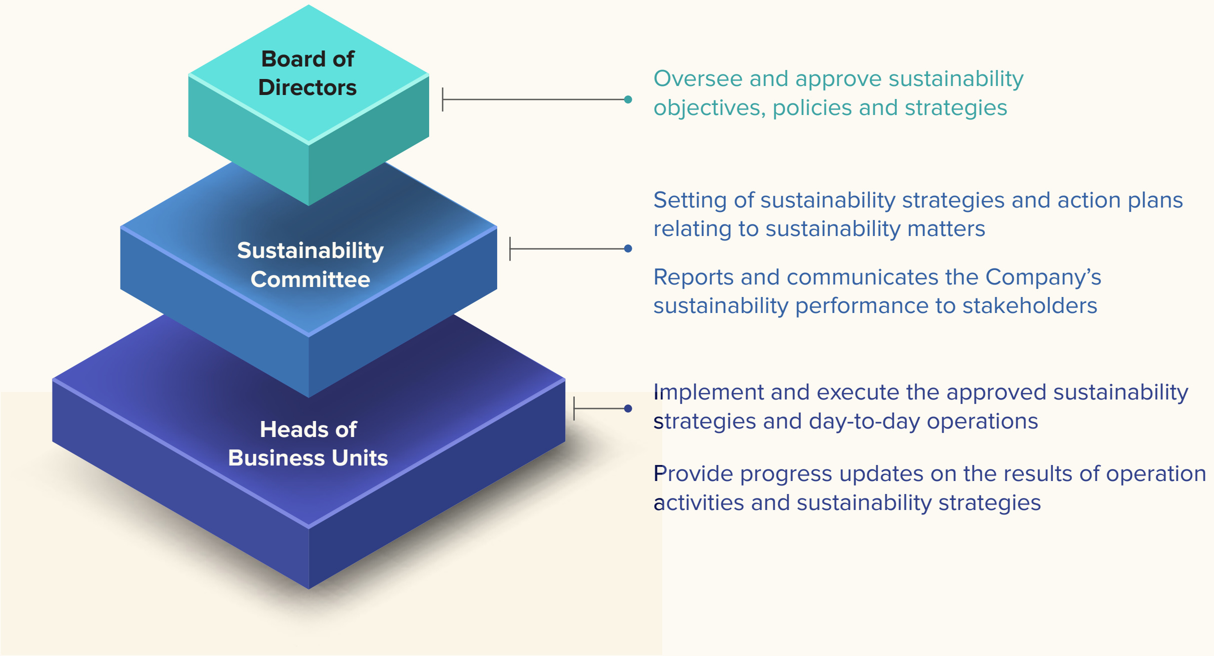
With the aim of supporting national efforts in the fight against COVID-19, a trilingual medical advisory Covid-19 service solution was developed for the Sri Lankan Ministry of Health. This effort provided emergency assistance in daily health checks and symptom monitoring for Covid-19 positive patients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

3.4 Governance

In FY2022, we undertook a process to integrate our ESG priorities, identified through the most recent sustainability materiality assessment, into our ESG strategy. The resulting ESG framework and strategy lays out the specific goals and actions that will enable to accelerate sustainable growth.

Our commitment to ESG starts at the highest levels of our firm, with our priorities supported by C level management team. The C-level team is collectively responsible for defining our ESG priorities, setting our direction, and monitoring progress, with oversight from our board of directors. Scicom established a Sustainability Committee ("SC"), comprising of the C-level officers chaired by the Group Chief Executive Officer. The Sustainability Committee reports to the Board of Directors. At the board level, Risk, Audit, and Governance Committees provides strategic direction to and oversight of ESG priorities and commitments, with relevant board committees overseeing specific ESG initiatives.

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 other who are affiliated with the Group.

In response to this, Scicom introduced its Anti-Bribery and Anti-Corruption ("ABAC") policy. The Board has also reviewed and approved the ABAC policy during the financial year as part of their yearly review process. The Group's ABAC framework, policies, and codes – all of are available on the Scicom website under the Investor Relations section. All Board members and members of the senior leadership team have undergone anti-bribery and anti-corruption training. In FY2022 training sessions was conducted for all employees using our newly developed SeLMS.

Going forward, training sessions will be periodically provided to members of our Board, with training content that covers their fiduciary and statutory responsibilities. These modules will be instrumental in ensuring that our Board members have adequate skills and know-how to set the tone for the company's culture of integrity and to perform their governance duties.

Listed below are the Anti-Bribery and Anti-Corruption training modules that are currently available on our SeLMS:

- 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 employees. 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, Head of Departments are tasked to consistently remind their peers, colleagues and employees that any acts of corruption and bribery will result in serious disciplinary action, including legal action and/or immediate termination of employment. New employees 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 are crucial to the effective operation of all our business units. Scicom uses the information from engaging with these stakeholders to define our goals, shape our business practices. We engage with our stakeholder groups through various communication channels - from web-based media platforms, meetings, seminars, and 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 Corporate website	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 Employees 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

Sustainability Data in Numbers

Below is Scicom's sustainability data for the financial period under review from 1 July 2021 to 30 June 2022. Scicom will include comparative disclosures in the next sustainability report.

Material Topics	GRI	Detail	Unit	Malaysia	Sri Lanka
Direct economic value generated and distributed	201-1	*Direct economic value generated*			
		Revenue	RM'million	259.2	5.9
		Economic value distributed			
		Annual dividend	RM'million	23.1	-
		Employee benefit expenses	RM'million	171.8	4.0
		Income tax expenses	RM'million	10.7	-
Market Presence	202-1	Ratios of standard entry level wage vs local min wage	Male	1.7:1	1.7:1
			Female	1.7:1	1.7:1
	202-2	Local Senior Management	%	79%	100%
Procurement Practices	204-1	Percentage of total purchase value from local vendors	%	88%	55%
		Percentage of local vendors	%	91%	95%
Energy	302-1	Direct Energy consumption	KwH (million)	4.944	0.671
Emissions	305-1	Direct Energy consumption	Tonnes	2,324	315
Employment	401 – 1	Employees by gender	Male Female	46% 54%	46% 54%
		Women in Leadership Positions	%	36%	40%
		Joining the Group - By Gender	Male Female	45% 55%	40% 60%
		Employees by nationality	Local Foreigner	86% 14%	100% -
Health & Safety	403-2	Injuries (workforce) Fatalities Lost Day Rate	Number Number LTIFR	None None None	None None None
Training	404-1	Number of training sessions	Sessions	13,167	1,547
		Number of training programmes conducted	Programmes	164	28
		Total training days	Days	55,734	2,494
	404-3	Employees receiving performance review	%	100%	100%
Diversity	405-1	Employees Diversity – By Age Group	<30 years old 30-39 years old 40-59 years old >60 years old	69% 24% 7% -	87% 9% 4% -

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 revised Malaysian Code on Corporate Governance (“MCCG”) have been applied within the Company throughout the financial year ended 30 June 2022 (“FYE 30 June 2022”).

The detailed application for each best practice as set out in the MCCG during the FYE 30 June 2022 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 overseeing the conduct, performance, risk management and internal controls of the Group’s business activities. In order to ensure a constantly well-balanced Board, careful consideration is given when selecting and balancing the composition of Independent and Non-Independent Directors.

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

- Reviewing and adopting the Group’s strategic direction, as proposed by the 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 eight (8) members comprising:
- Two (2) Non-Independent Non-Executive Directors;
- One (1) Non-Independent Executive Director; and
- Five (5) Independent Non-Executive Directors.

This is in compliance with Paragraph 15.02(1)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "MMLR") which requires at least two (2) directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.

A brief profile of the Directors is included in the Board of Directors as set out on pages 16 to 31 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 on merit, experience, qualifications and other attributes. Currently, there are three (3) women Directors sitting on the Board, reflecting a 37.5% woman representation on the Board. This is in compliance with Paragraph 15.02(1)(b) of the MMLR which requires at least 1 woman director.

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

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

4. Board Meetings

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

During the FYE 30 June 2022, five (5) Board meetings were held. The Directors' attendance for the Board meetings held during the financial year under review is as follows:

	Number of meetings attended/held
Krishnan A/L C K Menon (Chairman)	5/5
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	5/5
Mahani Binti Amat	5/5
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	1/1
Datuk Joseph Dominic Silva	5/5
Fa'izah Binti Mohamed Amin (Appointed on 1 January 2022)	2/2

All the Directors complied with the attendance requirement in respect of Board meetings held during the FYE 30 June 2022 as stipulated under Paragraph 15.05 of the MMLR.

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.

The Non-Executive Directors had met among themselves on 27 May 2022, to discuss among others, strategic, governance and operational issues.

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 to 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 require at least one third (1/3) of the Board members to retire by rotation at the Annual General Meeting (the "AGM"), and also for all the Directors to retire once every three (3) years, of which the Directors will then be eligible to offer themselves for re-election.

At the forthcoming AGM, Dato' Mohd Salleh Bin Hj Harun, Karen Judith Goonting and Mahani Binti Amat are retiring pursuant to Clause 76(3) of the Constitution of the Company, while Fa'izah Binti Mohamed Amin is retiring pursuant to Clause 78 of the Constitution of the Company. Mahani Binti Amat and Fa'izah Binti Mohamed Amin have offered themselves for re-election at the forthcoming AGM. The Board has indicated their support of the re-election of the Directors, in the explanatory note to the agenda of Notice of Twentieth AGM of the Company.

Dato' Mohd Salleh Bin Hj Harun and Karen Judith Goonting had expressed their intention of not seeking for re-election at the forthcoming AGM after having served on the Board of the Company for more than 17 years and 8 years respectively since their appointment as Directors on 22 August 2005 and 14 May 2014. Hence, they will retain office until the conclusion of the forthcoming AGM, and retire pursuant to Clause 76(3) of the Company's Constitution.

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	• Revised Malaysia code on corporate governance & amendments to listing requirements by Tricor Training Academy.
Dato' Sri Leo Ariyanayakam	• Certificate in Business, International Relations and Political Economy by the London School of Economics and Political Sciences.
Karen Judith Goonting	• Fraud by Directors and Piercing the Corporate Veil Online by Learner Bee International. • National Budget 2022 Online – ANC Group of Tax Accountants (through Learner Bee International). • Appointment and Removal of Directors and Company Secretaries Online by Learner Bee International.

Name of Director	Training/Conference Attended
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	• HLMT In-House Training – Actuarial Valuation by Hong Leong MSIG Takaful Berhad. • Briefing on: Rise of Fintech and Future of Banking" by Citigroup. • HLISB – Annual Training Session on "Islamic Social Finance" Re-Engineering Islamic Social Finance: An Option or A Must? for the Board of Directors, Shariah Committee and Senior Management by HLISB. • Climate Change: Impact on Banks & Role of the Board by Iclif Executive Education Center. • The Board's Role and Responsibilities in Crisis Communication by FIDE Forum. • Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution by Iclif Executive Education Center. • Bursa-FIDE FORUM Dialogue on Sustainability by FIDE FORUM. • SC-FIDE FORUM Dialogue on Capital Market Masterplan 3 by FIDE FORUM. • BNM-FIDE FORUM Dialogue with Tan Sri Nor Shamsiah bt Mohd Yunus by FIDE FORUM. • HLB – SC's Audit Oversight Board Conversation with Audit Committees by Securities Commission Malaysia by Iclif Executive Education Center. • FIDE CORE Program (Insurance Group) by Iclif Executive Education Center. • FIDE Elective Program. by Iclif Executive Education Center. • Market Risk Management – Banking Sector. • Sustainable Insurance by KPMG Management Risk Consulting Sdn Bhd. • Report Launch - Exploring Nature-related Financial Risks in Malaysia by Bank Negara Malaysia jointly with the World Bank Group. • MACC Anti-Bribery & Corruption Training by HLAH Group. • MetaFinance: The Next Frontier of the Global Economy by FIDE FORUM.
Datuk Joseph Dominic Silva	• AMLA: Identifying the Red Flags in Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) by GHR & SIDC. • Legal Cases Analysis in Islamic Finance organize by Shook Lin & Bok. • Design Thinking for Competency & Learning Pathway by GHR. • Integrity Programme on Anti-Bribery and Corruption for Board of Directors and Senior Management by Group Compliance. • Certification in Circular Economy and Sustainability Strategies by Cambridge Judge Business School Executive Education. • Executive Leadership Development Programme: Leading Outward (by enabling mindset change). Arbinger /In-House • [Masterclass] Fostering market dynamism: Advance the development of open data ecosystem and potential shared data infrastructures by BNM. • Public Markets Dialogue 2022 by PNB. • MIDF Green Conference 2022 – In house training. • PNB Knowledge Forum 2022 by PNB.

Name of Director	Training/Conference Attended
Mahani Binti Amat	• BNM-FIDE FORUM Dialogue on The Role of Independent Director in Embracing Present and Future Challenges by FIDE FORUM. • FIDE Elective: Risk Management in Technology (RMiT) & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards? By FIDE. • Next Gen Financial Market Infrastructures and Digital Currency by JP Morgan Chase Bank Bhd. • Silicon Valley meets Wall Street in China by JP Morgan Chase Bank Bhd. • Partnering with FinTech in Mainland China by JP Morgan Chase Bank Bhd. • JC3 Flagship Conference: Finance for Change by Bank Negara & Securities Commission. • BNM-FIDE FORUM Dialogue on Risk Management in Technology (RMiT): Insights 1 year on by FIDE FORUM. • Internal Sharing Session on Agile by AIA. • FIDE Core Programme Module A (Banking) by FIDE. • Training Session on Shariah Governance by ASAS by AIA. • Internal Sharing Session on IFRS17 Financial Implication by AIA. • Internal Sharing Session on Organisation of the Future by AIA Bhd. • Internal Sharing Session on Organisation of the Future by AIA PUBLIC Takaful Bhd. • BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators by FIDE FORUM. • Directors' Training on AML/CFT by JP Morgan Chase Bank Bhd. • Training and Information on Technology Developments by JP Morgan Chase Bank Bhd. • Internal Sharing Session on Takaful Operational Model by AIA. • BNM-FIDE FORUM Dialogue with Tan Sri Nor Shamsiah binti Mohd Yunus, Governor of Bank Negara by FIDE FORUM. • Internal Training Session on Cybersecurity Predictions for 2022 and Top Cyber Security Principles and Live Demonstration of My AIA App and AIA Life Planner App by AIA. • BNM-FIDE FORUM Dialogue: Licensing Framework for Digital Insurers and Takaful Operator by FIDE FORUM. • Bank Negara's Annual Report 2021, Economic & Monetary Review 2021, and Financial Stability Review Second Half 2021 Engagement Session by Bank Negara. • Internal Training Session on Environmental Social Governance by AIA. • Internal Sharing Session on Embedded Value and Outsourcing Framework by AIA
Fa'izah Binti Mohamed Amin	• Mandatory Accreditation Programme (MAP).

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 101 to 104 of this Annual Report.

- **Nominating and Remuneration Committee**
  The Nominating and Remuneration Committee ("NRC") was formed on 12 May 2010 and is responsible for proposing candidates for directorship and assessing the directors on an ongoing basis.

  The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR. In addition, the NRC assesses the contribution of individual Board members, the effectiveness of the Board and the Board Committees.

The NRC is responsible in determining the remuneration of the Directors and 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 Director's 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 twice during the financial year and all the members attended the meetings.

The summary of activities undertaken by the NRC during the FYE 30 June 2022 are:
- Reviewed and recommended Directors' fees payable to the Directors for the FYE 30 June 2021;
- Reviewed evaluation forms and recommended to the Board for approval and adoption;
- Reviewed the effectiveness of the Board, Board Committees and individual Directors and made 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 Fa'izah Binti Mohamed Amin as an Independent Non- Executive Director of the Company;
- Reviewed succession plan for senior management;
- Reviewed salary adjustment and bonus for senior management team;
- Reviewed the Directors' Fit and Proper Policy;
- Reviewed the Terms of Reference of the NRC and recommended revisions to the Board; and
- Reviewed the policies, procedures and other relevant documents within the scope of the NRC before recommending to the Board for endorsement or approval.

The Chairman of the Board is not a member of the Board Committees (i.e. ARMC and NRC), to ensure there is check and balance as well as objective review by the Board.

The Board Committees meetings are conducted separately from the Board meetings, to enable objective and independent discussion during the meetings.

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. 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 and SMT, required to meet the needs of the Company.

The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director, based on effective blend of competences, skills, experience and knowledge in areas identified by the Board, should remain a priority and not compromised. The Board currently has 37.5% of women representation.

11. Board Effectiveness Evaluation

The NRC is responsible to assist the Board to assess the effectiveness of individual Directors, the Board and the Board Committees. The Board evaluation is performed annually with the objective to enhance its effectiveness, strength and to identify areas that needs improvements.

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

(i) Board of Directors' Annual Assessment
(ii) Board Committees' Annual Assessment
(iii) Directors' Self and Peer Assessment on Roles and Responsibilities, Competence, Expertise and Contribution
(iv) Assessment on Chairman of the Board

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.
- Performance in addressing material sustainability risks and opportunities.

During the FYE 30 June 2022, the evaluation was conducted on the Board, Board Committees and individual Directors. A self-assessment form on fit and proper criteria was also completed by all Directors of the Company.

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.

12. Directors' Remuneration

A Remuneration for Director and Senior Management Policy and Procedures was adopted on 27 August 2021 and is accessible at the Company's website at www.scicom-intl.com. 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, both taking into consideration of the Company's performance in managing material sustainability risks and opportunities.

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 for the financial year under review is as follows:

	Fees RM	Salaries & Bonus RM	Defined contribution plans RM	Benefits-in-kind RM	Total RM
Executive Director					
Dato' Sri Leo Ariyanayakam	-	1,687,550	155,147	7,200	1,849,897
Non-Executive Directors					
Krishnan A/L C K Menon	100,000	-	-	-	100,000
Dato' Mohd Salleh Bin Hj Harun	80,000	-	-	-	80,000
Karen Judith Goonting	80,000	-	-	-	80,000
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	90,000	-	-	-	90,000
Mahani Binti Amat	80,000	-	-	-	80,000
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)	13,041	-	-	-	13,041
Datuk Joseph Dominic Silva	75,000	-	-	-	75,000
Fa'izah Binti Mohamed Amin (Appointed on 1 January 2022)	35,000	-	-	-	35,000
Total	**553,041**	**1,687,550**	**155,147**	**7,200**	**2,402,938**

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 put 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 or guidance and legislations.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(i) Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's performance and prospects in its quarterly announcements, annual reports and other public reports to the shareholders. The Board retains the responsibility for the preparation of the Group's and Company's financial statements. The Directors are required by the Companies Act 2016 to prepare the Group's and the Company's statutory financial statements with all material disclosures, 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 189 of the Annual Report.

(ii) Risk Management and Internal Controls

The Board continues to maintain and review its risk management process and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholder's 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 as set out on pages 93 to 100 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 has unrestricted access to the ARMC. The internal auditors are tasked to independently review the effectiveness of the risk management process and internal controls of the Group.

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

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

The internal auditors attend the ARMC meeting quarterly to present their audit observations, recommendations and report on the status of corrective actions implemented by 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 Directors wish 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 thrice 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 195 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 101 to 104 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

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 endeavours 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, Code of Business Conduct and Ethics, Whistleblowing Policy, Remuneration for Director and Senior Management Policy and Procedures, Director Fit' and Proper Policy, as well as the Terms of Reference for the 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, offers an opportunity for the Board and the SMT to interact with the shareholders. During the AGM, the Chairman, other Board members, SMT and the external auditors of the Company are available to respond to any questions and queries as raised by the shareholders. Where appropriate, the Chairman will endeavour to provide the shareholders with written answers to any significant questions which cannot be readily answered during the AGM.

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, had been responded 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. The Minutes of the AGM was also published on the Company's website no later than 30 business days 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 value creation for the shareholders. With the increased attention given to sustainability and climate change by the general public and the investment community, the Board will increase its focus in integrating environmental, economic and governance considerations in the strategies and operations of the Group.

The Board had on 27 May 2022 adopted the Directors' Fit and Proper Policy, to align with the latest regulatory requirements. The Board had also reviewed and revised various existing policies and procedures, as part of its efforts to enhance the Company's corporate governance practices and align them with the latest regulatory requirements, where applicable.

This Statement was approved by the Board at its meeting held on 22 September 2022.

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 2022.

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.

Risk Governance Structure

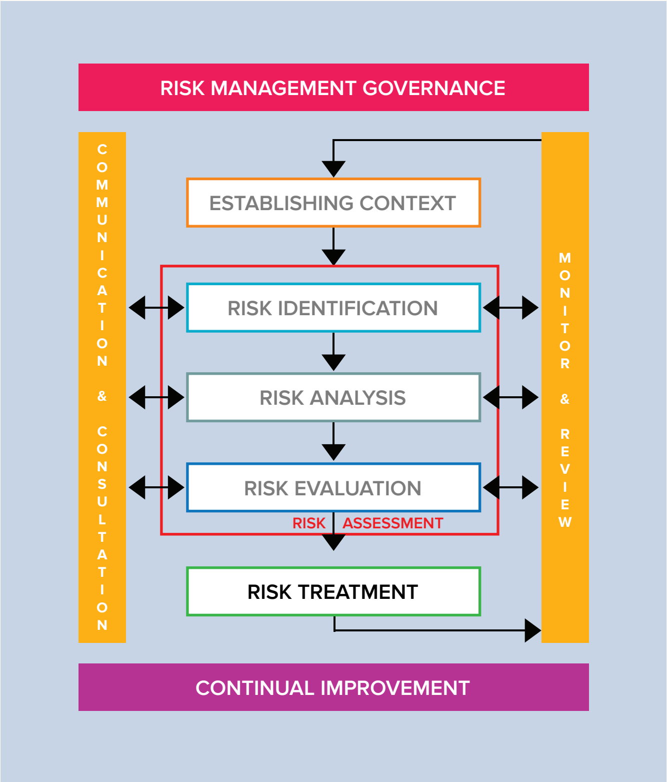
The risk governance structure provides a transparent and effective structure involving active participation of the Board and SMT in the risk management process to ensure a uniform view of risk across the Group with clearly defined roles and responsibilities of all stakeholders, taking into consideration the three (3) lines of defence governance model in the risk management process.

The Audit and Risk Management Committee ("ARMC") through the SMT is also responsible for creating and promoting a risk aware culture amongst the Group's human capital, via a readily accessible knowledge framework for risk management. The Group Risk Officer works closely with the SMT in the implementation of the risk management policy and procedures as well as in the process of identification, evaluation, implementation and monitoring of action plans to mitigate risks identified. Periodic reviews are conducted by the Group Risk Officer to ensure compliance and that risks are adequately identified and addressed in a timely manner. Matters arising during the periodic reviews are reported and escalated or cascaded, as the case may be, in a timely manner to the SMT and the ARMC as appropriate.

RISK MANAGEMENT FRAMEWORK

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

RISK MANAGEMENT FRAMEWORK



DESCRIPTION

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

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

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

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

Monitoring and Review
Regular risk reporting and monitoring.

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

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

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

Principal Risks

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

- Pandemic
- Economic Environment
- Information and Cyber Security
- Human Capital
- Business Continuity
- Environment, Social and Governance

Risk Management Activities During the Financial Year

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

- The Board continually assesses the adequacy and effectiveness of the Company's risk management and internal control practices, as well as determining the acceptable risk appetite, reviewed, refined and approved based on the Group's risk management framework.
- The Board reviewed the significant risks identified for the Group and the mitigation plans associated thereto as well as the changes to Group risk profile on a quarterly basis.
- The Board reviewed the Enterprise Risk Management Policy, and approved amendments thereto on 26 August 2022.

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 101 to 104.

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 is independent from the activities or operations of the Group. This function of the Group has been outsourced to an independent third party. The ARMC has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and efficiency of the Group's system of internal controls in discharging their governance responsibilities.

The internal auditors adopt the International Professional Practices Framework ('IPPF') that organises authoritative guidance promulgated by the Institute of Internal Auditors with authoritative guidance organised in the IPPF as mandatory and recommended guidance for internal auditing.

The internal audit plan is prepared using a risk-based approach and presented to the ARMC for approval on a yearly basis. The audit plan is updated quarterly to take into consideration the changes in the risk profile. The audit area focuses on areas of high risk to ensure that adequate correction actions are in place to mitigate the risk in a timely manner.

Observations arising from the internal audit are presented, together with Management's response and proposed corrective actions, to the ARMC for review and approval. The internal auditors subsequently perform follow up audit to determine the extent of corrective actions implementation and report the status on the closure of audit issues to the ARMC on a quarterly basis. It is the responsibility of the Management in ensuring that corrective actions are implemented in a timely manner.

Limits of Authority

The Limits of Authority ("LOA") manual sets out the authorisation limits for various levels and also those matters requiring Board approval to ensure segregation of duties, accountability and control over the Group's financial commitments. The LOA manual is reviewed and updated periodically to reflect business, operational and structural changes as appropriate.

Formal organisational structure is in place with all the companies in the Group with clear reporting channels established. Appropriate approval process and authority limits are in place on procurement transactions covering both capital and revenue expenditure items, acquisition and disposal of assets and other major business transactions.

Policies, Guidelines and Procedures

The Group's policies, guidelines and procedures are continuously reviewed and further enhanced, where possible, on a periodical basis in order to raise the standards of the Group's current system of internal controls as well as to take into account relevant changes to the legal and regulatory requirements that are applicable to the Group (if any). The Board has in place extensive and properly documented policies, guidelines and procedures, which are made readily available to the Group's human capital via the Group's intranet website.

Whistleblowing Policy

The Group has in place a Whistleblowing Policy which was last reviewed on 27 August 2021. The Whistleblowing Policy provides an avenue for employees and general public to report actual or suspected malpractice, misconduct or violations of the Group policies and procedures in a safe and confidential manner.

Code of Business Conduct and Ethics

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

Employees of the Group are also bound by the Employee Code of Conduct and Ethics established which is accessible by all employees via the intranet. This policy outlines the rules and regulations that the Group and all its employees are required to live by and non-compliance may be subject to disciplinary action. Included in the policy is a section in relation to the "accuracy of company records", which emphasises the need for accurate recording and reporting of information, all business records and communications to be clear, truthful and accurate, and prohibition of false entries being made in the Group's books and records.

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

Anti-Bribery and Anti-Corruption Policy

The Group introduced the Anti-Bribery and Anti-Corruption Policy, which was last review on 26 August 2022. The said policy complements the Code of Business Conduct and Ethics and sets out the key guidelines governing areas such as the conduct with customers in relation to entertainment, and the receipt and giving of gifts. The implementation of such policy is in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Office pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The said policy and Code of Business Conduct and Ethics reinforce the Group's zero-tolerance stance against any acts of bribery and corruption, and the commitment to act professionally, fairly and with integrity in all business dealings and relationships.

Information Security Management

Confidentiality, integrity and availability of information are crucial at various extents to the day-to-day operations and strategic decision making of the Group. To safeguard the information assets (which can be in various forms – digital, manual, disc, tape, etc), the Group has established an Information Security Policy and Information Risk Management Guideline to clearly define the roles and responsibilities as well as the processes for effective management of information assets (covering the end-to-end life cycle of an information asset from the creation, management, use and handling up to its disposal) and its associated risks.

Cyber Security Management

Cyber security risks are anticipated 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/offsite network access during the Covid-19 pandemic. The Group has implemented various measures to mitigate cyber security risks which amongst others include the deployment of comprehensive IT security tools (e.g. firewall, antivirus 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 cyber security 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 2022. 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 Board's commitment in ensuring the adequacy and effectiveness of the system in protecting the shareholders' investment and the Group's assets.

This Statement is made in accordance with the Board's approval at its meeting held on 22 September 2022.

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 2022.

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
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 five (5) 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	5/5
Dato' Mohd Salleh Bin Hj Harun	5/5
Datuk Joseph Dominic Silva	5/5
Mahani Binti Amat	5/5

The Company Secretary acts as the Secretary in all the Committee's meetings. The External Auditors attended three (3) out of the five (5) meetings, in which two (2) out of the three (3) meetings attended, there were private sessions conducted without the Management's presence.

The Committee had a private session with the Internal Auditors without the presence of Management on 28 February 2022, to discuss on issues, if any, encountered during the course of internal audit.

A brief profile of the individual Committee members is included in the Board of Directors as set out on pages 16 to 31.

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 resolution, key accounting and audit adjustments as well as the unadjusted differences identified during the audit.

- Met with the External Auditors without the presence of Management to discuss 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 independence and objectivity of the External Auditors and their services including non-audit services.

Description	Amount (in RM)
Statutory audit fees	261,800
Non-audit fees	41,850
% of non-audit fees, over statutory audit fees	16%

- Reviewed the suitability of the External Auditors taking into consideration amongst others, their competency, audit quality, adequacy of resources, communication and interaction and made recommendation to the Board of Directors on their re-appointment and remuneration.

(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 Auditors also carry out investigative audit where there are improper, dishonest and illegal acts reported.

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

The Group's internal audit function is outsourced to a third party professional firm, which is independent of the activities and operations of the Group. The internal 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 risk and recommendations are highlighted, along with Management's responses and actions for improvement and/or rectification, where applicable. This enables the Committee to execute its oversight function by reviewing and deliberating the audit issues and recommendations as well as Management's responses. Where applicable, the Committee will direct the Management to take cognisance of the issues raised and establish necessary steps to strengthen the system of internal control based on the Internal Auditors' 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:

- Human resource management
- Information technology and data management
- Business Development and Marketing operation management
- Operations management for projects
- Employees' health and safety
- Work from home management

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 FY2022

Prepared and presented the audit plans for 2022 to the Committee for deliberation and approval on 28 February 2022. 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 22 September 2022.

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 and the provisions of the Companies Act 2016, so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2022.

In preparing the financial statements for the financial year ended 30 June 2022, 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 189 of the Annual Report.

CONTENT

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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 2022.

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	31,452,133	31,326,478
- Non-controlling interest	(6,418)	-
Profit for the financial year	31,445,715	31,326,478

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2021 were as follows:

		RM
(a)	In respect of the financial year ended 30 June 2021, a fourth interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 29 September 2021	5,331,803
(b)	In respect of the financial year ended 30 June 2022, a first interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 27 December 2021	5,331,803
(c)	In respect of the financial year ended 30 June 2022, a second interim dividend of 2.0 sen, tax exempt, per ordinary share, paid on 29 March 2022	7,109,071
(d)	In respect of the financial year ended 30 June 2022, a third interim dividend of 1.5 sen, tax exempt, per ordinary share, paid on 28 June 2022	5,331,803
		23,104,480

On 26 August 2022, the Board of Directors declared a fourth interim dividend of 2.0 sen, tax exempt, per ordinary share of RM7,109,071 which is to be paid on 28 September 2022.

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
Datuk Joseph Dominic Silva
Mohd Rashid Bin Mohd Yusof (Resigned on 6 September 2021)
Fa'izah binti Mohamed Amin (Appointed on 1 January 2022)

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

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

	Group	Company
	RM	RM
Executive Director:		
- Salaries and bonuses	1,687,550	1,687,550
- Defined contribution plans	155,147	155,147
- Estimated monetary value of benefits-in-kind	7,200	7,200
Non-executive Directors:		
- Fees	553,041	553,041

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

DIRECTORS' REPORT

(CONTINUED)

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year ended 30 June 2022 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 2021	**Bought**	**Disposed**	**At 30 June 2022**
	'000	**'000**	**'000**	**'000**
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	935	-	-	935
Dato' Mohd Salleh bin Hj. Harun	1,956	-	-	1,956
Dato' Sri Leo Suresh Ariyanayakam	90,886	1,125	-	92,011
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

Auditors' remuneration for the financial year ended 30 June 2022 for the Group and the Company is as follows.

	Group	Company
	RM	RM
Fees for statutory audit		
- PricewaterhouseCoopers PLT ('PwC'), Malaysia	261,800	211,200
- Other auditors	9,996	-
Fees for other services		
- Member firms of PwC Malaysia	41,850	18,000

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 22 September 2022. 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 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
REVENUE	6	**265,051,615**	216,195,996	**258,940,907**	209,815,936
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(18,384,676)**	(16,593,255)	**(15,818,536)**	(14,186,996)
- Employee benefit costs	7	**(175,807,933)**	(139,605,030)	**(166,798,366)**	(130,496,005)
- Net (loss)/reversal on impairment of financial assets		**-**	(2,364,669)	**(714,410)**	2,473,570
- Bad debts recovered/(written off)		**-**	213,367	**-**	213,367
- Maintenance expenses		**(4,698,709)**	(4,402,842)	**(9,937,230)**	(9,707,406)
- Rental expenses	8	**(736,141)**	(180,366)	**(727,508)**	(173,942)
- Telecommunication and utilities expenses		**(6,709,425)**	(5,642,803)	**(6,200,398)**	(5,176,875)
- Travelling expenses		**(480,344)**	(235,883)	**(422,308)**	(161,305)
- Marketing expenses		**(6,298,997)**	(4,606,619)	**(6,261,707)**	(4,552,281)
- Other operating expenses		**(8,012,187)**	(8,279,319)	**(8,978,374)**	(9,362,049)
		(221,128,412)	(181,697,419)	**(215,858,837)**	(171,129,922)
PROFIT FROM OPERATIONS		**43,923,203**	34,498,577	**43,082,070**	38,686,014
SHARE OF RESULTS OF JOINT VENTURE	18	**(1,950)**	(3,050)	**-**	-
FINANCE INCOME	9	**492,609**	614,246	**492,568**	610,750
FINANCE COST	9	**(2,316,834)**	(1,785,814)	**(1,888,273)**	(1,659,519)
PROFIT BEFORE TAXATION	10	**42,097,028**	33,323,959	**41,686,365**	37,637,245
TAXATION	11	**(10,651,313)**	(7,509,919)	**(10,359,887)**	(8,615,047)
PROFIT FOR THE FINANCIAL YEAR		**31,445,715**	25,814,040	**31,326,478**	29,022,198

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		RM	**RM**	**RM**	**RM**
OTHER COMPREHENSIVE EXPENSE					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**(3,198,542)**	(631,408)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**28,247,173**	25,182,632	**31,326,478**	29,022,198
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**31,452,133**	25,818,301	**31,326,478**	29,022,198
- Non-controlling interest		**(6,418)**	(4,261)	**-**	-
		31,445,715	25,814,040	**31,326,478**	29,022,198
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**28,253,591**	25,186,893	**31,326,478**	29,022,198
- Non-controlling interest		**(6,418)**	(4,261)	**-**	-
		28,247,173	25,182,632	**31,326,478**	29,022,198
Earnings per share:					
- Basic/Diluted (sen)	12	**8.85**	7.26		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements on pages 122 to 188.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Plant and equipment	14	**19,340,764**	18,132,838	**18,624,993**	17,036,870
Intangible assets	15	**9,058,278**	12,717,735	**6,098,758**	6,970,805
Right-of-use assets	16	**32,612,011**	41,803,056	**30,146,626**	38,336,789
Interests in subsidiaries	17	**-**	-	**-**	-
Investment in joint venture	18	**-**	1,950	**-**	5,000
Other receivables, deposits and prepayments	20	**3,335,987**	-	**3,335,987**	-
Amounts due from subsidiaries	21	**-**	-	**3,264,298**	3,473,450
Deferred tax assets	26	**1,505,805**	1,798,134	**-**	-
		65,852,845	74,453,713	**61,470,662**	65,822,914
CURRENT ASSETS					
Trade receivables	19	**57,251,768**	52,449,495	**54,873,993**	50,244,864
Other receivables, deposits and prepayments	20	**3,748,620**	7,489,828	**2,980,835**	6,342,355
Amounts due from subsidiaries	21	**-**	-	**2,319,576**	1,644,608
Amount due from a joint venture	21	**-**	15,642	**-**	15,642
Tax recoverable		**1,289,517**	1,612,284	**1,135,098**	1,448,484
Investments in cash funds	22	**13,263,295**	25,373,354	**13,263,295**	25,373,354
Cash and bank balances	23	**23,567,981**	4,644,724	**22,949,103**	4,458,737
		99,121,181	91,585,327	**97,521,900**	89,528,044
LESS: CURRENT LIABILITIES					
Trade and other payables	24	**16,644,515**	15,140,337	**15,726,967**	13,473,785
Lease liabilities	25	**8,391,928**	8,610,548	**7,573,682**	7,506,568
		25,036,443	23,750,885	**23,300,649**	20,980,353
NET CURRENT ASSETS		**74,084,738**	67,834,442	**74,221,251**	68,547,691
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	**1,772,769**	1,099,777	**1,772,769**	1,099,777
Lease liabilities	25	**26,028,595**	34,194,852	**24,193,134**	31,766,816
		27,801,364	35,294,629	**25,965,903**	32,866,593
NET ASSETS		**112,136,219**	106,993,526	**109,726,010**	101,504,012

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022 (CONTINUED)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 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	**(7,415,354)**	(4,216,812)	**-**	-
Retained earnings	28	**85,625,713**	77,278,060	**74,180,654**	65,958,656
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**113,755,715**	108,606,604	**109,726,010**	101,504,012
NON-CONTROLLING INTEREST		**(1,619,496)**	(1,613,078)	**-**	-
TOTAL EQUITY		**112,136,219**	106,993,526	**109,726,010**	101,504,012

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 122 to 188.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		unit	RM	RM	RM	RM	RM
Group							
Balance as at 1 July 2021		355,453,560	35,545,356	(4,216,812)	77,278,060	(1,613,078)	106,993,526
Currency translation difference		-	-	(3,198,542)	-	-	(3,198,542)
Profit/(loss) for the financial year		-	-	-	31,452,133	(6,418)	31,445,715
Total comprehensive (expense)/income for the financial year		-	-	*(3,198,542)*	*31,452,133*	*(6,418)*	*28,247,173*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2021	13	-	-	-	(5,331,803)	-	(5,331,803)
- 30 June 2022	13	-	-	-	(17,772,677)	-	(17,772,677)
Total transactions with owners		-	-	-	*(23,104,480)*	-	*(23,104,480)*
Balance as at 30 June 2022		355,453,560	35,545,356	(7,415,354)	85,625,713	(1,619,496)	112,136,219

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

		Attributable to owners of the Company					
		Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Note	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		unit	RM	RM	RM	RM	RM
Group							
Balance as at 1 July 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/(loss) 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 2022 (CONTINUED)

		Issued and fully paid ordinary shares		Distributable	
	Note	Number of shares	Share capital	Retained earnings	Total equity
		unit	RM	RM	RM
Company					
Balance as at 1 July 2021		355,453,560	35,545,356	65,958,656	101,504,012
Profit for the financial year		-	-	31,326,478	31,326,478
Total comprehensive income for the financial year		-	-	*31,326,478*	*31,326,478*
Transactions with owners:					
Dividends for the financial year ended:					
- 30 June 2021	13	-	-	(5,331,803)	(5,331,803)
- 30 June 2022	13	-	-	(17,772,677)	(17,772,677)
Total transactions with owners		-	-	*(23,104,480)*	*(23,104,480)*
Balance as at 30 June 2022		355,453,560	35,545,356	74,180,654	109,726,010

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

		Issued and fully paid ordinary shares		Distributable	
	Note	Number of shares	Share capital	Retained earnings	Total equity
		unit	RM	RM	RM
Company					
Balance as at 1 July 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 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

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 122 to 188.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**31,445,715**	25,814,040	**31,326,478**	29,022,198
Adjustments for:				
Allowance for/(reversal) on impairment of financial assets:				
- advances to subsidiaries	**-**	-	**382,576**	3,080,160
- amounts due from subsidiaries	**-**	-	**331,834**	(7,918,399)
- trade receivable	**-**	2,364,669	**-**	2,364,669
Amortisation of intangible assets	**2,794,503**	2,398,893	**1,788,216**	1,912,406
Depreciation of plant and equipment	**6,281,253**	4,617,581	**5,840,157**	3,951,185
Depreciation of right-of-use assets	**9,308,920**	9,576,781	**8,190,163**	8,323,405
Gain on disposal of plant and equipment	**(15,000)**	-	**(15,000)**	-
Loss of disposal of joint venture	**1,950**	-	**-**	-
Reversal of impairment in investment in a subsidiary	**-**	-	**-**	(10,000)
Plant and equipment written off	**627**	1,440	**627**	1,362
Finance income	**(492,609)**	(614,246)	**(492,568)**	(610,750)
Finance cost	**2,316,834**	1,785,814	**1,888,273**	1,659,519
Unrealised foreign exchange (gain)/loss	**(48,239)**	204,945	**(258,843)**	141,090
Taxation	**10,651,313**	7,509,919	**10,359,887**	8,615,047
Share of loss of joint venture	-	3,050	-	-
Operating profit before changes in working capital	**62,245,267**	53,662,886	**59,341,800**	50,531,892
Changes in working capital:				
Trade and other receivables	**(4,188,817)**	(55,896)	**(4,520,282)**	(473,011)
Trade and other payables	**1,504,354**	3,741,667	**2,253,182**	4,830,928
Intercompany balances	-	-	**7,298,494**	8,566,801
Cash generated from operating activities	**59,560,804**	57,348,657	**64,373,194**	63,456,610
Income tax paid	**(9,452,220)**	(9,690,899)	**(9,373,509)**	(9,625,238)
Income tax refunds	**88,996**	-	-	-
Net cash generated from operating activities	**50,197,580**	47,657,758	**54,999,685**	53,831,372

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	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	**15,000**	-	**15,000**	-
Purchase of intangible assets	**(916,456)**	(4,379,785)	**(916,169)**	(2,238,179)
Purchase of plant and equipment	**(7,751,938)**	(12,805,010)	**(7,428,906)**	(12,307,031)
Advances to subsidiaries	**-**	-	**(8,282,550)**	(9,161,292)
Repayment of advances by subsidiaries	**-**	-	**-**	200,000
Interest received	**492,609**	614,246	**492,568**	610,750
Placement of investments in cash funds	**(22,492,609)**	(1,964,633)	**(22,492,609)**	(1,964,633)
Redemption of investment in cash funds	**34,602,668**	-	**34,602,668**	-
Increase in fixed deposits with maturity of more than 3 months	**(965,485)**	(34,515)	**(965,485)**	(34,515)
Net cash generated from/(used in) investing activities	**2,983,789**	(18,570,388)	**(4,975,483)**	(24,889,900)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of dividends	**(23,104,480)**	(19,549,945)	**(23,104,480)**	(19,549,945)
Payment of principal element of lease liabilities	**(8,412,066)**	(8,801,607)	**(7,506,568)**	(7,810,641)
Payment of interest element of lease liabilities	**(2,316,834)**	(1,785,814)	**(1,888,273)**	(1,659,519)
Net cash used in financing activities	**(33,833,380)**	(30,137,366)	**(32,499,321)**	(29,020,105)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**19,347,989**	(1,049,996)	**17,524,881**	(78,633)
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS	**(1,390,217)**	(46,827)	**-**	(37,592)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**3,610,209**	4,707,032	**3,424,222**	3,540,447
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 23)	**21,567,981**	3,610,209	**20,949,103**	3,424,222
Deposits with maturity of more than 3 months	**2,000,000**	1,034,515	**2,000,000**	1,034,515
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR	**23,567,981**	4,644,724	**22,949,103**	4,458,737

The above statements of cash flows are to be read in conjunction with the notes to the financial statements on pages 122 to 188.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group'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) 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 2021:

- Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform – Phase 2'
- Amendments to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'

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 to standards that have been issued but not yet effective

A number of amendments to standards are effective for financial year beginning after 1 July 2022. None of these are expected to have a significant effect on the Group and Company. The Group and the Company will apply the following amendments to standard in the financial year beginning on/after 1 July 2022:

- 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.

  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 performance of the plant and equipment.

  The amendments shall be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

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

A number of amendments to standards are effective for financial year beginning after 1 July 2022. None of these are expected to have a significant effect on the Group and Company. The Group and the Company will apply the following amendments to standard in the financial year beginning on/after 1 July 2022: (continued)

- 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.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets

Software licences

Separately acquired software licences are recognised at fair value at the acquisition date and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software licences 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;
(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.

The Group and the Company have revised the estimated useful lives of its software development cost as a result of the present assessment of the project's prospects and expected future benefits associated with the assets. Accordingly, the useful lives of the software development cost have been revised between 5 to 10 years from 20 years.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

(i) Classification

The Group and the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Subsequent measurement of debt instruments depends on the Group and 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 or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iii) Measurement (continued)

Equity instruments

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

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

(iv) Subsequent measurement – Impairment

Impairment for debt instruments

The Group and the Company assesses on a forward-looking basis the 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
- Contract receivables
- Amount due from subsidiaries/joint venture

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.

Trade receivables

The Group and the Company measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life.

Other receivables and amount due from subsidiaries/joint venture

At each reporting date, the Group and the Company apply general 3-stage approach to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Impairment for debt instruments (continued)

A summary of the assumptions underpinning the Group's and the Company's ECL model using general 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 uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Significant increase in credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

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

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

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

Definition of default and credit-impaired financial assets

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

(a) Quantitative criteria:

The Group and the Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 120 days of when they fall due.

(b) Qualitative criteria:

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL

Receivables are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each customer.

Amounts due from subsidiaries mainly comprise of advances and payments on behalf. The Company monitors the results of the subsidiaries and joint venture on an individual basis regularly. As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

(c) Lease liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Share capital

(i) Classification

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

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group and 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other payables

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

(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 ventures 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax (continued)

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

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

(n) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment pension benefits

The Group has various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits plans are defined contribution plans.

A defined contribution plan is a pension plan under which the Group and 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 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 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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. The Group also provides electronic solutions and applications for payment on-line processing, border security services, digital platforms and software solutions.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Education

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

(i) Education vouchers

Revenue from 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (Note 3(f)(iv)). Typically, the amount will be billed within 30 days of the provision of outsourcing services or education to customers. Payment is expected within 30 days from the billing date for all trade receivables.

No contract assets have been recognised in the financial year.

(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.

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'.

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group'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.

NOTES TO THE FINANCIAL STATEMENTS

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 intangible assets – software development cost

The Group and the Company assess impairment of the assets or cash-generating units ('CGU') whenever the events or changes in circumstances indicate that the carrying amount of the asset or CGU may not be recoverable (i.e. the carrying amount is more than the recoverable amount).

The recoverable amount is determined using the fair value less cost to sell ("FVLCS") method applying the income approach of the present value technique. The inputs used in the projected future cash flows include sector and industry trends, general market and economic conditions, changes in technology and other available information which represent the market participants' expectations of the asset. The valuation technique uses a set of cash flows that represent the probability-weighted average of all possible future cash flows expected to be generated from the asset and adjusting for chances of winning contracts.

It is possible that future results of operations could be affected by changes in these estimates brought about by changes in the factors mentioned. Any impairment or reduction in the estimated recoverable amount would increase charges to the statement of profit or loss and decrease their carrying value. In the unlikely event that the Company is unable to secure a contract, the carrying amount of the software development cost as disclosed in Note 15 may be subject to an impairment loss.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

(b) 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.

(c) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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. The Group also provides electronic solutions and applications for payment on-line processing, border security services, digital platforms and software solutions.

(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 2022

	Outsourcing services	Education	Inter segment eliminations	Total
	RM	RM	RM	RM
External revenue	264,789,115	262,500	-	265,051,615
Inter segment revenue*	7,051,908	1,019,865	(8,071,773)	-
Total revenue	271,841,023	1,282,365	(8,071,773)	265,051,615
Segment results	61,903,496	404,383	-	62,307,879
Operating profit				62,307,879
Finance income				492,609
Finance cost				(2,316,834)
Depreciation and amortisation expenses				(18,384,676)
Share of results of joint venture				(1,950)
Profit before taxation				42,097,028
Taxation				(10,651,313)
Net profit for the financial year				31,445,715

* Inter segment revenue has been eliminated at the respective segment revenue. The inter segment revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2022

	Outsourcing services	Education	Inter segment eliminations**	Total
	RM	RM	RM	RM
Segment assets	128,792,323	1,938,208	(5,392,437)	125,338,094
Unallocated assets:				
- Deferred tax asset				1,505,805
- Tax recoverable				1,289,517
- Cash and bank balances				23,567,981
- Investment in cash funds				13,263,295
- Others				9,334
Total assets				164,974,026
Segment liabilities	76,658,060	11,978,745	(37,057,847)	51,578,958
Unallocated liabilities				
- Deferred tax liabilities				1,772,769
- Others				(513,920)
Total liabilities				52,837,807

** Inter segment eliminations relates to intercompany receivables and payable balances which has been eliminated at the respective segment assets and liabilities.

For the financial year ended 30 June 2022

	Outsourcing services	Education	Inter segment eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	9,449,725	3,225	-	9,452,950
Significant non-cash expenses:				
- Depreciation and amortisation expenses	18,249,677	22,976	112,023	18,384,676
- Unrealised foreign exchange (gain)/loss	(114,312)	-	66,073	(48,239)
- Impairment loss	714,410	-	(714,410)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

For the financial year ended 30 June 2021

	Outsourcing services	Education	Inter segment 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

* Inter segment revenue has been eliminated at the respective segment revenue. The inter segment revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2021

	Outsourcing services	Education	Inter segment 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

** Inter segment eliminations relates to intercompany receivables and payable balances which has been eliminated at the respective segment assets and liabilities.

For the financial year ended 30 June 2021

	Outsourcing services	Education	Inter segment 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(b) Geographical information

In determining the geographical segments of the Group, the geographical disclosure is determined based on the following:

- Revenue is based on the country in which the customer is located.
- Total assets and capital expenditure are determined based on where the assets are located.
- Other countries that contributed less than 10% of the consolidated revenue are shown as others.

The Group provides services to clients based in the following geographical areas:

	Revenue		Assets **	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Malaysia *	**201,581,765**	142,283,081	**55,748,104**	63,362,552
Philippines	**25,310,145**	29,115,732	**-**	-
China	**13,916,272**	19,542,855	**-**	-
Singapore	**7,488,143**	8,927,352	**-**	-
Hong Kong	**4,976,018**	6,997,583	**-**	-
Sri Lanka	**5,085,662**	5,050,486	**5,262,949**	9,293,027
Thailand	**3,150,855**	2,680,353	**-**	-
Others	**3,542,755**	1,598,554	**-**	-
	265,051,615	216,195,996	**61,011,053**	72,655,579

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

(c) Major customers

Four (2021: four) individual customers representing 10% (2021: 7%) of total customers contributed 67% (2021: 72%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

6 REVENUE

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Outsourcing services:				
- Over time	**264,789,115**	216,151,486	**258,940,907**	209,815,936
Education:				
- Over time	**262,500**	44,510	**-**	-
	265,051,615	216,195,996	**258,940,907**	209,815,936

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Salaries and bonuses	**150,212,022**	118,992,736	**142,414,424**	111,472,019
Defined contribution plans	**17,379,147**	13,551,070	**16,296,087**	12,623,831
Other employee benefits	**4,911,408**	4,680,942	**4,846,421**	4,187,501
Staff welfare	**909,618**	804,837	**845,696**	637,209
	173,412,195	138,029,585	**164,402,628**	128,920,560
Directors' remuneration:				
- Salaries and bonuses	**1,687,550**	954,432	**1,687,550**	954,432
- Defined contribution plans	**155,147**	115,547	**155,147**	115,547
- Fees	**553,041**	505,466	**553,041**	505,466
	175,807,933	139,605,030	**166,798,366**	130,496,005

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
Datuk Joseph Dominic Silva
Fa'izah Binti Mohamed Amin
Mohd Rashid Bin Mohd Yusof

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Executive Director:				
- Salary and bonus	**1,687,550**	954,432	**1,687,550**	954,432
- Defined contribution plans	**155,147**	115,547	**155,147**	115,547
- Estimated monetary value of benefits-in-kind	**7,200**	147,720	**7,200**	147,720
	1,849,897	1,217,699	**1,849,897**	1,217,699
Non-executive Directors:				
- Fees	**553,041**	505,466	**553,041**	505,466
	2,402,938	1,723,165	**2,402,938**	1,723,165

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 2022 (CONTINUED)

8 RENTAL EXPENSES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Rental:				
- Apartments	**46,280**	46,100	**46,280**	46,100
- Office equipment	**22,597**	23,412	**21,513**	22,487
- Others	**667,264**	110,854	**659,715**	105,355
	736,141	180,366	**727,508**	173,942

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

Expenses relating to short-term leases	**46,280**	46,100	**46,280**	46,100
Expenses relating to low value assets	**689,861**	134,266	**681,228**	127,842
	736,141	180,366	**727,508**	173,942

Total amount of cashflows in relation to lease arrangements of the Group and the Company during the financial year ended 30 June 2022 were RM11,465,041 (2021: RM10,767,787) and RM10,122,349 (2021: RM9,644,102), respectively.

9 FINANCE INCOME AND COST

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Finance income:				
- Interest income	**492,609**	614,246	**492,568**	610,750
Finance cost:				
- Interest on lease liabilities	**(2,316,834)**	(1,785,814)	**(1,888,273)**	(1,659,519)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers PLT ('PwC'), Malaysia	**261,800**	238,000	**211,200**	192,000
- Other auditors	**9,996**	21,904	**-**	-
- Fees for other services				
- Member firms of PwC Malaysia	**41,850**	41,500	**18,000**	21,500
Depreciation of plant and equipment	**6,281,253**	4,617,581	**5,840,157**	3,951,185
Depreciation of right-of-use assets	**9,308,920**	9,576,781	**8,190,163**	8,323,405
Amortisation of intangible assets	**2,794,503**	2,398,893	**1,788,216**	1,912,406
Foreign exchange (gain)/loss:				
- Realised	**(318,068)**	290,401	**(340,419)**	267,829
- Unrealised	**(48,239)**	204,945	**(258,843)**	141,090
Gain on disposal of plant and equipment	**(15,000)**	-	**(15,000)**	-
Net loss/(reversal) on impairment of financial assets:				
- amount due from subsidiaries	**-**	-	**331,834**	(7,918,399)
- advances to subsidiaries	**-**	-	**382,576**	3,080,160
- trade receivables	**-**	2,364,669	**-**	2,364,669
Reversal of impairment on investment in a subsidiary	**-**	-	**-**	(10,000)
Marketing expenses	**6,298,997**	4,606,619	**6,261,707**	4,552,281
Professional fees	**816,093**	799,498	**677,093**	712,009
Plant and equipment written off	**627**	1,440	**627**	1,362
Maintenance expenses	**4,698,709**	4,402,842	**9,937,230**	9,707,406
Software subscription and support services	**2,386,321**	2,198,806	**3,352,511**	2,093,039

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

11 TAXATION

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Income tax:				
Current financial year:				
- Malaysian tax	**10,462,600**	7,538,478	**10,463,757**	7,545,486
Under provision of tax in prior financial years:				
- Malaysian tax	**(776,609)**	50,674	**(776,862)**	50,660
	9,685,991	7,589,152	**9,686,895**	7,596,146
Deferred taxation (Note 26):				
Relating to origination and reversal of temporary differences	**965,322**	(79,233)	**672,992**	1,018,901
	10,651,313	7,509,919	**10,359,887**	8,615,047

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.

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") has been granted full income tax exemption under Pioneer Status Incentive under Section 7, Promotion of Investments Act 1986 on its statutory income derived from its activities approved as Multimedia Super Corridor Malaysia Qualifying Activities. Under this exemption, E Solution's statutory income from its approved activities is exempted from tax during the Company's Exempt Period, which commenced from 1 December 2017 until 30 November 2022. The exemption is subject to the conditions of the grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

11 TAXATION (CONTINUED)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate:				
Malaysian statutory tax rate	**24**	24	**24**	24
Tax effects of:				
- Expenses not deductible for tax purposes	**2**	5	**1**	1
- Income not subject to tax	**-**	(2)	**-**	(2)
- Overprovision in prior years	**(2)**	-	**(2)**	-
- Recognition and utilisation of previously unrecognised capital allowances and tax losses	**(1)**	(6)	**2**	-
- Underprovision of prior year deferred tax	**2**	-	**-**	-
- Tax exemptions under exempt period	**-**	(1)	**-**	-
- Reversal of previously recognised deferred tax assets	**-**	2	**-**	-
- Unrecognised deferred tax asset on current year losses	**-**	1	**-**	-
Average effective tax rate	**25**	23	**25**	23

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	
	2022	**2021**
Profit for the financial year attributable to owners of the Company (RM'000)	**31,452**	25,818
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**8.85**	7.26

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

NOTES TO THE FINANCIAL STATEMENTS

13 DIVIDENDS

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

	2022		2021	
	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 2022	**1.5**	**5,331,803**	-	-
- 30 June 2021	**-**	**-**	1.5	5,331,803
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2022	**2.0**	**7,109,071**	-	-
- 30 June 2021	**-**	**-**	1.5	5,331,803
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2022	**1.5**	**5,331,803**	-	-
- 30 June 2021	**-**	**-**	1.5	5,331,803
Fourth 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
	6.5	**23,104,480**	5.5	19,549,945

Subsequent to the financial year, on 26 August 2022 the Board of Directors declared a fourth interim dividend of 2.0 sen, tax exempt, per ordinary share of RM7,109,071 which is to be paid on 28 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

14 PLANT AND EQUIPMENT

	As at 1 July 2021	Additions	Write off	Disposals	Currency transaction	As at 30 June 2022
	RM	RM	RM	RM	RM	RM
2022						
Group						
Cost						
Furniture and fittings	8,321,982	871,010	(7,724)	-	(409,138)	8,776,130
Office equipment and computers	63,427,592	4,771,717	(369,476)	-	(1,781,673)	66,048,160
Telecommunications equipment	10,583,254	92,385	(37,860)	-	-	10,637,779
Office renovations	12,011,388	2,016,826	-	-	(635,121)	13,393,093
Motor vehicles	1,067,657	-	-	(385,000)	-	682,657
	95,411,873	7,751,938	(415,060)	(385,000)	(2,825,932)	99,537,819

	As at 1 July 2021	Charge for the financial year	Write off	Disposals	Currency transaction	As at 30 June 2022
	RM	RM	RM	RM	RM	RM
2022						
Group						
Accumulated depreciation						
Furniture and fittings	6,314,691	553,402	(7,724)	-	(405,511)	6,454,858
Office equipment and computers	50,762,681	4,297,263	(368,849)	-	(1,522,129)	53,168,966
Telecommunications equipment	8,435,774	456,551	(37,860)	-	-	8,854,465
Office renovations	10,698,232	974,037	-	-	(636,160)	11,036,109
Motor vehicles	1,067,657	-	-	(385,000)	-	682,657
	77,279,035	6,281,253	(414,433)	(385,000)	(2,563,800)	80,197,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2020	Additions	Write-off	Currency transaction	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	Charge for the financial year	Write-offs	Currency transaction	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 2022 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2021	Additions	Write-off	Disposals	As at 30 June 2022
	RM	RM	RM	RM	RM
2022					
Company					
Cost					
Furniture and fittings	6,000,222	865,087	(7,724)	-	6,857,585
Office equipment and computers	51,633,066	4,464,202	(368,675)	-	55,728,593
Telecommunications equipment	7,077,081	92,385	(37,860)	-	7,131,606
Office renovations	8,646,822	2,007,232	-	-	10,654,054
Motor vehicles	1,065,000	-	-	(385,000)	680,000
	74,422,191	7,428,906	(414,259)	(385,000)	81,051,838

	As at 1 July 2021	Charge for the financial year	Write-off	Disposals	As at 30 June 2022
	RM	RM	RM	RM	RM
2022					
Company					
Accumulated depreciation					
Furniture and fittings	4,019,998	535,875	(7,724)	-	4,548,149
Office equipment and computers	40,031,113	3,884,086	(368,049)	-	43,547,150
Telecommunications equipment	4,929,602	456,551	(37,860)	-	5,348,293
Office renovations	7,339,608	963,645	-	-	8,303,253
Motor vehicles	1,065,000	-	-	(385,000)	680,000
	57,385,321	5,840,157	(413,633)	(385,000)	62,426,845

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

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 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 2022 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**2,321,272**	2,007,291	**2,309,436**	1,980,224
Office equipment and computers	**12,879,194**	12,664,911	**12,181,443**	11,601,953
Telecommunications equipment	**1,783,314**	2,147,480	**1,783,313**	2,147,479
Office renovations	**2,356,984**	1,313,156	**2,350,801**	1,307,214
	19,340,764	18,132,838	**18,624,993**	17,036,870

15 INTANGIBLE ASSETS

2022	As at 1 July 2021	Additions	Currency translation differences	As at 30 June 2022
	RM	RM	RM	RM
Group				
Cost				
Software licence	14,808,621	916,456	(1,263,599)	14,461,478
Software development cost	7,406,462	-	(1,335,849)	6,070,613
	22,215,083	916,456	(2,599,448)	20,532,091

2022	As at 1 July 2021	Charge for the financial year	Currency translation differences	As at 30 June 2022
	RM	RM	RM	RM
Group				
Accumulated amortisation				
Software licence	9,005,434	1,863,589	(741,382)	10,127,641
Software development cost	491,914	930,914	(76,656)	1,346,172
	9,497,348	2,794,503	(818,038)	11,473,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

2021	As at 1 July 2020	Additions	Reclassi-fications	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM	RM
Group					
Cost					
Software licence	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

2021	As at 1 July 2020	Charge for the financial year	Currency translation differences	As at 30 June 2021
	RM	RM	RM	RM
Group				
Accumulated amortisation				
Software licence	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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

2022	As at 1 July 2021	Additions	As at 30 June 2022
	RM	RM	RM
Company			
Cost			
Software licence	11,709,228	916,169	12,625,397
Software development cost	3,149,236	-	3,149,236
	14,858,464	916,169	15,774,633

2022	As at 1 July 2021	Charge for the financial year	As at 30 June 2022
	RM	RM	RM
Company			
Accumulated amortisation			
Software licence	7,572,735	1,433,927	9,006,662
Software development cost	314,924	354,289	669,213
	7,887,659	1,788,216	9,675,875

NOTES TO THE FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (CONTINUED)

2021	As at 1 July 2020	Additions	Reclassi-fications	As at 30 June 2021
	RM	RM	RM	RM
Company				
Cost				
Software licence	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

2021	As at 1 July 2020	Charge for the financial year	As at 30 June 2021
	RM	RM	RM
Company			
Accumulated amortisation			
Software licence	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

Total disposal of software licences include non-cash transfers of software licences at carrying amount of RM3,285 to Scicom E-Solution Sdn. Bhd.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net book value				
Software licences	**4,333,837**	5,803,187	**3,618,735**	4,136,493
Software development cost	**4,724,441**	6,914,548	**2,480,023**	2,834,312
	9,058,278	12,717,735	**6,098,758**	6,970,805

Software licences relate to licences purchased that are not integral to any plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

16 RIGHT-OF-USE ASSETS

	Office Building	
	2022	2021
	RM	RM
Net book value		
Group		
At the beginning of the financial year	**41,803,056**	8,113,714
Additions	**1,743,926**	9,903,429
Modification of lease term	**-**	33,619,757
Depreciation	**(9,308,920)**	(9,576,781)
Currency translation differences	**(1,626,051)**	(257,063)
At the end of the financial year	**32,612,011**	41,803,056
Company		
At the beginning of the financial year	**38,336,789**	6,838,672
Additions	**-**	6,201,765
Modification of lease term	**-**	33,619,757
Depreciation	**(8,190,163)**	(8,323,405)
At the end of the financial year	**30,146,626**	38,336,789

17 INTERESTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Unquoted shares at cost	**3,187,392**	3,177,392
Advances to subsidiaries	**32,135,622**	31,763,046
	35,323,014	34,940,438
Less: Impairment loss	**(35,323,014)**	(34,940,438)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

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

During the financial year, the Company recognised a net impairment loss of RM382,576 (2021: RM3,070,160) in respect of advances to subsidiaries.

The movements in provision for impairment of interests in subsidiaries are as follows:

	Company	
	2022	2021
	RM	RM
At the beginning of the financial year	**34,940,438**	31,870,278
Charge during the financial year	**382,576**	3,070,160
At the end of the financial year	**35,323,014**	34,940,438

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

	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
	%	RM	RM	RM	RM
Company					
2022					
Non-performing	100	Lifetime ECL	32,135,622	(32,135,622)	-
2021					
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 2022	Group's effective interest 2021	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2022 %	2021 %	Principal activities
Subsidiaries of the Company (continued)				
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.
Scicom Contact Centre Services Private Limited ^	India	**100**	100	Dormant
Scicom International (UK) Ltd.^	United Kingdom	**100**	100	Dormant
Scicom Inc.^ (Subsidiary of Scicom International (UK) Ltd.)	United States of America	**100**	100	Dormant
PT Scicom Indonesia ^	Indonesia	**100**	100	Dormant
Scicom Lanka (Private) Limited **	Sri Lanka	**100**	100	Provides customer contact centre outsourcing services
Scicom (Cambodia) Co. Ltd. ^	Cambodia	**100**	100	Dormant
SciSolutions (Mauritius) Ltd ^	Mauritius	**100**	100	Dormant
Asian Contact Solutions Sdn. Bhd. (ACSSB)*	Malaysia	**100**	-	Dormant

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

Non-controlling interests are not material to the Group.

On 8 January 2022, the Company acquired 5,000 ordinary share in ACSSB for a cash consideration of RM5,000. Subsequent to the acquisition, ACSSB became a wholly owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

18 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unquoted shares	**1,950**	5,000	**-**	5,000
Share of loss	**(1,950)**	(3,050)	**-**	-
	-	1,950	**-**	5,000

Name	Country of incorporation	Group's effective interest 2022 %	Group's effective interest 2021 %	Principal activities
Asian Contact Solutions Sdn. Bhd. (Note 17)	Malaysia	-	50	Dormant

19 TRADE RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Receivables - Billed	**36,747,259**	34,093,559	**35,774,534**	32,500,753
Receivables - Unbilled	**20,504,509**	20,720,605	**19,099,459**	20,108,780
Less: Impairment loss	**-**	(2,364,669)	**-**	(2,364,669)
	20,504,509	18,355,936	**19,099,459**	17,744,111
	57,251,768	52,449,495	**54,873,993**	50,244,864

Measurement of ECL

Trade receivables

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 (2021: 30 to 120 days). The fair value of trade receivables approximates its carrying value.

NOTES TO THE FINANCIAL STATEMENTS

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		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Current (not past due)				
- Billed receivables	**27,808,130**	22,168,540	**27,479,857**	21,528,553
- Unbilled receivables	**20,504,509**	20,720,605	**19,099,459**	20,108,780
Past due billed receivables:				
- 1 to 30 days	**7,049,452**	8,442,751	**6,767,959**	8,195,438
- 31 to 60 days	**1,193,938**	1,496,438	**830,979**	1,242,540
- 61 to 90 days	**348,430**	380,193	**348,430**	154,645
- More than 90 days	**347,309**	1,605,637	**347,309**	1,379,577
	57,251,768	54,814,164	**54,873,993**	52,609,533
Provision for impairment:				
Credit impaired				
- individually under unbilled	**-**	(2,364,669)	**-**	(2,364,669)
	57,251,768	52,449,495	**54,873,993**	50,244,864

The closing allowances for trade receivables reconcile to the opening loss allowances as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At the beginning of the financial year	**(2,364,669)**	-	**(2,364,669)**	-
Charge during the financial year	**-**	(2,364,669)	**-**	(2,364,669)
Write-off	**2,364,669**	-	**2,364,669**	-
At the end of the financial year	**-**	(2,364,669)	**-**	(2,364,669)

NOTES TO THE FINANCIAL STATEMENTS

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial assets				
Non-current				
Deposits	**3,335,987**	-	**3,335,987**	-
Current				
Other receivables	**220,615**	975,585	**143,685**	906,081
Deposits	**822,616**	4,053,659	**603,188**	3,841,562
	1,043,231	5,029,244	**746,873**	4,747,643
Non-financial assets				
Prepayments	**2,320,312**	1,801,879	**2,211,229**	1,571,979
Other receivables*	**385,077**	658,705	**22,733**	22,733
	2,705,389	2,460,584	**2,233,962**	1,594,712
	3,748,620	7,489,828	**2,980,835**	6,342,355
Total	**7,084,607**	7,489,828	**6,316,822**	6,342,355

**Other receivables that are non-financial assets comprise 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 other receivables and deposits to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

21 AMOUNTS DUE FROM SUBSIDIARIES/JOINT VENTURE

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

	Note	Company 2022 RM	Company 2021 RM
Non-current			
Amounts due from subsidiaries	(a)	**16,229,011**	16,106,329
Less: Loss allowances	(a)	**(12,964,713)**	(12,632,879)
		3,264,298	3,473,450
Current			
Amounts due from subsidiaries	(a)	**2,385,219**	1,710,251
Less: Loss allowances	(a)	**(65,643)**	(65,643)
		2,319,576	1,644,608
Amounts due from subsidiaries:		**5,583,874**	5,118,058

	Note	Group and Company 2022 RM	Group and Company 2021 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 2022 RM	Company 2021 RM
At the beginning of the financial year	**12,698,522**	20,616,921
Allowance/(reversal) on impairment for the financial year	**331,834**	(7,918,399)
At the end of the financial year	**13,030,356**	12,698,522

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 recognition of expected credit loss provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
	%	RM	RM	RM	RM
2022					
Company					
Underperforming	22	Lifetime ECL	7,125,976	(1,542,102)	5,583,872
Non-performing	100	Lifetime ECL	11,488,254	(11,488,254)	-
			18,614,230	(13,030,356)	5,583,872
2021					
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.

NOTES TO THE FINANCIAL STATEMENTS

22 INVESTMENTS IN CASH FUNDS

	Group and Company	
	2022	2021
	RM	RM
Investments in cash funds	**13,263,295**	25,373,354

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

The fair values are within Level 1 of the fair value hierarchy as detailed in Note 32(b) (2021: Level 1).

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

	Group and Company	
	2022	2021
	RM	RM
AAA	**8,127,562**	17,465,098
AA3	**5,135,733**	7,908,256
	13,263,295	25,373,354

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

23 CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash on hand and in bank	**16,567,981**	3,610,209	**15,949,103**	3,424,222
Deposits with licenced banks	**7,000,000**	1,034,515	**7,000,000**	1,034,515
Cash and bank balances	**23,567,981**	4,644,724	**22,949,103**	4,458,737
Less:				
- deposits with maturity of more than 3 months	**(2,000,000)**	(1,034,515)	**(2,000,000)**	(1,034,515)
Cash and cash equivalents	**21,567,981**	3,610,209	**20,949,103**	3,424,222

23 CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash on hand	**240,406**	64,604	**239,446**	64,164
Cash at bank and deposits with licenced banks:				
AAA	**23,068,861**	4,445,730	**22,709,657**	4,394,573
AA3	**107,420**	45,609	**-**	-
A2	**57,704**	155	**-**	-
No rating	**93,590**	88,626	**-**	-
	23,567,981	4,644,724	**22,949,103**	4,458,737

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**755,160**	415,741	**752,358**	410,994
Accruals	**4,770,299**	2,920,905	**4,381,256**	2,530,742
Other payables	**2,410,321**	5,154,088	**2,347,014**	5,105,253
Deposits	**1,317,221**	839,413	**1,317,221**	839,413
Provision for performance-related bonus	**3,235,753**	1,306,312	**3,140,369**	1,173,923
	12,488,754	10,636,459	**11,938,218**	10,060,325
Non-financial liabilities				
Other payroll-related liabilities	**4,061,288**	4,147,414	**3,788,749**	3,413,460
Other payables	**94,473**	356,464	**-**	-
	16,644,515	15,140,337	**15,726,967**	13,473,785

Credit terms of trade payables range from 30 to 90 days (2021: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

25 LEASE LIABILITIES

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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Current	**8,391,928**	8,610,548	**7,573,682**	7,506,568
Non-current	**26,028,595**	34,194,852	**24,193,134**	31,766,816
	34,420,523	42,805,400	**31,766,816**	39,273,384

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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
As at the beginning of financial year	**42,805,400**	8,314,538	**39,273,384**	7,262,503
Additions	**1,743,926**	43,533,908	**-**	39,821,522
Non-cash changes				
Interest expense	**2,316,834**	1,785,814	**1,888,273**	1,659,519
Financing cash flows				
Payment of lease liabilities				
- principal portion	**(8,412,066)**	(8,801,607)	**(7,506,568)**	(7,810,641)
- interest portion	**(2,316,834)**	(1,785,814)	**(1,888,273)**	(1,659,519)
Currency translation differences	**(1,716,737)**	(241,439)	**-**	-
As at the end of financial year	**34,420,523**	42,805,400	**31,766,816**	39,273,384

NOTES TO THE FINANCIAL STATEMENTS

25 LEASE LIABILITIES (CONTINUED)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Within 1 year	**9,950,667**	10,493,651	**9,053,923**	9,394,841
1 – 2 years	**8,782,578**	10,119,983	**7,822,567**	9,053,923
2 – 3 years	**8,272,949**	8,782,578	**7,361,040**	7,822,567
3 – 4 years	**7,805,126**	8,272,949	**7,450,144**	7,361,040
4 – 5 years	**3,872,225**	7,669,081	**3,833,311**	7,450,144
5 – 6 years	**-**	3,833,311	**-**	3,833,311
	38,683,545	49,171,553	**35,520,985**	44,915,826
Less: Future finance charges	**(4,263,022)**	(6,366,153)	**(3,754,169)**	(5,642,442)
	34,420,523	42,805,400	**31,766,816**	39,273,384

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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Deferred tax assets:				
- To be recovered within 12 months	**517,371**	433,070	**-**	-
- To be recovered after more than 12 months	**988,434**	1,365,064	**-**	-
	1,505,805	1,798,134	**-**	-
Deferred tax liabilities:				
- To be recovered within 12 months	**(348,338)**	(817,467)	**(348,338)**	(817,466)
- To be recovered after more than 12 months	**(1,424,431)**	(282,310)	**(1,424,431)**	(282,311)
	(1,772,769)	(1,099,777)	**(1,772,769)**	(1,099,777)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

26 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2022	2021	**2022**	2021
	RM	RM	**RM**	RM
At the beginning of the financial year	**698,357**	619,124	**(1,099,777)**	(80,876)
Charged/(credited) to profit or loss (Note 11):				
- Plant, equipment and intangible assets	**(1,253,701)**	(1,471,049)	**(1,249,478)**	(1,460,685)
- Lease liability	**164,063**	233,833	**164,063**	233,833
- Provisions	**482,514**	111,512	**471,947**	96,439
- Tax losses	**(307,723)**	1,096,173	**-**	-
- Others	**(50,475)**	108,764	**(59,524)**	111,512
	(965,322)	79,233	**(672,992)**	(1,018,901)
At the end of the financial year	**(266,965)**	698,357	**(1,772,769)**	(1,099,777)

	Group		Company	
	2022	2021	**2022**	2021
	RM	RM	**RM**	RM
Deferred tax assets (before offsetting)				
- Lease liabilities	**397,896**	233,833	**397,896**	233,833
- Provisions	**776,580**	294,066	**753,688**	281,741
- Tax losses	**1,488,450**	1,796,173	**-**	-
- Others	**-**	33,864	**-**	33,864
	2,662,926	2,357,936	**1,151,584**	549,438
Offsetting	**(1,157,121)**	(559,802)	**(1,151,584)**	(549,438)
Deferred tax assets (after offsetting)	**1,505,805**	1,798,134	**-**	-
Deferred tax liabilities (before offsetting)				
- Plant, equipment and intangible asset	**2,913,280**	1,659,579	**2,898,693**	1,649,215
- Others	**16,610**	-	**25,660**	-
	2,929,890	1,659,579	**2,924,353**	1,649,215
Offsetting	**(1,157,121)**	(559,802)	**(1,151,584)**	(549,438)
Deferred tax liabilities (after offsetting)	**1,772,769**	1,099,777	**1,772,769**	1,099,777

26 DEFERRED TAXATION (CONTINUED)

The amount of unused tax losses (which have ten (10) years of expiry period) for which no deferred tax asset is recognised in the statement of financial position is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Tax losses	**12,087,552**	14,984,410	**-**	-

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	
	2022	**2021**
	RM	**RM**
Expiring in 2025	**5,100,694**	13,768,966
Expiring in 2026	**242,771**	804,688
Expiring in 2027	**483,487**	410,756
Expiring in 2028	**5,606,944**	-
Expiring in 2029	**632,269**	-
Expiring in 2030	**21,387**	-
	12,087,552	14,984,410

No deferred tax assets are recognised from the above due to uncertainty of their recoverability. Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the existing time limit to carry forward unutilised tax losses has been extended to ten (10) consecutive years (2021: seven (7) consecutive years) of assessment. Accordingly, any accumulated unutilised tax losses brought forward from YA 2018 can be carried forward for 10 consecutive years of assessment (i.e: from YA 2018 to 2028).

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

27 SHARE CAPITAL

	Group and Company	
	2022	**2021**
	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

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**856,620**	267,824	**856,620**	267,824

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.	Subsidiary

NOTES TO THE FINANCIAL STATEMENTS

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(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	
	2022	**2021**
	RM	**RM**
Purchase of services from subsidiaries*	**(7,298,494)**	(8,556,800)
Advances to subsidiaries:		
- funds transfer to subsidiaries/joint ventures	**2,437,000**	3,127,911
- expenses paid on behalf of subsidiaries	**5,845,550**	6,033,381
Repayment of advances by a subsidiary	**-**	(200,000)

* The amount owing to subsidiaries arising from these purchases is subject to offsetting with amount owing from subsidiaries as disclosed in Note 32

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. The remuneration of key management personnel are disclosed under Note 7.

NOTES TO THE FINANCIAL STATEMENTS

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 Directors 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	
	2022	**2021**
	RM	**RM**
USD		
Trade receivables	**2,673,005**	3,854,038
Cash and bank balances	**5,513,410**	2,490,113
Trade and other payables	**(41,810)**	(18,051)
Total exposure	**8,144,605**	6,326,100
Impact on profit after tax for the financial year		
5% increase against MYR	**407,230**	316,305
5% decrease against MYR	**(407,230)**	(316,305)

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	
	2022	**2021**
	RM	**RM**
LKR		
Trade receivables	**972,725**	1,592,806
Cash and bank balances	**167,197**	45,943
Trade and other payables	**(51,685)**	(29,433)
Total exposure	**1,088,237**	1,609,316
Impact on profit after tax for the financial year		
5% increase against MYR	**54,412**	80,466
5% decrease against MYR	**(54,412)**	(80,466)

(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

There is concentration of credit risk with respect to the Group and the Company's trade receivable, where three (2021: three) customers contributed RM19.8 million (2021: RM18.0 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. For all trade receivables, the Group and the Company apply the lifetime ECL approach in measuring ECL. To measure the ECL, trade receivables are assessed individually. The credit quality of the trade receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparties.

The Company determines the probability of default for trade receivables individually considering the payment profiles of sales over a period of 1 year before the reporting date, the corresponding historical credit losses experienced within this period, macroeconomic information (such as market interest rates) and expected timing of repayment. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other receivables and deposits

The Group and Company use the three stages approach for deposits and other receivables which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group and Company determine the probability of default for these deposits and other receivables considering historical data and macroeconomic information (such as market interest rates).

(iii) Amount due from subsidiaries and amount due from joint venture

Amounts due from subsidiaries mainly comprise of advances and payments on behalf. The Company monitors the results of the subsidiaries and joint venture on an individual basis regularly. As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company uses the three stages approach for amounts due from subsidiaries which reflect their credit risk and how the loss allowances are determined for each of those stages. The Company determines the probability of default for these amounts due from subsidiaries individually using internal information available.

(iv) 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

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

Group	Below 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	5 - 6 years RM	Total RM
2022							
Trade and other payables	12,488,754	-		-	-	-	12,488,754
Lease liabilities	9,950,667	8,782,578	8,272,949	7,805,126	3,872,225	-	38,683,545
	22,439,421	8,782,578	8,272,949	7,805,126	3,872,225	-	51,172,299
2021							
Trade and other payables	10,636,459	-		-	-	-	10,636,459
Lease liabilities	10,493,651	10,119,983	8,782,578	8,272,949	7,669,081	3,833,311	49,171,553
	21,130,110	10,119,983	8,782,578	8,272,949	7,669,081	3,833,311	59,808,012

Company	Below 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	5 - 6 years RM	Total RM
2022							
Trade and other payables	11,938,218	-	-			-	11,938,218
Lease liabilities	9,053,923	7,822,567	7,361,040	7,450,144	3,833,311	-	35,520,985
	20,992,141	7,822,567	7,361,040	7,450,144	3,833,311	-	47,459,203
2021							
Trade and other payables	10,060,325	-	-			-	10,060,325
Lease liabilities	9,394,841	9,053,923	7,822,567	7,361,040	7,450,144	3,833,311	44,915,826
	19,455,166	9,053,923	7,822,567	7,361,040	7,450,144	3,833,311	54,976,151

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) Capital risk management

The objective of the Group and the Company's capital management is to maintain an optimal capital structure and ensure availability of funds in order to support its business and maximise shareholders' value. The Group and the Company's strategy for managing capital was unchanged from previous years.

The Group and the Company defines capital as the total equity and debts of the Group and the Company. Total debts include current and non-current borrowings, excluding lease liabilities. As of 30 June 2022, the Group and the Company had no outstanding borrowings.

32 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Financial assets – at amortised cost				
Trade receivables	**57,251,768**	52,449,495	**54,873,993**	50,244,864
Other receivables excluding prepayments and statutory refundables	**4,379,218**	5,029,244	**4,082,860**	4,747,643
Amount due from subsidiaries	**-**	-	**5,583,874**	5,118,058
Cash and bank balances	**23,567,981**	4,644,724	**22,949,103**	4,458,737
	85,198,967	62,123,463	**87,489,830**	64,569,302
Financial assets - FVTPL				
Investments in cash funds	**13,263,295**	25,373,354	**13,263,295**	25,373,354
Financial liabilities – at amortised cost				
Trade and other payables excluding statutory liabilities	**12,488,754**	10,636,459	**11,938,218**	10,060,325
Lease liabilities	**34,420,523**	42,805,400	**31,766,816**	39,273,384
	46,909,277	53,441,859	**43,705,034**	49,333,709

NOTES TO THE FINANCIAL STATEMENTS

32 FINANCIAL INSTRUMENTS (CONTINUED)

(a) By category: (continued)

The following financial assets and financial liabilities are subject to offsetting:

Company	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amount
	RM	RM	RM
Financial assets			
2022			
Amounts due from subsidiaries	12,882,368	(7,298,494)	5,583,874
2021			
Amounts due from subsidiaries	13,674,858	(8,556,800)	5,118,058

Company	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amount
	RM	RM	RM
Financial liabilities			
2022			
Amounts due to subsidiaries	7,298,494	(7,298,494)	-
2021			
Amounts due to subsidiaries*	8,556,800	(8,556,800)	-

* This amount has been offsetted against amount owing from subsidiaries during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

32 FINANCIAL INSTRUMENTS (CONTINUED)

(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.

33 CONTINGENT LIABILITY

A subsidiary of the Company received tax assessment notices of RM1.3 million, INR23.8 million (2021: RM1.3 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

34 LITIGATION (CONTINUED)

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.

On the 24th January 2022, the Company entered into a full and complete Settlement Agreement with EMGS. EMGS and the Company have agreed, forthwith, to withdraw all Writs, Claims and Appeals in regard to litigation that exists between the parties, with no liberty to file afresh in any forum wheresoever and with each party bearing their own legal costs. As such this brings to an end all litigation between the parties.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Sri Leo Suresh Ariyanayakam and Krishnan a/l C. K. Menon, two of the Directors of Scicom (MSC) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 112 to 188 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 2022 and financial performance of the Group and of the Company for the financial year ended 30 June 2022 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 22 September 2022.

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 112 to 188 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 22 September 2022.

Before me:

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD

(Incorporated in Malaysia)
Registration No. 200201029763 (597426-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Scicom (MSC) Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, 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 2022 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 112 to 188.

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)
Registration No. 200201029763 (597426 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matters**
Revenue - Basis of recognition During the financial year ended 30 June 2022, the Group and the Company recognised revenue of RM265.1 million and RM258.9 million, respectively, primarily derived from outsourcing services. Revenue is recognised upon satisfaction of services at pre-agreed terms, which includes the required resources to render the service and rates agreed with respective customers. Terms with each customer may vary and this will impact revenue recognised. We focused on revenue recognition as it required significant time and resources to audit revenue at the transaction level, which is material to the financial statements. Refer to Note 3(q) in the summary of significant accounting policies and Note 6 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 of 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 the satisfaction of performance obligations to provide outsourcing services; • Checked revenue recognised to agreed rates in respective contracts; and • Tested material non-standard journal entries and other adjustments posted to revenue. 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)
Registration No. 200201029763 (597426-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Audit and Risk Management Committee Report and other sections of the 2022 Annual Report, which is expected to be made available to us after that date. Other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

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

(Incorporated in Malaysia)
Registration No. 200201029763 (597426 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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)
Registration No. 200201029763 (597426 H)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the 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
02932/06/2024 J
Chartered Accountant

Kuala Lumpur
22 September 2022

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 amount of audit and non-audit fees incurred for the services rendered by the External Auditors, PricewaterhouseCoopers PLT, and its affiliated firms to the Group and Company for the financial year ended 30 June 2022 were as follows:

	Group RM	Company RM
Audit fees	261,800	211,200
Non-audit fees	41,850	18,000

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 2022, no material contract was 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 2022.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 30 SEPTEMBER 2022

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

DISTRIBUTION OF SHAREHOLDINGS AS 30 SEPTEMBER 2022

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	119	2.24%	4,065	0.00%
100 to 1,000 shares	735	13.83%	498,464	0.14%
1,001 to 10,000 shares	2,780	52.29%	14,027,435	3.95%
10,001 to 100,000 shares	1,453	27.33%	45,918,154	12.92%
100,001 to less than 5% of issued shares	225	4.23%	153,349,588	43.14%
5% and above of issued shares	4	0.08%	141,655,854	39.85%
	5,316	100.00%	355,453,560	100.00%

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 30 SEPTEMBER 2022
(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)	19,965,000	5.616
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	KHOO LOON SEE	11,924,888	3.354
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)	7,330,900	2.062
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	7,283,200	2.048
10	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	7,234,400	2.035
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	3,550,000	0.998
12	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	3,545,500	0.997
13	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND AEUP FOR ARK GLOBAL EMERGING COMPANIES, LP	3,3281,00	0.936
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JAGANATH DEREK STEVEN SABAPATHY (PB)	2,815,000	0.791
15	LIM KOOI FUI	2,472,700	0.695
16	GAN BOON AIK	2,138,300	0.601

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

No.	Name of Shareholder	No. of Shares Held	%
17	PREMANAND JEARAJASINGAM	2,118,200	0.595
18	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR DESERET MUTUAL EMPLOYEE PENSION PLAN TRUST	2,079,700	0.585
19	MOHD SALLEH BIN HJ HARUN	1,590,800	0.447
20	LEE WEI CHUNG	1,510,000	0.424
21	BENNY PHILIP	1,452,000	0.408
22	LEE BEOW THEANG	1,405,000	0.395
23	MICHAEL GAN EU KHEONG	1,340,000	0.376
24	APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	1,218,500	0.342
25	EAPEN THOMAS A/L K I THOMAS	1,188,000	0.334
26	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,186,000	0.333
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR LEE KOK LEONG (PW-M00616) (419239)	1,124,000	0.316
28	NETINSAT ASIA SDN BHD	1,078,704	0.303
29	CHOO CHUAN HSIUNG	1,070,712	0.301
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	1,063,000	0.299
	Total	**236,363,458**	**66.479**

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	92,010,763	25.89%	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 [1]	19.28%
4	Sreekumar A/L Narayana Pillai	0	0.00%	68,518,704 [1]	19.28%

[1] *Deemed interested by virtue of his shareholdings in Netinsat Asia Sdn Bhd*

DIRECTORS' SHAREHOLDING AS AT 30 SEPTEMBER 2022

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	92,010,763	25.89%	0	0.00%
2	Krishnan A/L C K Menon [1]	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 [2]	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%
8	Fa'izah Binti Mohamed Amin	0	0.00%	0	0.00%

[1] *Deemed interested by virtue of his shareholdings in Netinsat Asia Sdn Bhd*

[2] *Deemed interested by virtue of his shareholdings in Melewar Leisure Sdn Bhd*

GLOSSARY OF ABBREVIATIONS

Act	Companies Act 2016
AGM	Annual General Meeting
AI	Artificial Intelligence
B2B	Business to business
Board	Board of Directors
BPO	Business Process Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
COO	Chief Operating Officer
Code	Code of Business Conduct
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CTO	Chief Technology Officer
EAD	Exposure at Default
ECL	Expected Credit Loss
EMGS	Education Malaysia Global Services
FVTPL	Fair Value Through Profit or Loss
FVOCI	Fair Value Other Comprehensive Income
FY	Financial Year
HR	Human Resource
IESBA	International Ethics Standards Board for Accountants

GLOSSARY OF ABBREVIATIONS (CONTINUED)

INR	Indian Rupee
IP	Intellectual Property
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
KL	Kuala Lumpur
LGD	Loss Given Default
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MCCG	Malaysian Code on Corporate Governance
MMLR	Main Market Listing Requirements
MFRS	Malaysia Financial Reporting Standards
MSC	Multimedia Super Corridor
MQA	Malaysian Qualification Agency
OCI	Other Comprehensive Income
OSH	Occupational Safety and Health
PBT	Profit Before Taxation
PD	Probability of Default
PWC	PricewaterhouseCoopers PLT
RM	Ringgit Malaysia
ROU	Right-Of-Use

GLOSSARY OF ABBREVIATIONS (CONTINUED)

SeLMS	Scicom Learning Management System
Scicom	Scicom (MSC) Berhad
Scicom Academy	Scicom (Academy) Sdn Bhd
SCP	Service Compatibility and Performance
SEA	South East Asia
SMT	Senior Management Team
SPPI	Solely Payment of Principal and Interest
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
UK	United Kingdom
USA	United States of America
USD	United States Dollar

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
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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
Sampoerna Strategic Square, South Tower Level 30
Jl. Jendral Sudirman Kav. 45 - 46, Karet Semanggi, Setiabudi
Jakarta Selatan, DKI Jakarta
12930 Indonesia

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
124/125, Nenapu, Ground Floor,
Soundarya Layout, Hessarghatta Road,
Bangalore-560073 India

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

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("20th AGM") of the Company will be held at Banyan & Casuarina, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on **Monday, 21 November 2022** 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 2022 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 to the following Non-Executive Directors for the financial year ended 30 June 2022:-

   (i) Krishnan A/L C.K. Menon – RM100,000 (Ordinary Resolution 1)
   (ii) Dato' Mohd Salleh Bin Hj. Harun – RM80,000 (Ordinary Resolution 2)
   (iii) Karen Judith Goonting – RM80,000 (Ordinary Resolution 3)
   (iv) Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah – RM90,000 (Ordinary Resolution 4)
   (v) Mahani Binti Amat – RM80,000 (Ordinary Resolution 5)
   (vi) Datuk Joseph Dominic Silva – RM75,000 (Ordinary Resolution 6)
   (vii) Fa'izah Binti Mohamed Amin – RM35,000 (Appointed on 1 January 2022) (Ordinary Resolution 7)
   (viii) Mohd Rashid Bin Mohd Yusof – RM13,041 (Resigned on 6 September 2021) (Ordinary Resolution 8)

3. To re-elect Mahani Binti Amat who is retiring pursuant to Clause 76(3) of the Constitution of the Company. (Ordinary Resolution 9)

   Dato' Mohd Salleh Bin Hj Harun and Karen Judith Goonting who are also retiring pursuant to Clause 76(3) of the Constitution of the Company, have expressed their intention of not seeking for re-election. Hence, they will retain office until the close of the 20th AGM.

4. To re-elect Fa'izah Binti Mohamed Amin who is retiring pursuant to Clause 78 of the Constitution of the Company. (Ordinary Resolution 10)

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the the Directors to fix their remuneration. (Ordinary Resolution 11)

B. Special Business

6. **SPECIAL RESOLUTION**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 (Special Resolution)

   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company.

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to the passing of Ordinary Resolution 12 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act."

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

7. **ORDINARY RESOLUTION** (Ordinary Resolution 12)
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval 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 twelve (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 and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company 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 the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

8. 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
21 October 2022

NOTES:-

1. For the purpose of determining who shall be entitled to attend this Twentieth Annual General Meeting ("20th AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 20th AGM or appoint a proxy to attend, speak and vote on his/her behalf.

2. A member who is entitled to attend and vote in this 20th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company.

3. 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, speak and vote instead of the member at the 20th AGM.

4. 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.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

<u>NOTES:-</u> (CONTINUED)

5. 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.

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

7. The appointment of a proxy may be made in a hard copy form or by electronic form 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 20th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) **<u>In hard copy form</u>**

   In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at 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, W. P. Kuala Lumpur, Malaysia, or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia

   (ii) **<u>By electronic means via Tricor System, TIIH Online</u>**

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <u>https://tiih.online</u>. Kindly refer to the Administrative Guide for the 20th AGM on the procedures for electronic submission of proxy form via TIIH Online.

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

9. Last date and time for lodging the proxy form is Saturday, 19 November 2022 at 10.00 a.m.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 20th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

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

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (a) at least two (2) authorised officers, one of whom shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:- (CONTINUED)

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

EXPLANATORY NOTES TO THE AGENDA:

(i) Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2022

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 to 8 - Directors' fees for the financial year ended 30 June 2022

The proposed Ordinary Resolutions 1 to 8, if passed, will facilitate the payment of Directors' fees for the financial year ended 30 June 2022, details of which are disclosed in the Corporate Governance Overview Statement of the Annual Report 2022 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 9 and 10 - Re-election of Directors

Mahani Binti Amat is an Independent Non-Executive Director. She has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Fa'izah Binti Mohamed Amin was appointed as Independent Non-Executive Director on 1 January 2022. She has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

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.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES TO THE AGENDA: (CONTINUED)

(iii) Ordinary Resolutions 9 and 10 - Re-election of Directors (continued)

Dato' Mohd Salleh Bin Hj Harun and Karen Judith Goonting had expressed their intention of not seeking for re-election at the 20th AGM after having served on the Board of the Company for more than 17 years and 8 years respectively, since their appointment as Director on 22 August 2005 and 14 May 2014. Hence, they will retain office until the conclusion of the 20th AGM and retire pursuant to Clause 76(3) of the Company's Constitution.

(iv) Ordinary Resolution 11 - 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 20th AGM are disclosed in the Audit and Risk Management Committee Report of the Annual Report 2022.

(v) Special Resolution - Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016

This Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act 2016. By voting in favour of this Special Resolution, shareholders of the Company would be waiving their statutory pre-emptive rights.

This Special Resolution if passed, would allow the Directors to issue new shares to any person under the mandate obtained to issue shares pursuant to Section 75 and 76 of the Companies Act 2016, without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

(vi) Ordinary Resolution 12 - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Subject to the passing of the Special Resolution on the waiver for pre-emptive rights under Section 85 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 26 November 2021. 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 26 November 2021 and the mandate will lapse at the conclusion of the 20th 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 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 Twentieth Annual General Meeting of the Company which will be held at Banyan & Casuarina, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on **Monday, 21 November 2022 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 Director's fee to Krishnan A/L C.K. Menon amounting to RM100,000.	**Ordinary Resolution 1**		
To approve the payment of Director's fee to Dato' Mohd Salleh Bin Hj. Harun amounting to RM80,000.	**Ordinary Resolution 2**		
To approve the payment of Director's fee to Karen Judith Goonting amounting to RM80,000.	**Ordinary Resolution 3**		
To approve the payment of Director's fee to Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah amounting to RM90,000.	**Ordinary Resolution 4**		
To approve the payment of Director's fee to Mahani Binti Amat amounting to RM80,000.	**Ordinary Resolution 5**		
To approve the payment of Director's fee to Datuk Joseph Dominic Silva amounting to RM75,000.	**Ordinary Resolution 6**		
To approve the payment of Director's fee to Fa'izah Binti Mohamed Amin amounting to RM35,000.	**Ordinary Resolution 7**		
To approve the payment of Director's fee to Mohd Rashid Bin Mohd Yusof amounting to RM13,041.	**Ordinary Resolution 8**		
To re-elect Mahani Binti Amat as Director.	**Ordinary Resolution 9**		
To re-elect Fa'izah Binti Mohamed Amin as Director.	**Ordinary Resolution 10**		
To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 11**		
Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016.	**Special Resolution**		
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	**Ordinary Resolution 12**		

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 ____________________ 2022

____
Signature#
Member

 # 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.

PROXY FORM (CONTINUED)

NOTES:-

1. *For the purpose of determining who shall be entitled to attend this Twentieth Annual General Meeting ("20th AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 20th AGM or appoint a proxy to attend, speak and vote on his/her behalf.*

2. *A member who is entitled to attend and vote in this 20th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company.*

3. *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, speak and vote instead of the member at the 20th AGM.*

4. *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.*

5. *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.*

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

7. *The appointment of a proxy may be made in a hard copy form or by electronic form 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 20th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:*

   (i) ***In hard copy form***
   In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at 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, W. P. Kuala Lumpur, Malaysia, or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia.

   (ii) ***By electronic means via Tricor System, TIIH Online***
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the 20th AGM on the procedures for electronic submission of proxy form via TIIH Online.

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

9. *Last date and time for lodging the proxy form is Saturday, 19 November 2022 at 10.00 a.m.*

10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 20th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed*

11. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*

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

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by
    (a) at least two (2) authorised officers, one of whom shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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

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

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