scicom
The Science of Communication

ANNUAL REPORT 2023

SHAPING TOMORROW

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ABOUT SCICOM

Scicom is a leading provider of digital business solutions that enable companies to execute their strategic vision and deliver business results. Our portfolio of business transformation solutions in customer lifecycle management, Gov-Tech, digital commerce, and corporate education has been pivotal in enabling our clients to navigate the ever-changing digital landscape.

Founded in 1997, Scicom is Malaysia's leading Business Process Outsourcing (BPO) company. In 2005, Scicom became a public listed company, and was listed on the Main Market of Bursa Malaysia. Today, Scicom is a trusted partner for businesses and governments, with a workforce of over 3,000 professionals serving customers across the Americas, Europe, Asia, Africa, and the Middle East. Our forward-thinking and agile solutions enable our clients to thrive in a competitive marketplace and our customer support teams engage with thousands of customers daily, creating meaningful and valuable interactions that strengthen our clients' brands.

As a trusted advisor and collaborative partner, Scicom enables our clients achieve their strategic goals by delivering innovative solutions that address their most pressing challenges.

- Scicom's Customer Lifecycle Management provides outsourced customer care solutions that enable companies to improve their customer experience and customer satisfaction.

- Scicom Gov-Tech delivers innovative solutions that are designed to modernise government operations and public service delivery.

- Scicom Digital enables our clients to identify and monetise new revenue streams, increase the effectiveness of existing services, streamline workflow processes, and reduce operational costs

- Scicom's corporate Education solutions help companies develop the skills and knowledge their employees need to thrive in the digital age and grow professionally.

Scicom was recently recognised by Forbes Asia in its "Best Under A Billion 2023" list, which acknowledges 200 small and mid-sized publicly traded companies in the Asia-Pacific region that have outperformed despite global headwinds such as inflation and rising costs. Scicom's inclusion in Forbes Asia's "Best Under A Billion 2023" list is a testament to its strong performance, sound fiscal management, and strategic foresight. Scicom will continue to invest in next-generation solutions aimed at delivering unparalleled customer experiences.

RECOGNITION AND AWARDS

Scicom (MSC) Berhad is Malaysia's leading digital solutions company. Scicom's awards recognise its excellence in BPO services, its commitment to its employees, and its contributions to the Malaysian economy. It has won numerous awards throughout its history, including:

Forbes Asia BEST UNDER A BILLION 2023

2023: Forbes Asia's Best Under a Billion. Scicom (MSC) Berhad has been recognised in Forbes Asia's 'Best Under a Billion' list for 2023. This prestigious listing showcases 200 top-performing small and medium-sized companies from the Asia-Pacific region. The companies were selected based on several factors, including revenue growth, profitability, return on equity, and corporate governance. Scicom's place on Forbes Asia's 'Best Under a Billion' list for 2023 acknowledges the company's strong focus on innovative digital solutions, financial resilience, and overall business excellence.

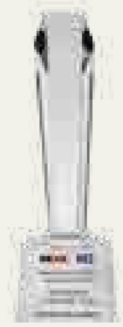
2022: IAOP Best Global Outsourcing 100 Service Providers. The IAOP Best Global Outsourcing 100 Service Providers list recognises the world's top 100 outsourcing companies. The list is compiled by the International Association of Outsourcing Professionals (IAOP), a global association of outsourcing professionals.

The IAOP Best Global Outsourcing 100 Service Providers is based on a rigorous evaluation process that considers several factors, including: the company's size and growth, breadth and depth of its services, customer satisfaction rating, financial performance and commitment to innovation and continuous improvement.

IAOP GLOBAL OUTSOURCING 100 2022

2022: Majikan Prihatin award by the Malaysian Government. The Majikan Prihatin award recognises employers who have implemented policies and practices that promote the welfare of their employees, such as providing safe and healthy working conditions, offering competitive salaries and benefits, and supporting the development and growth of their employees.

2022: MDEC Global Business Services – Top Investment to Date. Malaysia Digital Economy Corporation (MDEC) is a government agency under the Ministry of Communications and Digital Malaysia. It was established in 1996 to lead Malaysia's digital economy. This recognition highlights the Group's exceptional contribution to the digital economy in Malaysia in terms of export earnings, tax contribution, and providing employment opportunities for Malaysian citizens.



CUSTOMER LIFECYCLE MANAGEMENT

EXCEPTIONAL SERVICE, EXCEPTIONAL RESULTS

Scicom BPO has consistently been ranked within the top 100 companies in the global Customer Service BPO industry for over 20 years. We provide multi-lingual, omni-channel services for customer acquisition, customer care, and back-office operations.

Serving an extensive range of sectors—airlines, financial services, telecommunications, consumer electronics, media, travel, leisure, e-commerce, healthcare, and government — our customer care solutions have consistently elevated customer experience and satisfaction across both B2C and B2B segments.

Our Solution Sets

- Omni-Channel and Multi-lingual Customer Experience
- Conversational AI
- Automation – Chat-bots, IVR Deflection
- Data Analytics & Customer Insights
- Customer Segmentation, Lead Generation and Conversion
- Churn Management
- Generative AI – Large Language Models (LLM) for Knowledge Base

SCICOM GOV-TECH

TECH-DRIVEN, CITIZEN-FOCUSED

Scicom Gov-Tech delivers innovative solutions designed to modernise government operations and public service delivery. Leveraging a suite of services that include digital transformation, data analytics, artificial intelligence, and cybersecurity, we modernise government operations to improve citizen services and enable our government clients to achieve strategic goals, business KPIs, and lower operational costs.

Our Solution Sets

- E-Government Platforms, Cloud Computing & Cybersecurity Solutions
- Digital ID & Citizen Identification Solutions
- Border Control Solutions
- E-Visa Solutions
- Advance Passenger Screening (APS) & Interpol Integration Solutions
- International Student Management Solutions
- Med-Tech Solutions
- Migrant Worker Management Solutions
- eKYC (Know Your Customer) Solutions
- Document Verification Management Solutions
- Analytics and Business Intelligence

SCICOM DIGITAL

LEADING THE CHARGE IN DIGITAL EXCELLENCE

Scicom Digital is at the forefront of crafting exceptional digital experiences. We provide services for digital strategy, experience design, data analytics, cloud computing, digital marketing, web and app development, automation, and cybersecurity. Scicom Digital enable companies to transition from traditional to digital operations to improve efficiency, create new revenue streams, and enhance customer engagement.

Our Solution Sets

- Customer Experience Design
- Website & Mobile App Design and Development
- E-Commerce Strategy & Platform
- Content Creation and Management
- Digital Marketing
- Data Analytics and Insights
- Blockchain Solutions
- Technology Integration – Generative AI, Robotics Process Automation, Machine Learning.

SCICOM EDUCATION GROUP

EMPOWERING TALENT SHAPING FUTURES

Scicom Education serves as the educational division of the Scicom Group, specialising in implementing and optimising learning solutions that enhance a workforce's skills and competencies. Our training programmes are customised to align with our clients' business needs, ensuring that employees are not only competent but also highly effective in their roles. Leveraging a blend of traditional and digital learning methods, we deliver a comprehensive suite of training services, ranging from eLearning modules to hands-on, in-person training sessions.

Our Solution Sets

- Customised eLearning Modules
- Learning Management System (LMS)
- Mobile Learning Solutions and Microlearning Modules
- Blended Learning Programs
- Compliance Training
- Learning Analytics & Skill Gap Analysis
- Employee Onboarding Solutions
- Certification Programs

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' Nicholas John Lough @ Sharif Lough Bin Abdullah
Independent Non-Executive Director

Datuk Joseph Dominic Silva
Independent Non-Executive Director

Mahani Binti Amat
Independent Non-Executive Director

Fa'izah Binti Mohamed Amin
Independent Non-Executive Director

Mior Mokhtar Bin Mior Abu Bakar
Independent Non-Executive Director

Elakumari A/P Kantilal
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Joseph Dominic Silva
Chairman

Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
Member

Mahani Binti Amat
Member

Mior Mokhtar Bin Mior Abu Bakar
Member

RISK AND SUSTAINABILITY COMMITTEE

Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
Chairman

Fa'izah Binti Mohamed Amin
Member

Elakumari A/P Kantilal
Member

NOMINATING & REMUNERATION COMMITTEE

Mahani Binti Amat
Chairperson

Datuk Joseph Dominic Silva
Member

Fa'izah Binti Mohamed Amin
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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 26 September 2005)
Stock Name : SCICOM
Stock Code : 0099

AUDITORS

PricewaterhouseCoopers PLT
Level 10, 1 Sentral Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Tel : 03 2173 1188 Fax : 03 2173 1288

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

UOB Asset Management (Malaysia) Berhad
Level 20, UOB Plaza 1, 7, Jalan Raja Laut
50350 Kuala Lumpur, Malaysia

Hong Leong Bank Berhad
Level 10, Manara Hong Leong
No.6 Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur, Malaysia

Malayan Banking Berhad
Lot C21-C, Concourse Expansion
Suria KLCC, Kuala Lumpur City Centre
50088 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

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

MEDICONNECT SDN. BHD. (formerly known as Asian Contact Solutions Sdn Bhd)
(Kuala Lumpur, Malaysia) 100% owned

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

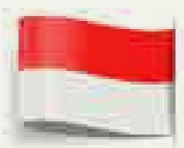
SCICOM CONTACT CENTRE SERVICES PRIVATE LIMITED
(Bangalore, India) 100% owned

SCICOM LANKA (PRIVATE) LIMITED
(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

Age: 73
Gender: Male
Nationality: Malaysian
Date of Appointment: 10 March 2004

Krishnan Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of 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 eight (8) Board meetings held during the financial year.

BOARD OF DIRECTORS

DATO' SRI LEO ARIYANAYAKAM

Non-Independent Executive Director/Chief Executive Officer

Age: 60
Gender: Male
Nationality: Sri Lankan/Malaysian Permanent Resident
Date of Appointment: 30 October 2002

Dato' Sri Leo Ariyanayakam is the Chief Executive Officer and Executive Director 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 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 eight (8) Board meetings held during the financial year.

BOARD OF DIRECTORS

DATO' NICHOLAS JOHN LOUGH @ SHARIF LOUGH BIN ABDULLAH

Independent Non-Executive Director

Age: 71
Gender: Male
Nationality: British/Malaysian Permanent Resident
Date of Appointment: 14 May 2014

Dato' Nicholas John Lough was re-designated as a member of the Audit and Risk Management Committee (which is known as Audit Committee after the separation on 26 September 2023) on 27 February 2023, and appointed as the Chairman of the Risk and Sustainability Committee on 26 September 2023. 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 Hong Leong MSIG Takaful Berhad. He has attended all eight (8) Board meetings held during the financial year.

BOARD OF DIRECTORS

DATUK JOSEPH DOMINIC SILVA

Independent Non-Executive Director

Age: 58
Gender: Male
Nationality: Malaysian
Date of Appointment: 7 February 2018

Datuk Joseph Dominic Silva was re-designated as Chairman of the Audit and Risk Management Committee (which was separated as Audit Committee thereafter) on 27 February 2023, and appointed as a member of the Nominating and Remuneration Committee on 21 November 2022.

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 33 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 eight (8) Board meetings held during the financial year.

BOARD OF DIRECTORS

MAHANI BINTI AMAT

Independent Non-Executive Director

Age: 69
Gender: Female
Nationality: Malaysian
Date of Appointment: 15 June 2017

Mahani Binti Amat was re-designated as the Chairman of the Nominating and Remuneration Committee on 21 November 2022. She is also a member of the Audit and Risk Management Committee (which is known as Audit Committee after the separation on 26 September 2023). 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 eight (8) Board meetings held during the financial year.

BOARD OF DIRECTORS

FA'IZAH BINTI MOHAMED AMIN

Independent Non-Executive Director

Age: 55
Gender: Female
Nationality: Malaysian
Date of Appointment: 1 January 2022

Fa'izah was appointed as a member of the Nominating and Remuneration Committee, and Risk and Sustainability Committee on 21 November 2022 and 26 September 2023 respectively. She holds a Bachelor's Degree in Political Science from Brock University in Canada.

Fai'zah carries an extensive corporate experience and cross-industries credentials. She began her career in journalism before joining TM Berhad, which spearheaded her venture into technology. In TM, she was part of the pioneer team that built Malaysia's first broadband internet and subsequently, she took part in many technology rollouts which included international internet exchange, data center and cloud technology. In 2014 she joined UMW Group and was appointed as President of UMW Technology Sdn Bhd. In UMW, she led the development of a digital twin manufacturing for Rolls Royce aero plant. In 2018, she moved to HP Inc Malaysia and took the role of its Managing Director. While in HP she was chosen as one of the "Top 20 Women Who Inspires across Asia" by Robert Walters in 2020. Fa'izah also sat as a Governor and Director of the American Chamber of Commerce AMCHAM from 2019 to 2020, who was the first HP Inc Malaysia leader to have taken the position.

Fa'izah currently sits as an Independent Non-Executive Director of Hong Leong Bank Berhad (where she also chairs the Bank's Information Technology Committee), DKSH Holdings (Malaysia) Berhad and Cradle Fund Sdn Bhd. She has attended all eight (8) meetings held during the financial year.

BOARD OF DIRECTORS

ELAKUMARI A/P KANTILAL

Independent Non-Executive Director

Age: 66
Gender: Female
Nationality: Malaysian
Date of Appointment: 1 January 2023

Ela was appointed as a member of the Risk and Sustainability Committee on 26 September 2023. She started her career with the Accountant General's office in 1981 and served several ministries during her tenure in civil service which included, inter alia, the Ministry of Agriculture and Ministry of Finance. She was actively involved in the establishment of Khazanah Nasional Berhad and was the Senior Manager of Investments at its inception in 1994, before concluding her tenure as Director of Investments in 2017. She has held a number of executive positions and directorships across the investment and consultancy sectors with a focus on telecommunications, infrastructure, asset maintenance and management.

She has previously sat on the Board of Opus International Consultants Limited, Dagang NeXchange Berhad, UEM Edgenta Berhad and Danajamin Nasional Berhad. She is currently the Non-Independent and Non-Executive Chairman of TIME dotCom Berhad. She has attended four (4) Board meetings during the financial year 2023 since her appointment to the Board on 1 January 2023.

BOARD OF DIRECTORS

MIOR MOKHTAR BIN MIOR ABU BAKAR

Independent Non-Executive Director

Age: 68
Gender: Male
Nationality: Malaysian
Date of Appointment: 1 January 2023

He is a member of the Audit and Risk Management Committee (which was separated as Audit Committee thereafter). He has 30 years of experience in the areas of financial management, commercial, internal audit and risk management, as well as supply chain management. He started his career as a management executive with Petroliam Nasional Berhad in 1981, and remained with Petroliam Nasional Berhad Group, holding various positions including as Vice President, Commercial of Trans Thai-Malaysia (Thailand) Ltd. After leaving Petroliam Nasional Berhad Group in 2010, he was appointed as the Deputy General Manager of PT Radiant Bukit Barisan in Jakarta, and currently he is a Director of Business Development at Cargomind Sdn Bhd.

He is currently an Independent Non-Executive Director of Handal Energy Berhad since 2018. He has attended four (4) Board meetings during the financial year 2023 since his appointment to the Board on 1 January 2023.

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, 48, 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 over 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, 55, 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, e-Learning & Gov-Tech

Jasim, a Malaysian, male, 53, joined Scicom on 15 January 2009 and was appointed as the COO for Scicom's Gov-Tech operations on 1 July 2011. He is responsible for Scicom's Gov-Tech strategy and operations and has over 15 years of Gov-Tech industry and consulting experience. Scicom's Gov-Tech 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 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, 60, joined Scicom on 20 January 2011 as CTO. He is an information technology professional with over 33 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

WONG YEE LING

Chief Risk Officer and Head of Internal Audit

Yee Ling, a Malaysian, female, 50, joined Scicom on 1 March 2011 and was appointed as the Chief Risk Officer and Head of Internal Audit on 1 October 2023. She is responsible for risk management, internal audit and governance aspects for the Group.

Prior to joining Scicom, Yee Ling was attached to PricewaterhouseCoopers LLP in the United Kingdom and PricewaterhouseCoopers Malaysia. She has over 25 years of vast working experience in the areas of auditing, risk management, financial accounting and reporting, operational effectiveness and corporate transactions on mergers and acquisitions, in-country and cross borders funds raising and initial public offerings.

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 Certified Accountants (UK).

SENIOR MANAGEMENT TEAM

SHANTI JACQUELINE JEYA RAJ

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

Shanti, a Malaysian, female, 58, 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

SHEREEN DYER

Senior Vice President - Legal Affairs

Shereen, a British national, female, 48, 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.

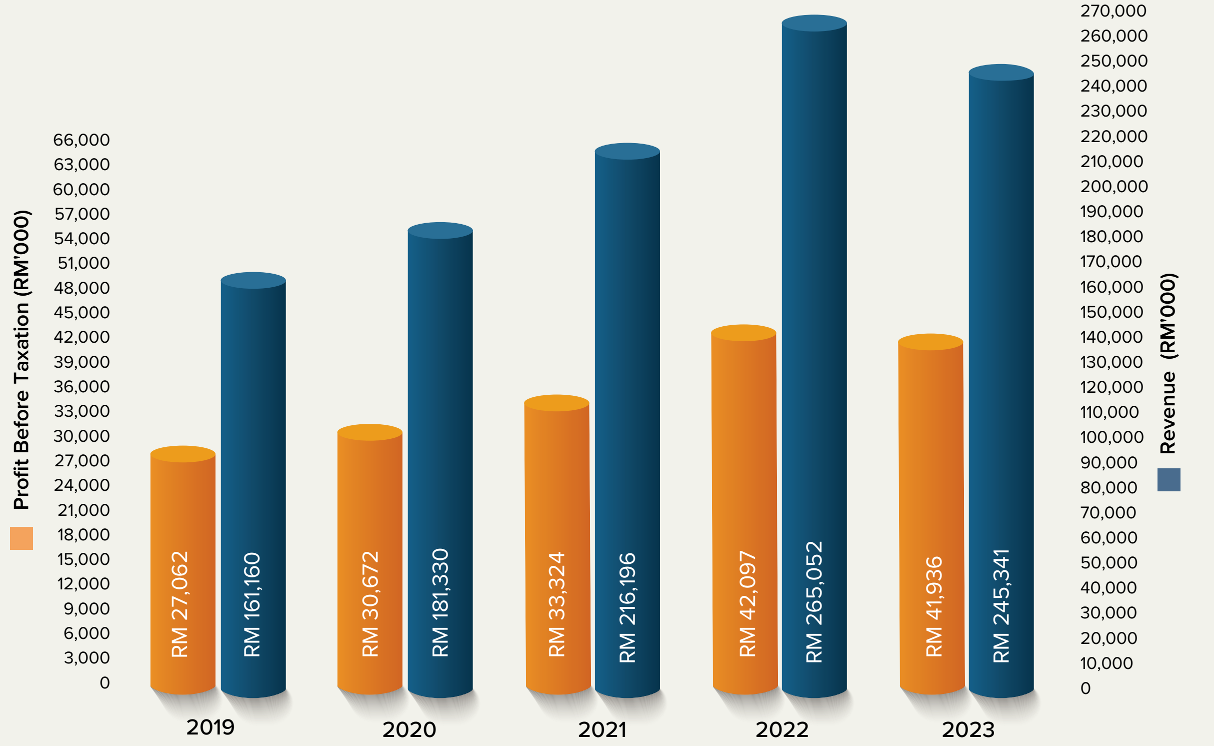
Shereen was called to the Bar at Lincoln's Inn in 2003 and before joining Scicom, she was in independent practice for 9 years. Her experience both at the Bar and in outsourcing gives her the special skills required to provide legal support to Scicom.

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.*

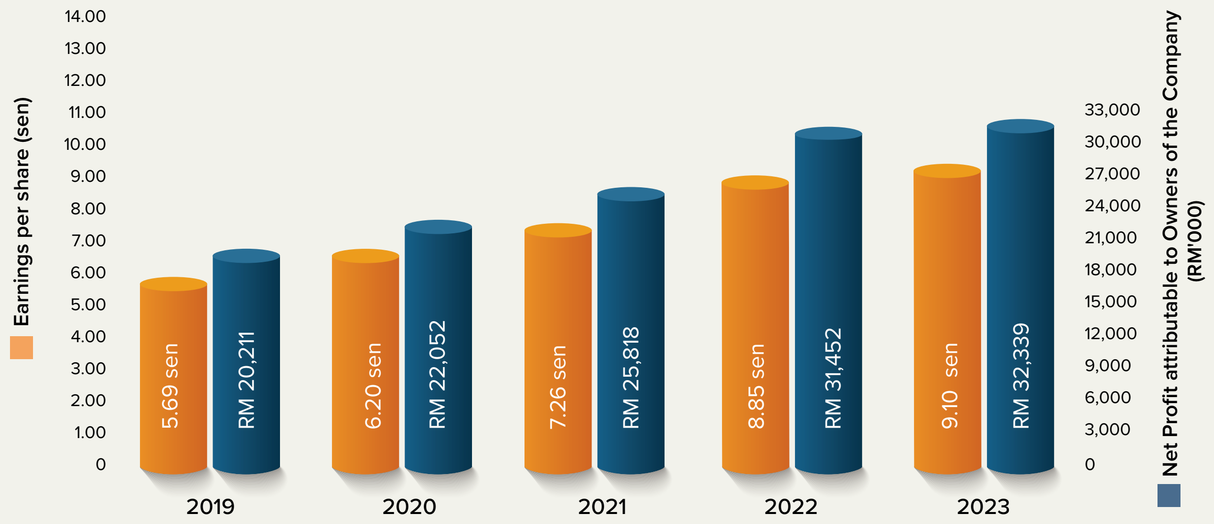
GROUP FINANCIAL HIGHLIGHTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
PROFITABILITY (RM'000)				
Operating revenue	245,341	265,052	239,600	258,941
Profit before taxation (PBT)	41,936	42,097	40,871	41,686
Net profit for the financial year	32,334	31,446	31,388	31,326
Net profit attributable to the equity holders of the Company	32,339	31,452	31,388	31,326
KEY BALANCE SHEET DATA (RM'000)				
Total assets	162,008	164,974	154,307	158,993
Total liabilities	45,663	52,838	41,630	49,267
Capital and reserves attributable to equity holders of the Company	117,969	113,756	112,677	109,726
Net cash position	36,069	36,831	35,706	36,212
FINANCIAL RATIOS				
Profitability:				
- Revenue growth (%)	-7.4%	22.6%	-7.5%	23.4%
- PBT growth (%)	-0.4%	26.3%	-2.0%	10.8%
- Net profit growth (%)	2.8%	21.8%	0.2%	7.9%
- Basic earnings per share (sen)	9.10	8.85	N/A	N/A
- Diluted earnings per share (sen)	9.10	8.85	N/A	N/A
- Asset turnover (times)	1.51	1.61	1.55	1.63
- Net return on equity (times)	0.27	0.28	0.28	0.29
Liquidity:				
- Current (times)	4.57	3.96	5.01	4.19
- Cash over total assets (%)	22.3%	22.3%	23.1%	22.8%
- Trade receivables turnover (months)	2.73	2.59	2.70	2.54
Financing (excluding lease liabilities):				
- Debt over equity (times)	-	-	-	-
- Gearing (times)	-	-	-	-
Market Based (as at 30 June):				
Market capitalisation (RM'000)	412,326	373,226	-	-
Price-earning ratio (times)	12.75	11.86	-	-
Dividend Yield (%)	6.9%	6.7%	-	-
Net Asset Per Share (sen)	32.73	31.55	-	-

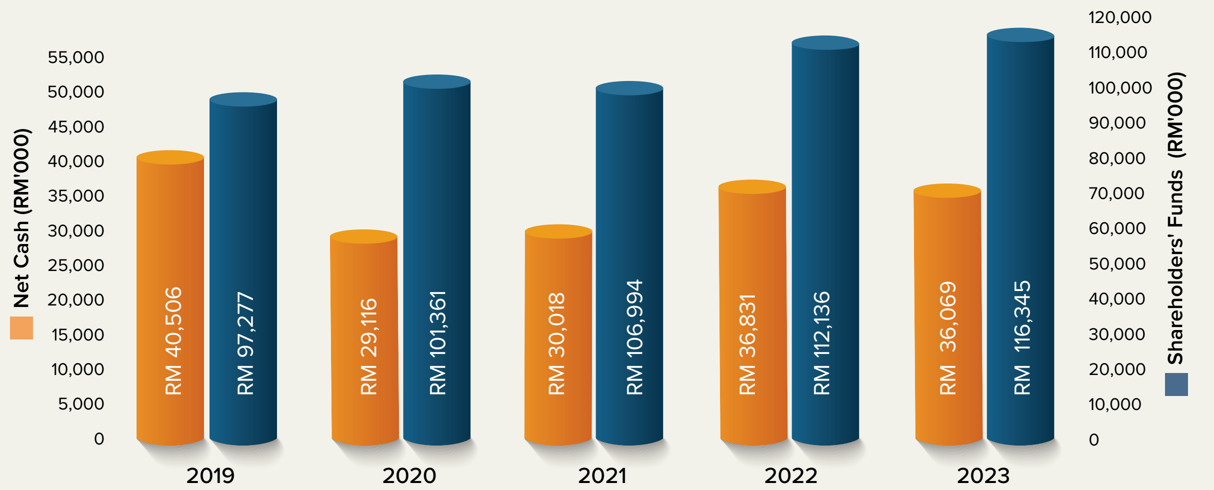
REVENUE AND PROFIT BEFORE TAXATION



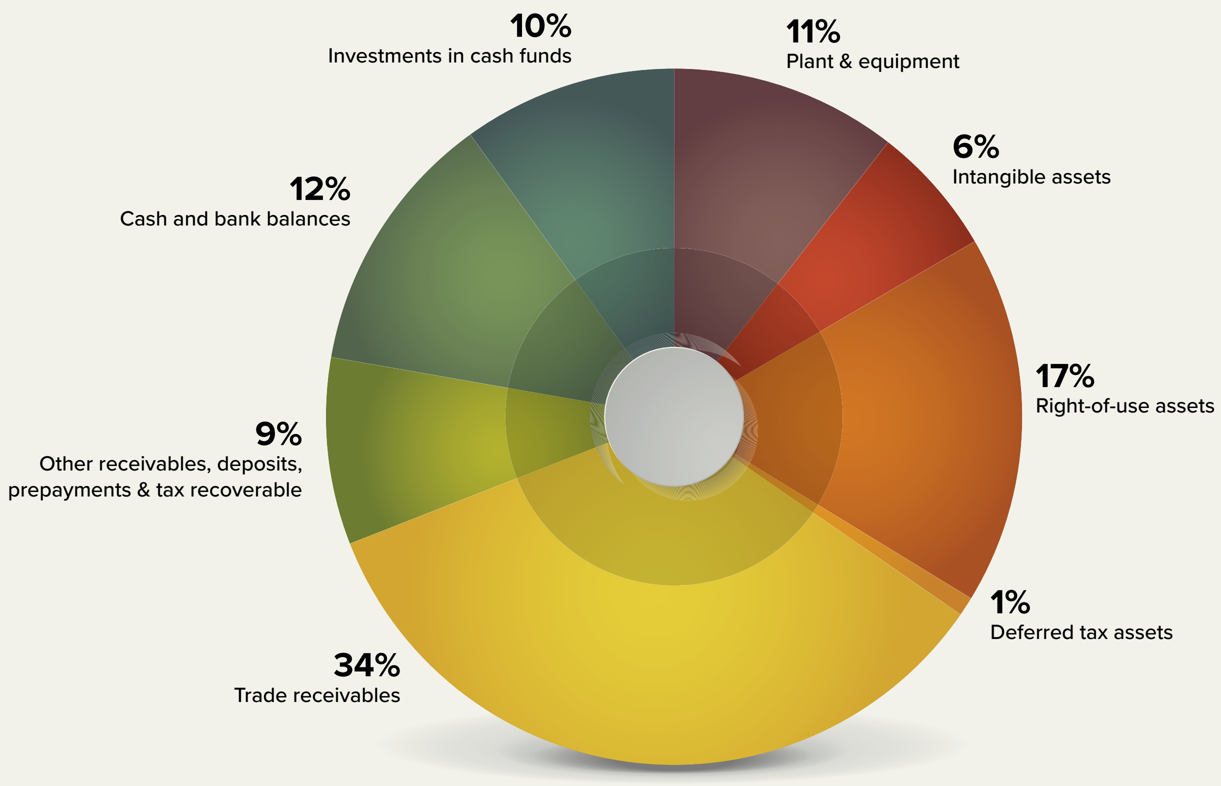
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EARNINGS PER SHARE



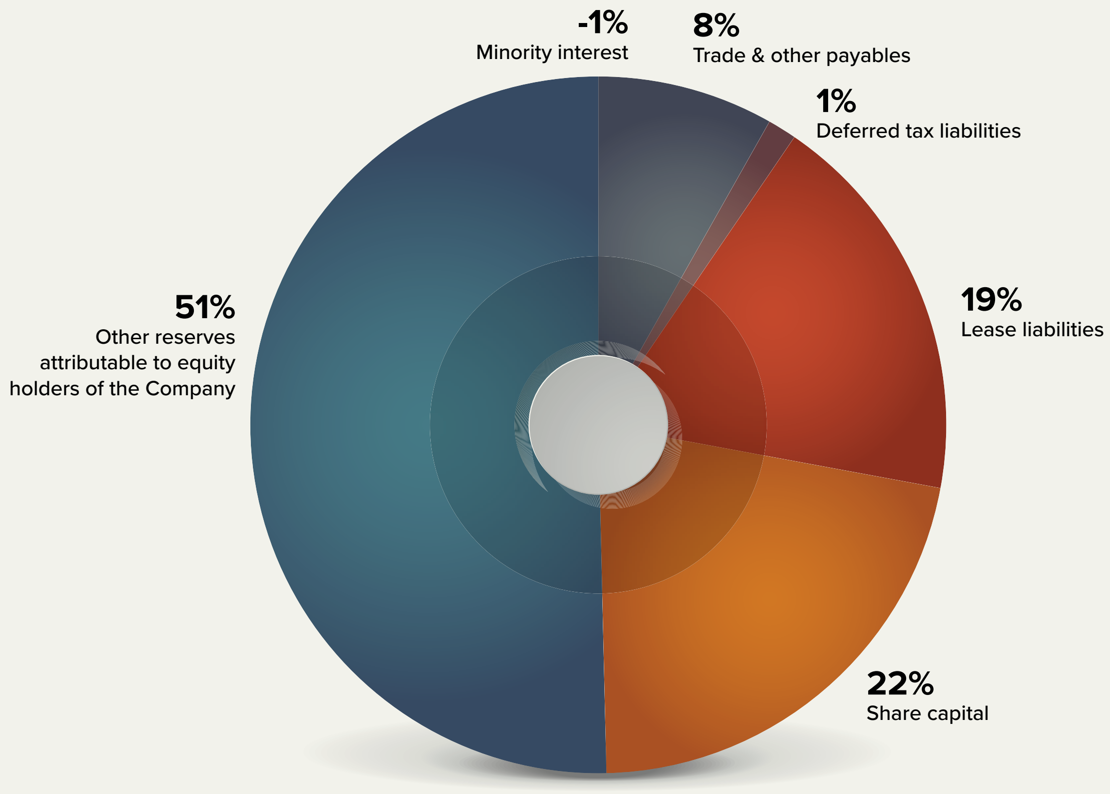
SHAREHOLDERS' FUNDS AND NET CASH



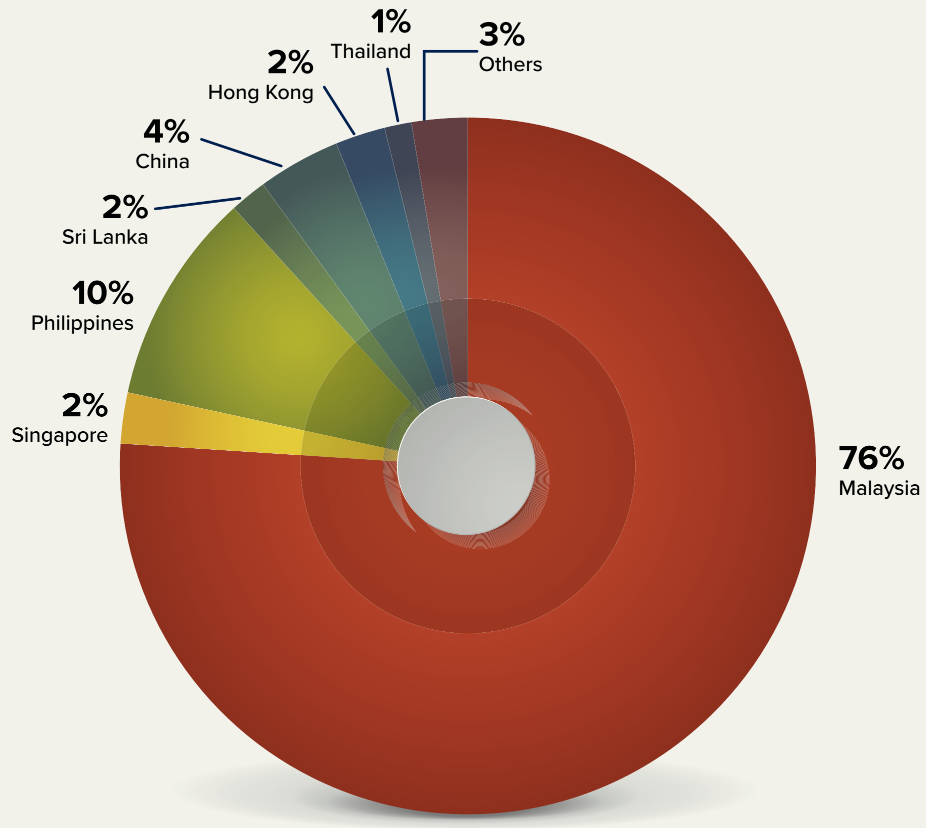
TOTAL ASSETS



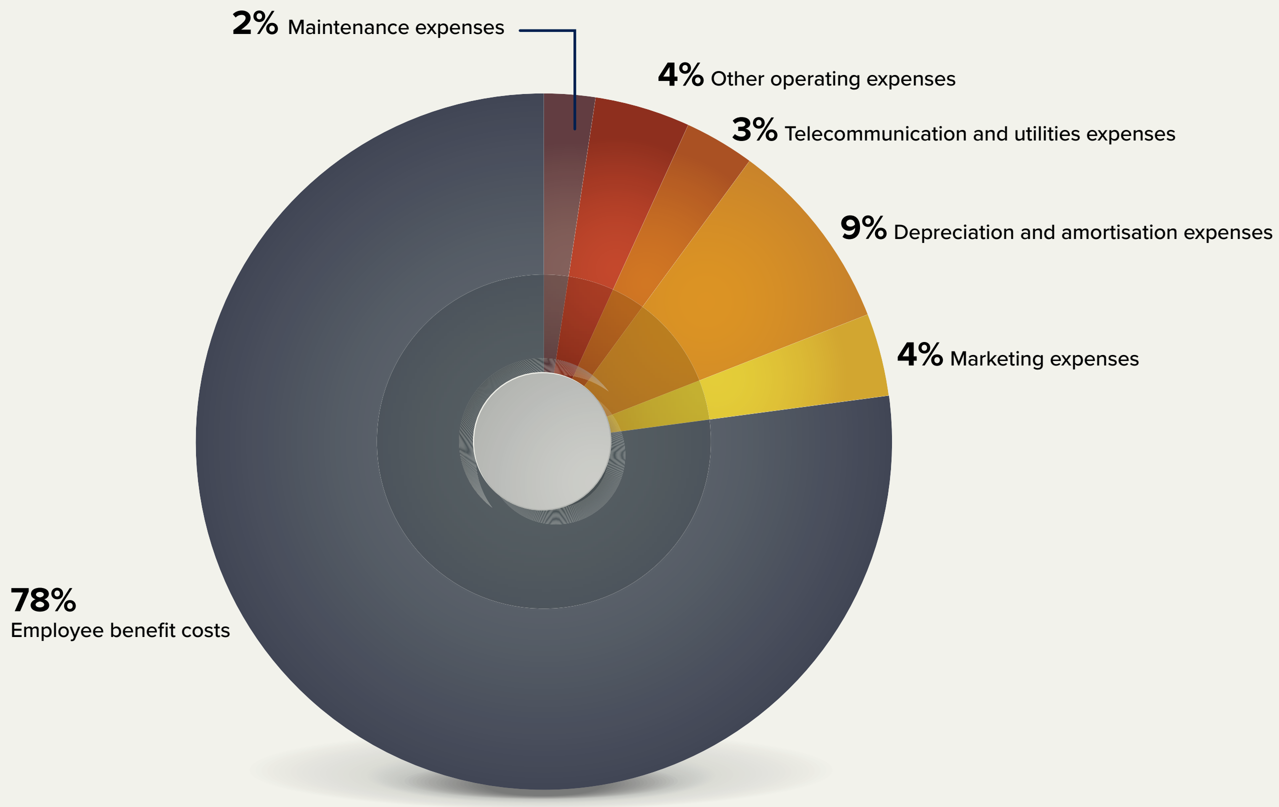
TOTAL LIABILITIES, CAPITAL AND RESERVES



REVENUE BY LOCATION



OPERATING EXPENSES



MANAGEMENT DISCUSSION AND ANALYSIS

Scicom (MSC) Berhad ("Scicom", "the Group", "we", or "our") is Malaysia's leading digital solutions company that provides Business Process Outsourcing (BPO) services to both public and private sectors globally. We enable global brands and governments to improve their customer experience and lower their total cost to serve by providing innovative digital solutions with exceptional service capabilities. Incorporated in 1997, Scicom became a publicly listed company in 2005 and is traded on the Main Market of Bursa Malaysia, the Malaysian Stock Exchange.

> "Sustaining progress in FY2024 by delivering improved profit and enhancing our Environmental, Social, and Governance (ESG) performance. Scicom's achievements serve as a testament to the collective efforts of our diverse team, comprising over 3,000 skilled individuals, each of whom is committed to enriching value for stakeholders—for our clients and their customers, our investors, and the communities in which we operate."

YEAR IN REVIEW – FY2023 PERFORMANCE SUMMARY

In FY2023, the Group reported revenue of RM245.3 million, a 7.4% decline compared to the prior year. The Profit Before Tax (PBT) remained relatively stable, amounting to RM42.1 million in FY2022 and slightly decreasing to RM41.9 million in FY2023. However, Profit After Tax (PAT) saw an increase from RM31.4 million in FY2022 to RM32.3 million in FY2023, reflecting a 2.8% improvement. A higher dividend payout of 8.0 sen was declared, compared to 7.0 sen in the prior year.

RM ('000)	FY2022	FY2023	%
REVENUE	265,052	245,341	↓ -7.4%
PROFIT BEFORE TAX (PBT)	42,097	41,936	↓ -0.4%
PROFIT AFTER TAX (PAT)	31,446	32,334	↑ +2.8%
DIVIDEND PAYOUT (SEN)	7.0	8.0	↑ +14.3%

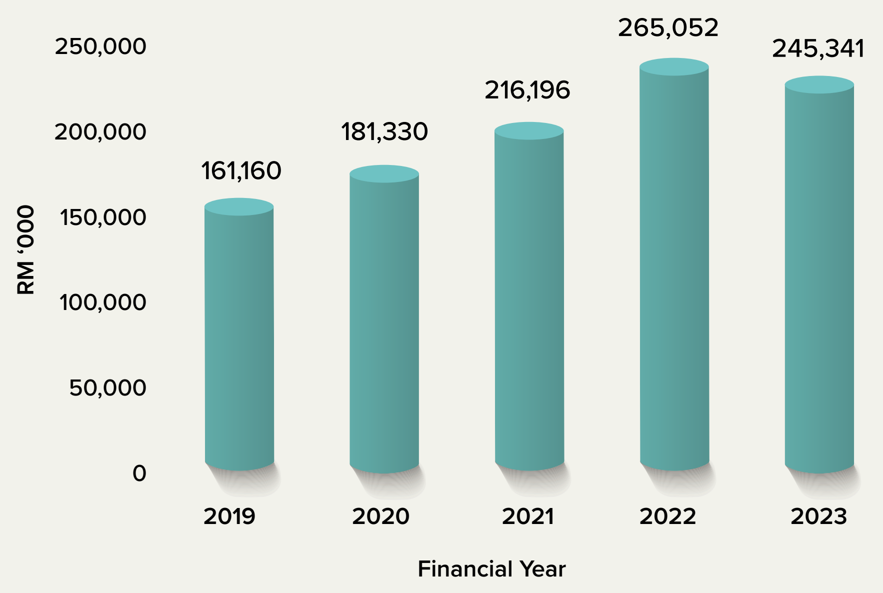
This year's financial performance highlights our ability to navigate a constantly evolving marketplace. The 7.4% contraction in FY2023 revenue is primarily attributed to the following factors – an uncertain and volatile global market, intensified market competition, residual COVID-19 impacts affecting our clients and a strategic decision to move away from unprofitable projects. Although Scicom reported decreased revenue, there was an improvement in PAT, largely due to increased cost efficiency and growth in higher margin projects.

The Group successfully completed 218.6 million transactions in the form of voice, social media, data processing and visa processing during the financial year. We continued to invest in sustainable growth initiatives. Additionally, we took meaningful steps towards fulfilling our ESG commitments, underscoring our dedication to social responsibility and environmental stewardship.

GROUP REVENUE

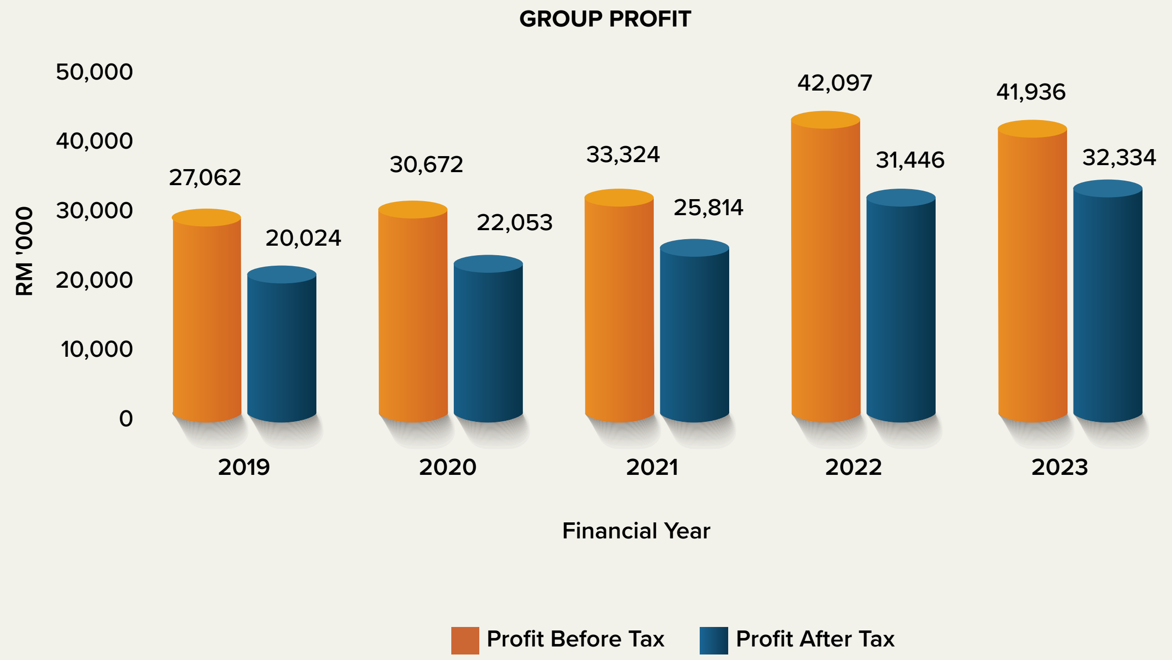
The decline in the Group's revenue for FY2023 was primarily attributed to reduced demand for customer service outsourcing from clients in our BPO segment. Due to a more challenging business environment, several clients reduced their spending on customer service. Despite this setback, our BPO operations, which are diversified across different regions, have uniquely positioned us to capitalise on increasing market demand in other geographical areas.

GROUP REVENUE



GROUP PROFIT

In FY2023, the Group recorded a Profit Before Tax (PBT) of RM41.9 million. Profit After Tax (PAT) totalled RM32.3 million, a 2.8% increase, compared to the prior year.



In FY2023, we continued to invest in the development of new Intellectual Property in the areas of digital identity, digital government, and eLearning solutions. Digital technology and customer experience will continue to be key drivers for change and points of differentiation for businesses. Scicom will continue to invest in both our business and our people to ensure we are competitive in the marketplace.

GROUP FINANCIAL POSITION

The Group's balance sheet remains healthy and strong as the Group ended the financial year with a cash and bank balances (including investment in cash funds) of RM36.1 million (FY2022: RM36.8 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 RM37.4 million for FY2023 as compared to RM41.5 million for FY2022.

The Group's FY2023 Earnings per Share (EPS) stands at 9.10 sen which is 2.8% higher as compared to FY2022, while the Group's Net Assets per Share increased from RM0.32 in FY2022 to RM0.33 in FY2023.

CAPITAL EXPENDITURE

The Group has invested RM7.1 million in capital expenditure for FY2023 mainly for revenue generating purposes. As of 30 June 2023, the net book value of fixed assets (comprising of plant, equipment, and software licenses) amounted to approximately RM26.9 million. The Group's Fixed Assets Turnover Ratio for FY2023 was 9.1 times, compared to 9.3 times in the preceding year.

SHAREHOLDER VALUE

Scicom's share price at the end of FY2023 was at RM1.16 per share (FY2022: RM1.05), with a corresponding market capitalisation of RM412.3 million (FY2022: RM373.2 million). Since our IPO in 2005, Scicom shares have delivered a Compound Annual Total Return to Shareholders (including dividends reinvested at spot prices) of 1,270.45%.

DIVIDENDS

The Group is committed to rewarding its shareholders with a dividend payout. Although there is no formal dividend policy in place, the Group has declared an average pay-out of approximately 90% of its net profit to shareholders in the form of dividends over the last five financial years.

In FY2023, the first interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 21st of December 2022. The second interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 24th of March 2023. The third interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 28th of June 2023. The fourth interim dividend of 2.0 sen per share (equivalent to RM7.1 million) was paid on the 22nd of September 2023.

This brings the total dividend declared for FY2023 to 8.0 sen per share, equivalent to approximately RM28.4 million or 87.9% of the Group's PAT for FY2023. The dividend yield improved from 6.7% in FY2022 to 6.9% in FY2023.

AWARDS AND RECOGNITION

In August 2023, the Group was named by Forbes Asia as one of the nine Malaysian companies under the "Best Under A Billion" category for 2023 for consistent top-and bottom-line growth. This acknowledgment is a significant achievement for Scicom, highlighting its outstanding performance and resilience in the face of global challenges such as inflation and rising costs. Scicom's inclusion in this list underscores its strong fiscal management and strategic vision. It is a testament to the Group's ability to navigate a challenging economic landscape and still excel.

Scicom was certified for Service Capability & Performance (SCP) Standards with a score of 160, surpassing the SCP Industry Benchmark mean of 128. This achievement highlights Scicom's strong commitment to delivering excellent customer service and support, reflecting its leadership position in the industry. SCP Standards certification is a set of globally recognised standards and best practices designed to assess and improve the performance and capabilities of customer service and support organisations. According to Service Strategies Corporation, the company that conducts SCP certifications, Scicom is known for its innovative approach in the service industry, marked by efficient processes, world-class measurement standards, and a commitment to continuous improvement. Even amid the pandemic, Scicom not only pivoted successfully but also achieved growth and has continued on a strong growth trajectory.

In July 2022, the Group was also awarded the Top Investment to Date by the Malaysian Digital Economy Corporation (MDEC). This recognition highlights the Group's exceptional contribution to the digital economy in Malaysia in terms of export earnings, tax contribution, and providing employment opportunities for Malaysian citizens.

STRATEGY IN REVIEW - BPO OPERATIONS

The Customer Service BPO market presents significant opportunities for growth. According to "The Insight Partner - Customer Care BPO Market Forecast to 2028", the global customer care BPO market is projected to grow from USD22.6 billion in 2022 to USD34.5 billion by 2028, an estimated Compound Annual Growth Rate (CAGR) of 7.5% from 2023 to 2028. Technological innovations like automation and artificial intelligence (AI) offer significant opportunities for increased efficiency and new service offerings.

Scicom aims to improve its competitive edge by investing in technology and prioritising quality to achieve sustainable growth. Over the next year, Scicom plans to implement a range of strategic initiatives to solidify its competitive edge in the Customer Service BPO sector. A significant focus will be on technological investment, integrating Conversational AI and Generative AI (Large Language Models) technology and Robotics Process Automation (RPA) to improve the quality and efficiency of customer interactions. Advanced analytical tools will also be deployed to offer an in-depth understanding of customer behaviour and preferences. On the human resource front, Scicom will continue to equip customer service representatives with the technology and the skills to enable them to improve efficiency, scalability and provide an enhanced customer experience while at the same time ensuring a balance between technology and human touch.

Quality assurance will remain a cornerstone of Scicom's strategy, and we will pursue additional industry-standard certifications to attract and retain high-value clients. In our effort to ensure that the quality of our services remain world class, the Group has achieved a score of 160 for our Service Capability & Performance (SCP) audit, compared to an industry average of 128. We are also strengthening our client relationships by conducting detailed customer satisfaction surveys to enhance our service delivery and tailor our service offerings more effectively.

As we move into 2024, Scicom will continue to leverage its industry-leading position to diversify service offerings, capitalise on digital transformation trends, and expand its global footprint. The strategy for FY2024 is to focus on innovation, sustainability, talent retention, and customer experience. We aim to strike a balance between delivering high-quality services and offering cost-effective solutions. We will target potential clients in emerging markets and high-growth sectors, such as e-commerce, healthcare, and fintech, where the demand for high quality customer service solutions is particularly strong. By focusing our efforts on these areas, we anticipate diversifying our client portfolio and securing more sustainable, long-term contracts.

GOV-TECH

Citizens today are increasingly expecting higher levels of service and enhanced digital services, Scicom is at the forefront of helping governments meet these citizen expectations through our Gov-Tech solutions. We enable governments to explore new ways to deliver integrated public services conveniently, efficiently, and securely.

Gov-Tech refers to the implementation of technology solutions specifically designed to streamline and digitise operations in the public sector. It represents an approach to public sector modernisation that puts citizens at the centre of reforms, while promoting a government that is simple, efficient, and transparent. The surge in the adoption of technical innovations, the rise in government investments in digital technology, and the high acceptance rate of cloud-based solutions are the factors driving the growth of the Gov-Tech market.

The Government Technology (Gov-Tech) landscape is marked by considerable opportunities. According to Research Reports World, the sector was valued at USD498 billion in 2022 and is projected to reach a value of USD1.186 trillion by 2028, a CAGR of 15.6%. This rapid growth is intricately linked to digital transformation within public administration. Governments are increasingly looking to adopt cloud solutions, Artificial Intelligence (AI), cybersecurity measures, and data analytics to modernise their operations and services. One major factor propelling the adoption of Gov-Tech is the necessity for enhanced cybersecurity solutions, as cyber threats become more sophisticated. Furthermore, citizens' expectations for transparency, efficiency, and responsiveness are catalysing the push for better digital services.

In response to these market dynamics, our strategic objective is to leverage technology to deliver more efficient, transparent, and responsive government services. Because of the lengthy procurement processes often encountered in the public sector, Scicom is shifting its focus towards alternative revenue streams. In FY2024, we will focus on providing services for our Gov-Tech solutions for Identity Management, Border Control, and Migrant Worker Management Solutions. Scicom has a proven delivery model and financial stability, making public-private partnerships viable for developing markets. This helps these nations lower the cost of government services.

We will be offering Software as a Service (SaaS) solutions, which are not only easier to implement but are also more cost effective for budget-conscious government agencies. This approach will allow us to provide scalable, modular services that can adapt to evolving governmental needs without necessitating lengthy procurement processes or substantial upfront costs.

To ensure that we meet the unique demands of this growing sector, Scicom is investing in specialised training programs for critical skill required to develop Gov-Tech solutions. These programs will focus on crucial competencies in cybersecurity, data science, and AI, skill sets that are imperative for delivering robust and future-proof solutions.

In summary, Scicom is positioning itself to be a proactive and innovative partner for government agencies. Through collaborative relationships, customised solutions, strategic revenue models, and a focus on critical skills development, we aim to be at the forefront of the Gov-Tech revolution, delivering value to both our public sector partners and our stakeholders.

SCICOM DIGITAL

Scicom Digital is our business unit that develops and deploys digital commerce solutions. Scicom Digital crafts exceptional digital experiences and provides services for digital strategy, experience design, data analytics, cloud computing, digital marketing, web and app development, automation, and cybersecurity. We enable companies to transition from traditional to digital operations to improve efficiency, create new revenue streams, and enhance customer engagement.

We seamlessly blend Customer Experience (CX) technology, data analytics, and AI solutions to deliver next-generation offerings. Utilising agile business models, we establish customer centric platforms and channels, equipping our clients to satisfy the growing consumer demand for digital-first interactions.

In FY2023, Scicom Digital prioritised developing solutions for the healthcare and medical insurance sectors. For FY2024, our strategy involves partnering with healthcare providers and insurers to offer streamlined access to health and wellness services for corporate clients and their employees.

Our goal is to leverage technology to create digital healthcare solutions that ultimately provide improved health outcomes that are both convenient and cost-effective. We are revolutionising the traditional medical benefits system to make it simpler, tech-enabled, consumer-focused, and cost-effective. In doing so, Scicom is transforming these traditional systems into models that benefit payors, insurers, and healthcare providers alike. Operating on a proprietary full-stack technology platform, our health-tech insurance solutions are designed to benefit members, payors, and providers.

DIGITAL

We are committed to creating digital experiences that are both customer-centric and data-driven, to enhance customer experience and brand loyalty.

EDUCATION

Equipping Today's Workforce for Tomorrow's Challenges.

Scicom Education offers corporate training and eLearning solutions that enhance workforce competencies. We also collaborate with governments to create bespoke programs aimed at enhancing digital literacy and employability among the youth through impactful learning and real-world experience.

In FY2023, Scicom Education focused on rolling out a Learning Management System (LMS) and developing custom eLearning courses eligible for Human Resources Development Fund (HRDF) claims. We partnered with the Malaysian government to target skills development and digital transformation efforts towards the B40 demographic.

Continuing the momentum, we partnered with various governmental bodies to identify future workforce skill needs in an era defined by AI, automation, and robotics. The aim was to create effective curricula that enhances technological expertise, as well as social, emotional, and higher cognitive skills.

In FY2024, Scicom Education will concentrate on identifying high-demand business and digital skills in partnership with industry groups. We will design targeted learning solutions for specific industry verticals using custom eLearning development strategies. This approach will offer businesses access to affordable, high-quality, and industry-relevant training programs.

CONCLUSION

The intrinsic value of the Group that has not yet been included is the Intellectual Property (IP) component which comprises of enterprise class software solutions primarily in Identity Management, electronic Know Your Customer (eKYC), Worker Management, Student Management, Blockchain based Document Verification Management, Med-Tech solutions and a fully integrated Border Management Solution. The Group's IP is more than just an asset, it is a result of years of expertise, research, and innovation. This IP provides intrinsic value that cannot be captured by standard financial metrics, reinforcing the Group's position as a leader in technological solutions. It offers a competitive advantage, enabling the Group to adapt to current and future challenges effectively.

Looking forward, our priority remains the attainment of sustainable growth in both revenue and profit for the Group. Leveraging our extensive experience and proven capabilities, we have established a scalable platform that enables us to deliver a distinct service proposition to our clients. Our adaptability and innovative business models keep us at the forefront, making us a dependable partner for both corporate and governmental entities in a fast-evolving business landscape. Our multi-faceted strategy—focused on financial and operational targets, innovation, business agility, and a strong ESG commitment—positions us uniquely to generate sustainable shareholder value.

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
Information Security	✓	✓	✓	Rising adoption of information technology by the Group and its stakeholders increases the Group's exposure 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 continues to reshape, redesign and reinvent our capabilities to cater for changing business models within an evolving digital landscape. We have 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	✓	✓	✓	Cybersecurity risks remain challenging and dynamic in view of the following global trends: • Increasing dependency on technology coupled with rapid technological advancements. • Rising frequency and sophistication of cyber-attacks. • Acceleration of IT environments complexity. • Increasing costs of cybersecurity incidents. • Increasing volume of data handling and processing. • Heighten regulatory compliance requirements on data and privacy protection. Therefore, cybersecurity risk management is essential to the Group for safeguarding from financial losses, reputational damage, regulatory penalties, and operational disruptions caused by cyber-attacks and to stay ahead of cyber threats to ensure protection of our digital assets and sensitive information. Please refer to the Statement on Risk Management and Internal Controls for details on mitigating measures the Group has put in place to address cyber security threats.
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.

Key Segmental Risks	BPO Segment	Gov-Tech Segment	Education Segment	How We Manage Key Segmental Risk
Human Capital	✓	✓	✓	Human capital remains one of the critical success factors of the Group. Therefore, we have drawn up a comprehensive human resource strategy, policies and practices which aim to address all aspects of human capital management for the long-term success of the Group in the dynamic business environment. 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 digital marketing strategies and 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.
Technological Changes	✓	✓		The rapid technological changes continuously reshaping the Group's BPO operations and its Gov-Tech products and services offering in order for the Group to remain relevant and operate in the most cost-efficient manner. The Group continues to keep abreast and monitor technological changes and make necessary alignments to ensure that the potential adverse effect of these changes to the Group and its (prospective) customers are mitigated in a timely manner.
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 reflects the Group's commitment on ethical governance and moral responsibility to environmental sustainability and the communities where the Group operates, in order to sustain continued relevance and viability in a changing global landscape. Please refer to Corporate Sustainability Statement for further details on the Group's ESG framework and ESG strategy and initiatives.

CORPORATE MILESTONE

2023

- **August** — Best Under A Billion 2023 by Forbes Asia
- **June** — Scicom pays third interim dividend of 2.0 sen for financial year 2023
- **March** — Scicom pays second interim dividend of 2.0 sen for financial year 2023
- **December** — Scicom pays first interim dividend of 2.0 sen for financial year 2023
- **November** — Scicom held its 20th AGM
- **September** — Scicom pays fourth interim dividend of 2.0 sen for financial year 2022

2022

CORPORATE SUSTAINABILITY STATEMENT

FY2023 Sustainability

Achievements & Highlights

As Scicom navigates the ever-changing business landscape, we continually adapt our Environmental, Social, and Governance (ESG) approach and goals to ensure that we are operating in a responsible and sustainable manner.

For the FY2023, Scicom has achieved the following sustainability milestones:

Revenue
RM245.3 million

Net Profit
RM32.3 million

Net profit increased by **2.8%**

Dividend payout ratio increased from 79.1% in FY2022 to **87.9%** FY2023

EPS increased from 8.85 sen to **9.10** sen

Dividend payout increased by 1.0 sen to **8.0 sen** (FY2022: 7.0 sen)

Successfully completed **218.6 million** transactions in the form of voice, social media, data processing and visa processing during the financial year

Recognised by Forbes Asia in its "**Best Under a Billion 2023**" list, which acknowledges 200 small and mid-sized publicly traded companies in the Asia-Pacific region that have outperformed despite global headwinds such as inflation and rising costs

SCICOM'S SUSTAINABILITY
VISION STATEMENT

"Envisioning a future where people and the planet benefit from our unwavering integrity, teamwork, relentless innovation, and unmatched quality."

SCICOM'S SUSTAINABILITY
MISSION STATEMENT

"To harmoniously blend our core values of people, integrity, teamwork, innovation, and quality into sustainable practices. We are dedicated to achieving total customer delight while ensuring our operations reflect an enduring commitment to environmental and social responsibility."

Scicom's commitment to the SDGs

Scicom is committed to contributing to a more sustainable future for our planet. We have aligned our organisational objectives with the United Nations' 2030 agenda, specifically targeting Sustainable Development Goals (SDGs) 3, 4, 5, 8, 10, and 13. Through targeted initiatives and responsible business practices, we aim to make significant strides in areas such as health and well-being, quality education, gender equality, decent work and economic growth, reduced inequalities, and climate action.

1. SCICOM'S SUSTAINABILITY APPROACH

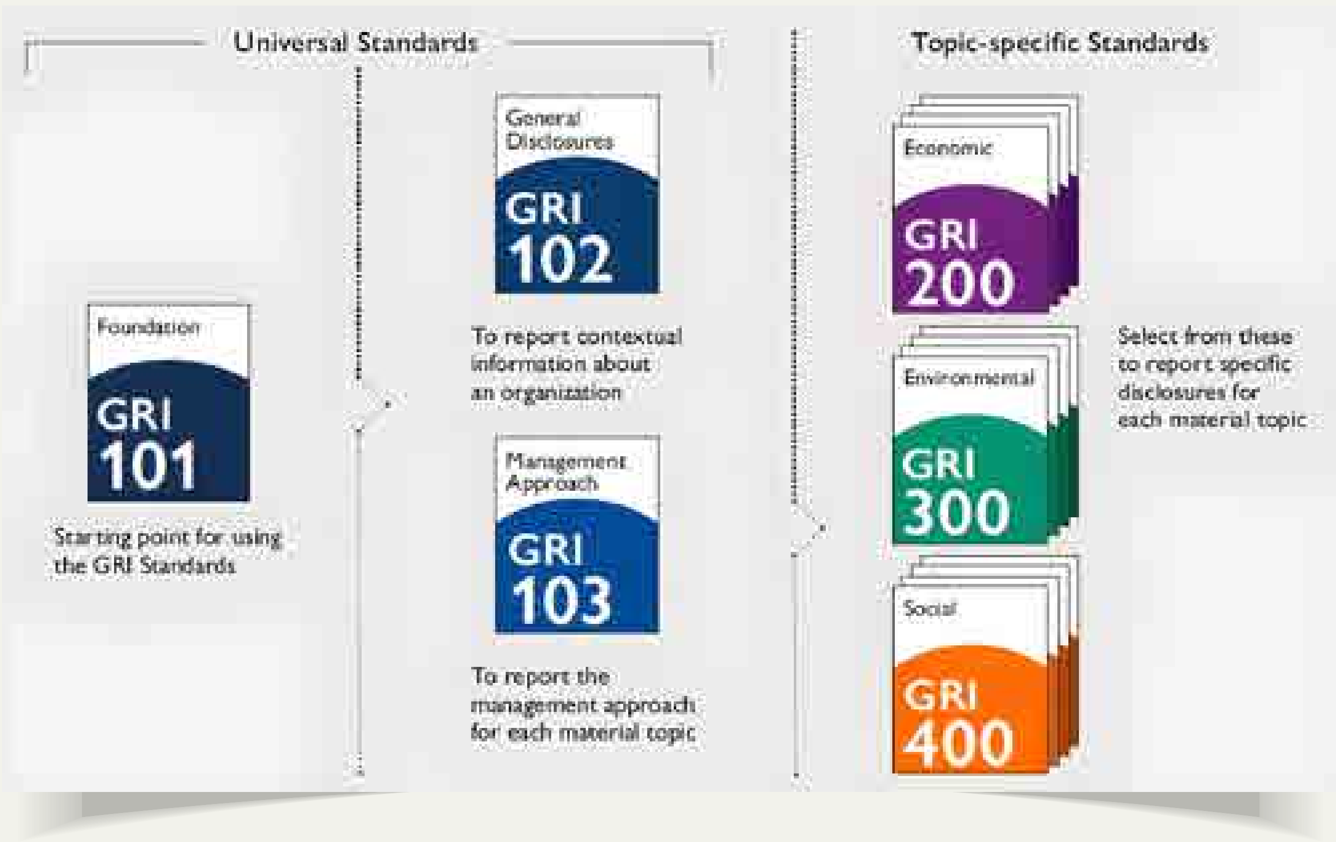
Scicom has been a constituent of the FTSE4Good Index Series since June 2022. The FTSE4Good Bursa Malaysia Index is based on the FTSE Russell ESG Ratings methodology. It consists of three main categories - Environmental, Social, and Governance, which are further broken down into 14 themes, as shown in the diagram below. Many of the FTSE Russell ESG Themes are not directly applicable to Scicom due to the nature of our business as a BPO service provider, particularly when compared to industries like manufacturing, energy, or natural resources.

Scicom's FTSE4Good ESG score was 2.9 out of a maximum of 5 in the lastest FTSE4Good Index Series renew in June 2022. Scicom's overall ESG score is on par with the average score for the sub-sector (Industrial Classification Benchmark - Super sector: Industrial Goods & Services) and higher than the industry average.

In this sustainability report, Scicom has opted to use the Global Reporting Initiative (GRI) Standards Topic Disclosures. Topic Disclosures provide a globally recognised framework tailored specifically for addressing the ESG challenges and opportunities relevant to our business.

FTSE Russell ESG Ratings

Global Reporting Initiative - Topic Disclosures



The Global Reporting Initiative (GRI) Standards Topic Disclosures provides a universally acknowledged framework specifically suited for addressing the ESG elements relevant to the BPO industry. In Scicom's context, GRI material topics serve as the primary focus of our ESG initiatives and reporting. It guides our strategic planning and operational activities, ensuring that we concentrate our efforts where they can be most effective and meaningful.

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's sustainability report covers the current financial period from 1 July 2022 until 30 June 2023. Scicom provides its sustainability reporting on a yearly basis for review and approval by the Board of Directors.

Scicom's Commitment to Sustainability

Scicom's ESG approach takes a holistic view in ensuring sustainable business practices that create long-term value for stakeholders. Our ESG framework outlines specific goals and actions that will enable us to accelerate sustainable growth Scicom's influence extends to multiple stakeholders, including employees, clients, and the communities it serves.

Economic	→ Develop and deliver sustainable business solutions that create value for our customers, employees, shareholders, and communities. → Invest in digital solutions to improve operational efficiencies and enhance customer experience and satisfaction. → Implement and enhance cybersecurity measures to protect our IT infrastructure from cyberattacks, data breaches, and other risks.
Environmental	→ Continuously identify, evaluate, and implement energy efficiency initiatives to reduce our consumption of energy and resources. → Reduce waste through waste prevention, recycling, and promote awareness and participation among employees and stakeholders. → Increase awareness and understanding of environmental policy initiatives within the Group through training, communication, and engagement.
Social	→ Provide a safe and healthy workplace for all employees. Prevent sexual harassment and violence. → Promote equal employment opportunities and prevent discrimination of any kind. → Offer competitive compensation and benefits packages and create a positive work environment for all employees. → Improve employee competency levels by providing relevant training programs. → Actively encourage employees to get involved in community-based initiatives, charity, and/or other social work.
Governance	→ Ensure that all ESG and sustainability initiatives have top-down buy-in from the Board of Directors and Senior Management Team. Key Performance Indicators (KPIs) for sustainability are incorporated into the performance evaluation of the Senior Management Team. → Track and monitor all sustainability initiatives. → Engage and maintain meaningful relationships with stakeholders to ensure that their perspectives are considered in the development and implementation of sustainability initiatives.

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 the following.

Environmental	Social	Governance
• Environmental Policy • Sustainability Policy • Terms of Reference – Sustainability Committee	• Personal Data Protection Policy • Whistleblowing Policy • Human Rights Policy • Non-Discrimination Policy • Health & Safety Policy • Diversity Policy • HR Policy • Physical Security Policy	• Board Charter • Limits of Authority • Code of Business Conduct and Ethics • Anti-Bribery and Anti-Corruption Policy • Investor Relations Policy • Directors' Assessment Policy • External Auditors Assessment Policy • Corporate Disclosure Policy and Procedures • Succession Planning Policy • Remuneration Policy and Procedures for Director and Key Senior Management Team • Enterprise Risk Management Policy • Insider Dealing Policy • Procurement Policy

Our policies and professional standards apply to all employees. Any breach of these policies or standards will result in serious consequences, including comprehensive investigation and subsequent appropriate action.

1.1 Scicom's Materiality Matrix & Topic Disclosures

In line with the GRI Standards Topic Disclosures, Scicom has identified a set of material topics that are central to our sustainability efforts. These topics have been carefully selected as areas where we can make a significant positive impact, and which are of high importance to our stakeholders.

Topic Disclosures for Scicom

Topic series 200, 300, and 400 refer to the three main categories of the Global Reporting Initiative (GRI) Standards - Economic, Environmental, and Social.

- **Economic topics (series 200)** cover the organisation's economic performance and impacts, such as its financial results, employment practices, and economic contributions to local communities.
- **Environmental topics (series 300)** cover the organisation's environmental impacts, such as its greenhouse gas (GHG) emissions, water usage, and waste production.
- **Social topics (series 400)** cover the organization's social impacts, such as its labour practices, human rights record, and diversity and inclusion initiatives.

Materiality Matrix

The materiality matrix was developed through a process of external research, industry benchmarking, and stakeholder engagement. Once the material issues were identified, they were plotted on a matrix with two axes: importance to stakeholders and importance to the company. The resulting matrix helps Scicom's Management Team to prioritise the ESG issues that it needs to focus on.

Scicom's Materiality Matrix

Importance to Stakeholders	Low	Medium	High
High		305 - Emissions 306 - Waste	201 - Economic Performance 202 - Market Presence 203 - Indirect Economic Impacts 204 - Procurement Practices 205 - Anti-Corruption 207 - Tax 302 - Energy 401 - Employment – Hires/ Turnover 403 - Occupational Health and Safety 404 - Training and Education 405 - Diversity and Equal Opportunity 406 - Non-discrimination 409 - Forced or Compulsory Labour 413 - Local Communities 418 - Customer Privacy
Medium			308 - Supplier Environment Assessment 414 - Supplier Social Assessment
Low			

Importance to Scicom

We have identified the following ESG topics as material to our business and stakeholders. In the following sections, we will cover our performance on each of these material topics in more detail and plans for improvement. Scicom has identified 15 key topic disclosures for its materiality matrix.

Governance (Series 100)		
101 – Foundation 102 – General Disclosure 103 – Management Approach		
Economic (Series 200)	Environmental (Series 300)	Social (Series 400)
201 - Economic Performance 202 - Market Presence 203 - Indirect Economic Impacts 204 - Procurement Practices 205 - Anti-Corruption 207 - Tax	302 - Energy	401 - Employment 403 - Occupational Health and Safety 404 - Training and Education 405 - Diversity and Equal Opportunity 406 - Non-discrimination 409 - Forced or Compulsory Labour 413 - Local Communities 418 - Customer Privacy

2. SUSTAINABILITY TOPIC DISCLOSURES

This section focuses on Sustainability Topic Disclosures. These disclosures cover specific economic, environmental, social, and governance topics relevant to Scicom and our stakeholders.

2.1 Governance (Topic Series 100)

The GRI 100 Series standards align closely with Scicom's overarching sustainability goals, offering a framework that supports our commitment to responsible business practices. Through compliance with these foundational standards, we ensure that our report is not only accurate and reliable but also relevant to our diverse stakeholder group, including investors, clients, employees, and the communities in which we operate.

Sustainability Committee

The Sustainability Committee, comprising C-level officers and chaired by the Group Chief Executive Officer, sets ESG priorities, monitors progress, and reports to the board of directors. This committee ensures that Scicom's sustainability strategies help the company manage risks, create long-term value for stakeholders, and contribute to a more sustainable future.

Board Oversight

The Board of Directors, through the Audit & Risk Management Committee, provides oversight on Scicom's ESG strategy and performance. This committee is divided into two committees in FY2024 - the Audit Committee and the Risk and Sustainability (RS) Committee.

The RS Committee will consist of three Board members and have a dual focus: it will oversee the Company's risk management and governance of sustainability issues. The RS Committee will further strengthen the Company's governance framework, ensuring that ESG considerations are integrated into all aspects of decision making. The RS Committee will be a key component of the Group's governance framework. The RS Committee is responsible for overseeing the Group's risk management and sustainability matters. The details of the RS committee responsibilities are as follows:

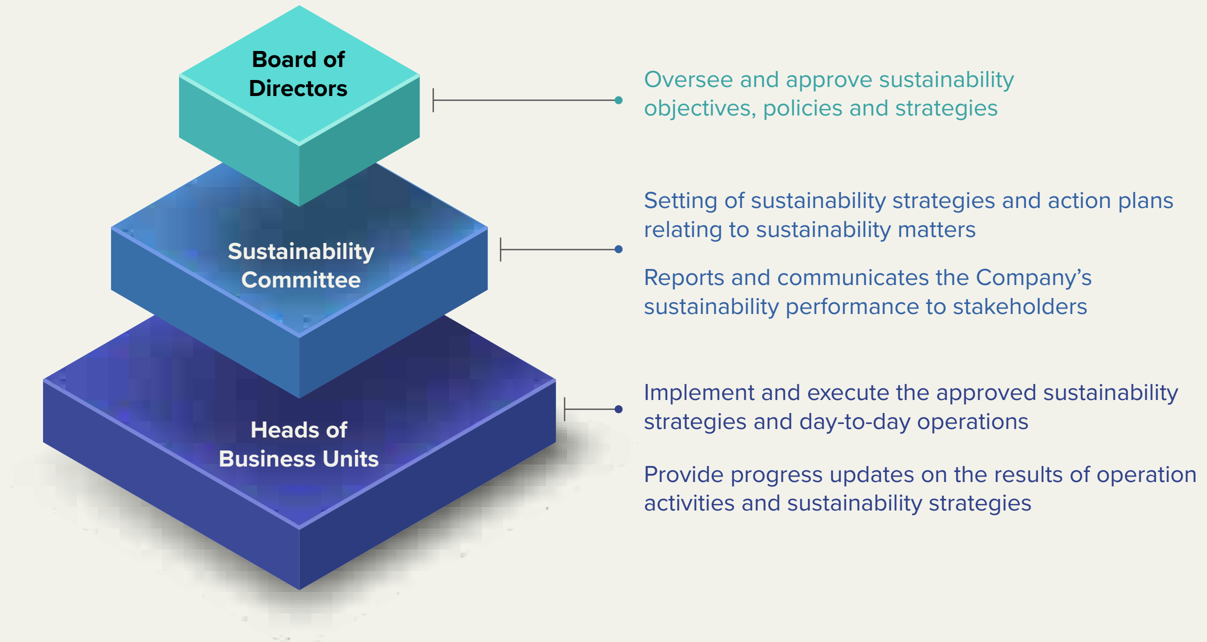
(i) Risk Management and Internal Control

The RS Committee is responsible for ensuring the adequacy and effectiveness of the Group's risk management, internal control, reporting, anti-bribery and anti-corruption, whistleblowing, and governance processes. They oversee the Group's risk appetite, tolerance, and strategy, reviewing and deliberating on key risks, risk profiles, and risk treatments. The Committee directs and monitors the implementation of the Group's risk management framework, policies, system of internal controls, and reporting system. They also direct the development of an appropriate risk culture throughout the Group, reviewing risk management reports from the Chief Risk Officer. Additionally, the Committee considers the risks associated with corporate actions, such as acquisitions, divestitures, new ventures, investments, and joint ventures.

(ii) Sustainability

The RS Committee is responsible for ensuring the effective governance of sustainability within the Group. This includes setting sustainability strategies, priorities, and targets, ensuring alignment with the Group's commitment to integrating sustainability practices into its business operations, overseeing ESG risk management, monitoring the adoption and effectiveness of sustainability-related policies and procedures, reviewing and monitoring the Group's sustainability performance, and driving engagement on sustainability.

The line of accountability is illustrated below.



Scicom follow GRI standards on how to articulate its management approach to various sustainability topics. This involves detailing the policies, practices, and KPIs (Key Performance Indicators) that govern our actions in areas such as environmental management, social responsibility, and governance (ESG). By using these standards, we aim to provide a comprehensive view of how sustainability is integrated into our strategic decision-making and operational activities.

Stakeholder Engagement

Engagement with our various stakeholders is crucial to the effective operation of all our business units. Scicom uses the information from engaging with these stakeholders to define our goals and 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

Stakeholder Group	Forms of Engagement	Issues of Concern
Customers Users of Scicom's diverse range of solutions	• Customer survey/ feedback exercises • Customer service channel • 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, remuneration and benefits • Workplace health and safety • Recruitment and 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

2.2 Economic (Series 200)

This section of our sustainability report focuses on the direct economic impact of the BPO and Gov-Tech industry. As a leading entity in Malaysia's BPO sector, we recognise the imperative of a balanced economic performance, benefiting not just shareholders but also employees, clients, and the wider community. Our approach to economic performance covers not only financial profitability but also long-term sustainability. This extends from the head office in Malaysia to all global markets where Scicom has a presence. Scicom's approach towards Economic Performance is detailed below.

- **Financial Viability.** Consistently provide services and products that contribute towards profitable growth while ensuring sustainable practices.
- **Employee Remuneration.** Offer remuneration packages that are competitive in industry and meet governmental guidelines.
- **Investment in Technology.** Allocate resources for technological advancements to improve operational efficiency and client satisfaction.
- **Ethical Procurement**. Ensure all suppliers adhere to our economic, environmental, and social standards.

Management Approach and Methods

- **Budgeting and Planning.** Utilise a rigorous budgeting and financial planning process to ensure optimal resource allocation.

- **Performance Metrics.** Utilise KPIs and benchmarks to continually assess economic performance. Performance is reviewed on a quarterly basis by the Senior Management Team and by the Board of Directors. Adjustments to strategies are made as required, based on the analysis of both financial metrics and stakeholder feedback.
- **Stakeholder Engagement.** Regularly communicate with shareholders, employees, and clients. The Annual Financial Report and GRI-aligned Sustainability Report serve as the main channels for disclosing our economic performance, providing comprehensive and transparent data for all stakeholders.
- **Regular Auditing.** Scicom utilises third-party auditors to verify the financial and operational metrics, ensuring transparent reporting.

Our economic management approach reflects our commitment to a balanced, responsible, and transparent operation. Through periodic assessment and stakeholder engagement, we aim to continuously improve our economic impact, aligning it with broader sustainability goals.

2.2.1 Economic Performance

The Group recorded revenues amounting to RM245.3 million in FY2023. Profit After Tax (PAT) was RM32.3 million, marking a 2.8 % improvement over the previous year. Additionally, a higher dividend payout of 8.0 sen was declared, compared to 7.0 sen in the prior year. During the financial year, the Group effectively handled 218.6 million transactions across various channels including voice, social media, data processing, and visa processing.

- Net profit increased by 2.8% (FY2022: 21.8%).
- Managed over 218.6 million transactions in FY2023 (FY2022: 202.9 million).
- Dividend payout increased by 1.0 sen to 8.0 sen (FY2022: 7.0 sen).
- Dividend payout ratio increased from 79.1% in FY2022 to 87.9% FY2023.
- EPS increased from 8.85 to 9.10 sen, an increase of 2.8%.
- Total tax paid by the Group and also employees amounted to RM11.4 million (FY2022: RM9.5million) and RM5.6 million (FY2022: RM4.7 million), an increase of 20.0% and 19.1%, respectively as compared to FY2022.

Our financial and operational performance in FY2023 can be attributed to the following factors.

- **Diverse Service Offerings**. Scicom provides a wide range of services, including BPO, Gov-Tech, digital transformation, and technology outsourcing services. This diversification allows it to meet various client needs and reduces dependency on any single revenue stream. In FY2023, we onboarded four new clients, and notably, 65% of our expiring contracts for FY2023 were successfully renewed.
- **Client Relationships**. Scicom has long-term relationships with many of its clients, often serving as a key strategic partner rather than just a service provider. This enhances client retention and provides stable revenue streams. The average tenure of Scicom's clients increased from 5.2 years in FY2022 to 6.1 years in FY2023. 60% of Scicom's clients have been with us for more than 5 years.
- **Global Footprint**. Scicom serves global clients, which diversifies our revenue sources and allows us to tap into a global talent pool.
- **Innovation and Investment in Technology**. Scicom has been at the forefront of technological innovation, adopting the latest technologies like artificial intelligence, cloud computing, and data analytics to provide cutting-edge solutions.
- **Talent Management**. Attracting, retaining, and developing top talent has been a focus for Scicom. The firm invests in employee training and development, which contributes to high-quality service delivery.

Target Action Plans for FY2024

The FY2024 plan is to maintain a positive net profit growth for FY2024. 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.

2.2.2 Market Presence

Market Presence primarily relates to the economic value generated and distributed in the regions where a company operates. Scicom takes a holistic approach to its market presence. As a leader in Malaysia's BPO industry, we aim for a market presence that is not merely about growth and profitability, but also social impact and sustainability.

The key measure in GRI's Market Presence includes:

- **Entry Level Wage.** Comparison of the standard entry-level wage offered by Scicom to local minimum wages at significant locations of operation. All Scicom jobs pay above the minimum wage. On average, entry-level wages is 134% above the minimum wage.

- **Proportion of Senior Management** hired from the local community at significant locations of operation. The proportion of middle and senior management hired from local communities is 78% in Malaysia and 100% in Sri Lanka. These metrics serve as benchmarks for our commitment to contribute meaningfully to the local economy.

Scicom conducts annual reviews of its market presence strategies with key performance indicators (KPIs) presented to senior management. An annual review is undertaken by the Board of Directors, involving a comprehensive evaluation of all aspects of market presence including local hiring, wage parity, and customer satisfaction levels.

Target Action Plans for FY2024

In FY2024, we will commit to the following:-

- Fair Wage Commitment. Ensure that entry-level wages surpass the local minimum wage across all significant locations of operation. Conduct a thorough wage assessment annually to stay aligned with inflation rates and economic changes in the region.

- Promotion of Local Employment. Maintain the percentage of senior management from local communities.

2.2.3 Indirect Economic Impact

Scicom is aware that its operations extend beyond direct financial performance to influence communities, supply chains, and local economies. Indirect economic impacts are the economic consequences of Scicom's activities on other organisations and individuals, within the scope of our business operations.

Scicom is committed to not only being a successful business but also a socially responsible company. In FY2023, Scicom contributed RM61,000 to local charities and community organisations. We will continue to monitor and increase the indirect economic impacts of our operations to bring about a beneficial cycle of growth, sustainability, and community development.

Target Action Plans for FY2024

We are mindful of our role within the community and are committed to various programs aimed at improving social welfare. These include partnerships with educational institutions and NGOs, designed to deliver long-term value to society.

2.2.4 Procurement Practices

Scicom is committed to responsible and sustainable procurement practices, we prioritise not only cost effectiveness but also social and environmental considerations. We have documented policies and practices in place to ensure that our procurement is sustainable and responsible. These include:

- Sourcing from local suppliers when there are viable local options. We prioritise sourcing from local suppliers whenever possible. This helps to support the local economy and reduce our environmental impact.

- Selecting sustainable suppliers. We select suppliers based on their sustainability performance when their prices are competitive. We consider factors such as their environmental management systems, labour practices, and social responsibility initiatives.

- Scicom requires all vendors to complete a vendor declaration pledge, stating that the vendor will adhere to Scicom's Vendor Code of Conduct (VCOC), ABAC Policy, as well as a Human Rights and Non-discrimination Policy. In addition, they commit to the following anti-corruption principles: promoting values of integrity, transparency, accountability, and good corporate governance; strengthening internal systems against corruption; actively fighting corrupt practices; and supporting government and local authority initiatives for corruption prevention. All vendors must abide by all applicable laws and regulations concerning anti-bribery, fraud, and corruption.

Scicom's approach to procurement is designed to align with our broader sustainability goals, to create value not only for the company but also for society at large.

- **Vendor Assessment.** Utilise comprehensive due diligence processes that screen potential suppliers for ethical, environmental, and social criteria, in addition to economic viability.

- **Performance Metrics.** Implement key performance indicators (KPIs) for suppliers, based on factors such as delivery timelines, quality, cost, and adherence to sustainability principles.

- **Audits and Reviews.** Conduct regular audits and performance reviews of suppliers and procurement processes to ensure continual alignment with our commitments.

- **Internal Training.** Educate internal procurement teams on best practices and ethical considerations, to ensure informed decision-making.

Scicom is committed to supporting local suppliers. In FY2023, 80% of purchases in Malaysia and 93% of purchases in Sri Lanka were from local suppliers. The percentage of local vendors in Malaysia is 91% and in Sri Lanka is 98%. This is a significant increase from FY2022, when 88% of purchases in Malaysia and 55% of purchases in Sri Lanka were from local suppliers. Sourcing from local suppliers has several benefits. It helps to reduce Scicom's environmental impact by reducing the transportation of goods. It also helps to support the local economy by creating jobs and generating tax revenue.

While Scicom has made strides in supporting local suppliers, it's important to note that the relatively lower percentage of purchases from local suppliers in Sri Lanka compared to Malaysia is not for lack of intent or effort. Rather, Sri Lanka currently lacks local suppliers who can meet the specific technological requirements and quality standards that Scicom requires for its operations. This absence of a viable local option has constrained Scicom's ability to source more from Sri Lankan suppliers, despite a willingness and strategy focused on local supplier procurement.

Target Action Plans for FY2024

In FY2024, Scicom will continue to source form local vendors where there are viable options, and it is priced competitively. In addition, we are in the process of developing a Procurement System with a Vendor Management Module. This will enable us to identify and select sustainable suppliers, manage supplier relationships effectively, and track and report on their own sustainability performance.

2.2.5 Anti-Corruption

Scicom is committed to conducting its business in an ethical and responsible manner. Scicom upholds the highest levels of integrity and ethical conduct, acknowledging that corruption undermines business values and negatively impacts communities. We are committed to preventing, detecting, and responding to corruption in all our operations. We have policies and procedures in place to support our anti-corruption efforts. These include:

- **Anti-corruption policy.** Our anti-corruption policy sets out our standards for ethical business conduct and prohibits all forms of corruption, including bribery, extortion, and conflict of interest.
- **Code of conduct.** Our code of conduct is a comprehensive document that outlines our expectations for employee behaviour in all areas, including anti-corruption.
- **Anti-Corruption and Compliance Training**. We provide training to all employees on our anti-corruption policy and code of conduct. This training helps employees to understand our standards and to identify and report any potential corruption.
- **Monitoring and Auditing.** We conduct regular risk assessments to identify and assess the risks of corruption in our operations. We also utilise internal and external audits to regularly review compliance with anti-corruption policies. This information is used to develop and implement appropriate mitigation strategies.
- **Reporting and investigation.** We have procedures in place for employees to report any suspected corruption. We also have procedures for investigating and responding to reports of corruption.
- **Whistleblower Protection**. We have established secure and confidential channels for employees and stakeholders to report suspected corrupt activities without fear of reprisal.

The Anti-Corruption approach covers all levels of the organisation, from the Board of Directors, Senior Management Team to executive level employees, across all departments and operational locations. By adhering to this management approach, Scicom aims to fortify its reputation as a trustworthy and responsible business entity.

We are committed to making Scicom a leader in anti-corruption compliance. We believe that our anti-corruption efforts are essential to our long-term success as a business. In FY2024, we will focus on the following key areas:

- Raising awareness of our anti-corruption policies and procedures. We will continue to provide training to all employees on our anti-corruption policy and code of conduct. We will also develop and implement new communication initiatives to raise awareness of our anti-corruption efforts.
- Improving our reporting and investigation procedures. We will review our reporting and investigation procedures to ensure that they are effective in identifying and responding to reports of corruption. We will also make it easier for employees to report suspected corruption.

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 an Anti-Bribery and Anti-Corruption ("ABAC") Policy that complements our existing Code of Business Conduct and Ethics. This policy outlines guidelines for conduct with customers, including entertainment and gift-giving. It aligns with the 'Guidelines on Adequate Procedures' issued by the Prime Minister's Office under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. Both the policy and the Code reinforce the Group's zero-tolerance approach to bribery and corruption, underlining our commitment to integrity in all business dealings.

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.

Code of Business Ethics and Conduct:

Scicom's Code of Business Ethics and Conduct (the "Code") was reviewed and readopted by the Board of Directors in May 2023. The Code outlines fundamental principles and guidelines to deter wrongdoing and promote honest and ethical conduct among all Group employees. It also advocates for full, fair, and accurate reporting, compliance with applicable laws, prompt reporting of violations, and accountability. The Code sets clear expectations for employee compliance with policies related to lawful and ethical conduct. The Code along with other corporate policies, is accessible to all employees through the Scicom Enterprise System.

Vendor Code of Conduct:

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

Whistleblowing Policy:

A Whistleblowing Policy is in place with the aim of providing a structured mechanism for our employees and any concerned stakeholders to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. Complaints can be made directly in writing to Independent Directors of Scicom whose email addresses are stipulated in the Whistleblowing Policy. Whistle-blowers' identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions. A copy of the Whistleblowing Policy is available on our corporate website at https://scicom-intl.com/wp-content/uploads/2022/02/Whistleblowing-Policy.pdf.

In FY2023 we did not receive any complaints with regards to suspected corrupt and/or unethical behaviour from our employees or any other stakeholders. We continue to uphold the highest standards of work ethics, honesty and morality.

Position on Anti-Bribery & Anti-Corruption:

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

In response to this, Scicom introduced its 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 are available on Scicom's corporate website under the Investor Relations section. All Board members and members of the senior leadership team have undergone ABAC training. Since FY2022 training sessions are conducted yearly for all employees using our eLearning Management System.

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 ABAC training modules that are currently available on eLearning Management System.

Anti-Bribery and Anti-Corruption Training Modules

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

All ABAC virtual training modules are currently being deployed via the SeLMS to ensure that all Scicom employees are aware of the Company's ABAC Policy. Additionally, Scicom will continue to provide 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. 99% of our employees and Board of Directors have completed the training in FY2023.

Target Action Plans for FY2024

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

In addition, Head of Departments are tasked to remind their teams 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.

2.2.6 Tax

Scicom is committed to responsible tax practices. We believe that paying our fair share of taxes is essential to the sustainable development of the communities in which we operate. We also believe that transparency in our tax affairs is important for building trust with our stakeholders.

Scicom has policies and procedures in place to support our responsible tax practices. The scope of our tax management approach includes all Scicom's operations and business activities that incur tax obligations. This pertains to corporate taxes, indirect taxes, employment taxes, and any other form of tax or levy imposed by governmental bodies.

In FY2023, Scicom demonstrated a strong commitment to fulfilling its tax obligations. The total tax payment amounted to RM11.4 million, marking an increase from RM9.5 million paid in FY2022. The Company's effective tax rate was 23%, compared to 25% the previous year. Employee tax contributions also rose to RM5.6 million in FY2023, from RM4.7 million in FY2022.

Target Action Plans for FY2024

In FY2024, Scicom will continue to pay taxes in accordance with all applicable laws and regulations. This includes complying with all tax filing deadlines and making all required tax payments.

2.3 Environmental (series 300)

Scicom is committed to managing its energy consumption and reducing its environmental impact. We recognise that energy is a finite resource, and that its use can have a significant impact on the environment. We are also aware of the financial costs associated with energy consumption.

2.3.1 Energy

Our energy management approach is based on the following principles:

- **Reduce.** We are committed to reducing our energy consumption through energy efficiency measures.
- **Monitor.** We monitor our energy consumption closely so that we can identify areas for improvement.
- **Engage.** We engage our employees in our energy management efforts and encourage them to make energy-efficient choices.

We have implemented several energy efficiency initiatives, such as energy audits, lighting upgrades, and energy-efficient equipment procurement. We also engage our employees in our energy efficiency efforts by providing them with training and resources to help them conserve energy.

In FY2023, Scicom installed 1,123 new LED lights, a notable increase from the 902 lights added in the previous year. By the end of FY2023, LED lights constituted 79% of the Company's total lighting, a substantial rise from 60% in FY2022. As a proactive measure to conserve energy, timers have been fitted to the air conditioners on each floor. These timers ensure the automatic shutdown of the air conditioning systems after working hours and during weekends, effectively curbing unnecessary electricity wastage. Furthermore, to raise environmental consciousness and promote energy-saving behaviours among employees, awareness posters with the theme 'Save the Planet' have been prominently displayed on billboards across all office floors.

FY2023 was marked by a sustained focus on environmentally conscious initiatives. Designed to mitigate Scicom Group's carbon footprint, these efforts are aimed at ensuring reduced resource utilisation across all aspects of our operations. These initiatives have been communicated to all Scicom personnel and can be summarised as follows:

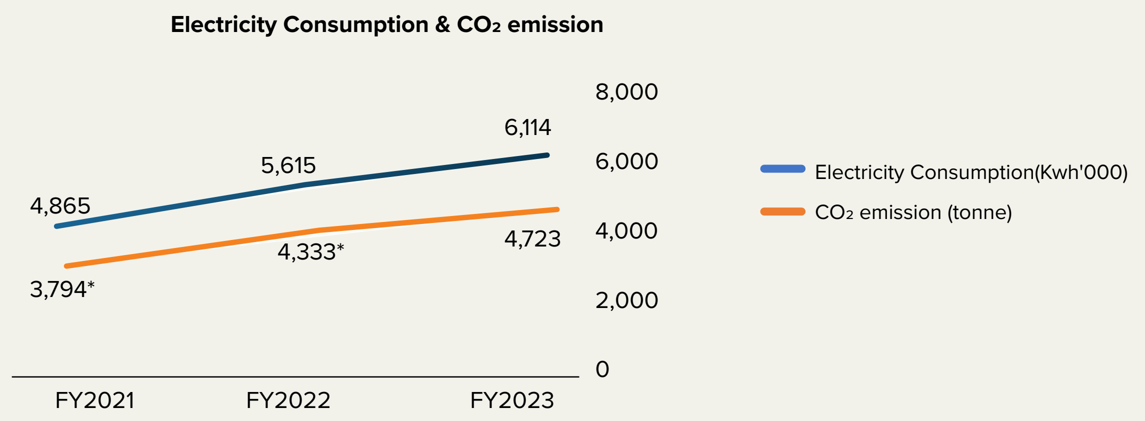
- **Mindful Usage of Lights.** Advocating for the practice of turning off lights when they are not required.
- **Conscientious Printing.** Encouraging printing only when necessary and favouring monochrome over colour prints to save on ink.
- **Pre-Printing Protocol.** Detailed review and editing of documents on digital platforms before resorting to print, to minimise paper waste.
- **Paper-Saving Settings.** Defaulting printers to double-sided output as a routine measure to economise paper usage.
- **Reuse and Recycle.** Endorsing the repeated use of products and packaging to extend their functional life span.
- **Energy Conservation.** Recommending the shutdown of computers and the deactivation of all electrical appliances when not in immediate use.
- **Sustainable Drinking.** Promoting the use of reusable mugs over single-use disposable cups for beverages.
- **Power Down Protocol.** Encouraging the practice of unplugging electronic devices at the close of each workday to conserve energy.

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.

Electricity Consumption

The diagram below shows electricity usage in kilowatt-hours (kWh) for FY2021 to 2023. The increase in electricity consumption is attributed to the greater number of staff resuming work in the office. The average percentage of staff working on-site increased markedly from 19% in the FY2022 to 57% in FY2023.

The average electricity consumption per staff member has decreased, from 771 kWh in FY2022 to 494 kWh in FY2023. This suggests that while overall consumption has risen due to more staff being present, efficiency per staff member has improved.



Previous year number has been restated to be consistent with this year calculation

Target Action Plans for FY2024

Scicom is committed to continuous improvement in our energy efficiency performance. In FY2024, we plan to focus on the following key areas:

- Set energy reduction targets. We will set energy reduction targets for our operations in FY2024 and beyond.
- Invest in energy-efficient technologies. We will continue to invest in energy-efficient technologies to reduce our energy consumption.
- Expand our employee engagement programs. We will expand our employee engagement programs to help our employees conserve more energy.

We believe that our energy efficiency efforts are essential to our long-term success as a business. By reducing our energy consumption, we can reduce our environmental impact and save money on energy costs.

2.3.2 Waste

2.3.2.1 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.

2.3.2.2 Waste Recycling

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

In FY2023, our Email Signature Policy incorporates a reminder to only print when essential. We have also implemented a process for recycling IT waste. IT equipment is disposed of through a waste recycling facility that is licensed and regulated by the Environment Agency. Furthermore, used fluorescent lamps are disposed of in compliance with the Environmental Quality Act 1974.

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.

Target Action Plans for FY2024

- Ensure that 100% of our lighting utilises LED bulbs/ tubes. All malfunctioning lights will be replaced with LEDs.
- Create a sustainability channel for staff on YouTube and on our internal Facebook 'Scicom Club Delight' platform. Implement an environmental recognition and reward program to encourage waste recycling.
- Encourage staff to use public transportation for their daily commute.
- In our bid to offset the carbon emissions resulting from Scicom's paper consumption, we are committed to planting 1,000 trees as a compensatory measure.

2.4 Social (GRI Topic Series 400)

At Scicom, we are committed to creating a positive impact on the people and communities we work in, In this section, we disclose information on our performance on the social topics that are most relevant to our business and stakeholders, including human capital, social opportunity, and corporate governance.

- **Human capital strategy.** Our human capital strategy is focused on attracting, developing, and retaining top talent. We offer our employees competitive salaries and benefits, and we provide them with opportunities to learn and grow. We are also committed to creating a diverse and inclusive workplace.
- **Equal Opportunity.** We believe that everyone deserves access to quality products and services. Our social opportunity programs focus on providing access to healthcare, education, and employment opportunities for the local community.
- **Corporate Governance.** We are committed to good corporate governance practices. We have a qualified and committed Board of Directors, and we have clear policies and procedures in place to manage risk and ensure ethical conduct.

2.4.1 Employment

Scicom is committed to creating a fair and equitable workplace for all employees. We believe that our employees are our most valuable asset, and we are committed to providing them with the opportunity to succeed and grow. Scicom's employment management approach is based on the following principles:

- **Employee well-being.** Scicom provides employees with a safe and healthy work environment, and we offer a variety of benefits and programs to support their physical and mental health.

- **Fair and equitable treatment.** All employees are treated fairly and equitably, regardless of their race, gender, age, religion, or disability. We also provide employees with equal opportunities for advancement and development.

- **Diversity and inclusion.** We are committed to creating a workplace where everyone feels welcome and respected. We value diversity and inclusion, and we believe that a diverse workforce is essential to our success.

We have implemented initiatives to support our employment management approach, including:

- **Fair hiring and promotion practices.** We have fair hiring and promotion practices in place to ensure that all employees are considered for opportunities based on their qualifications and experience.

- **Performance management system.** We have a performance management system in place to provide employees with regular feedback and development opportunities.

- **Compensation and benefit.** We offer a competitive compensation and benefits package to all employees.

- **Diversity and inclusion training.** We provide all employees with diversity and inclusion training to help them create a more welcoming and inclusive workplace.

Employee Engagement

In FY2024 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.

Scicom's GRI data disclosure for ''Employment" is based on the following components:-

- New employee hires
- Benefits
- Parental leave

2.4.1.1 New Employee Hires

The total number of new recruits across various employment categories is 2,441 in FY2023, compared to 3,624 in FY2022.

Youth Employment Initiatives

- The Company remains committed to youth employment, targeting individuals below 30 years old. Our ongoing policy aims to provide valuable opportunities for young, inexperienced job seekers and new graduates. In FY2023, 1,420 young individuals were employed (compared to 2,061 in FY2022).

Minimum Wage

- Minimum Wage Compliance: 100% of our full-time employees earn above the minimum wage. The salary for our lowest-paid employee is 134% of the minimum wage, maintaining consistency with FY2022. Similarly, in Sri Lanka, 100% of our full-time employees are compensated above the minimum wage, with the lowest-paid employee earning 131% of the minimum wage—a figure consistent with FY2022.

2.4.1.2 Employee Benefits

Scicom offers competitive remuneration packages as the leading BPO service provider in Malaysia and Sri Lanka. Our pay structures are carefully customised to individual qualifications and skills. Additionally, we consistently exceed government minimum wage requirements in all operating markets, with 100% of our workforce earning above this threshold. At Scicom, we value our employees as they are the key reason for the Company's success. To this end, our approach is to provide the following benefits for our employees:

Short-term salary advances

- We continue our practice of extending short-term salary advances to eligible employees during times of urgent financial need. In FY2023, the total value of loans disbursed to employees stood at RM689,000, closely aligned with the RM691,000 disbursed in FY2022.

Medical and Life Coverage

- Scicom provides competitive medical insurance coverage. We regularly benchmark our medical insurance plans to ensure they align with the market median. Medical and life term coverage for all employees. Total premium paid in FY2023 amounted to RM3.5 million (FY2022: RM4.7 million).

Staff Entertainment - Monthly Treats

- Providing a monthly treat allowance per employee. These funds are allocated to each project or team for group entertainment activities.

2.4.1.3 Parental Leave

Scicom currently provides the following leave which is mandated by Employment Law.

- Maternity Leave of 98 days for all female employees.
- Paternity Leave of 7 days for all male employees who have served a minimum of 12 months.

Target Action Plans for FY2024

- Continue to invest in programmes to further promote well-being – continue with employee advances and staff monthly treats.

- Providing healthcare coverage and life insurance to all employees of Scicom which is on par with the market median.

- Implement at least three new well-being programmes, targeting a participation rate of 70% or higher among employees.

- Provide a flexible work environment for employees where client agreements and operational requirements allow.

2.4.2 *Occupational Health and Safety (OHS)*

Scicom is committed to providing a safe and healthy workplace for all employees. We believe that occupational health and safety is a key priority, and we are committed to preventing all workplace injuries and illnesses.

Our occupational health and safety management approach is based on the following principles:

- **Prevention.** Prevent workplace injuries and illnesses by identifying and addressing hazards and risks. The OHS committee has identified and addressed potential hazards across all floors, enhancing the workspace especially as more employees are transitioning back to the office. Additionally, the OHS committee established three sub-committees, each overseen by a member of the OHS committee - the Fire Marshall, the Emergency Response Team, and the First Aider. Plans are in place for the committee to organise training sessions tailored for members of these sub-committees.

- **Employee participation.** Over the past year, an online OHS awareness initiative was rolled out, and 97% of the workforce completing the training. We believe that employee participation is essential to achieving our occupational health and safety goals. We involve employees in all aspects of our occupational health and safety program, including risk assessments, hazard controls, and training.

We have implemented initiatives to support our occupational health and safety management approach, including:

- **Risk assessments.** We conduct regular risk assessments to identify and address hazards and risks in our workplaces. We regularly conduct risk assessments to identify workplace hazards. Scicom's Occupational Safety and Health Committee meets quarterly to address these risks.

- **Training.** We provide training to all employees on occupational health and safety topics.

- **Employee participation**. We involve employees in all aspects of our occupational health and safety program, including risk assessments, hazard controls, and training.

- **Incident management.** We have a comprehensive incident management system in place to respond to and investigate workplace incidents.

In FY2023, there were no instances of injuries or work-related fatalities.

Target Action Plans for FY2024

- Continue to conduct annual safety risk assessment across all operations. Implement necessary measures based on assessment findings.

- Conduct wellness programmes for employees.

- Organise road safety courses to address major cause of death in the Company in FY2023.

2.4.3 *Training and Education*

Scicom is committed to providing our employees with the training and career development they need to be successful in their roles and to grow and develop their careers. We believe that training and education are essential to maintaining a competitive workforce and to providing our customers with the highest quality products and services.

Our training and education management approach is based on the following principles:

- **Needs assessment.** Conduct regular needs assessments to identify the training and development needs of our employees.

- **Training plans.** We develop training plans for each employee based on their individual needs and goals.

- **Variety of training methods.** We offer a variety of training methods, including on-the-job training, classroom training, and online training.

- **Employee feedback.** We collect feedback from employees on their training and development experiences to ensure that our programs are meeting their needs.

We have implemented initiatives to support our training approach, including:

- **Employee Development Program.** Our Employee Development Program is a comprehensive program that provides employees with the opportunity to develop their skills and knowledge in a variety of areas. The program includes a variety of training and development resources, such as online courses, workshops, and mentoring programs.

  The Group's education arm, Scicom (Academy) Sdn. Bhd. designs virtual training programmes that are deployed via our Scicom eLearning Management System (SeLMS) to help onboard new employees under Scicom's Global Connect Programme, and to enhance the competencies of existing employees.

- **Leadership development program.** We provide leadership development program to help employees develop the skills and knowledge they need to be effective leaders. The program includes a variety of training and development activities, such as workshops, coaching, and mentoring. 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.

- **Succession Planning.** Scicom has fine-tuned its succession planning framework, which has been reviewed and approved by both the Nominating and Remuneration Committee and the Board of Directors. This approach allows us to continually monitor and develop talented employees.

- **Talent Management. STARS & Mentorship.** We have implemented the STARS concept across Scicom, aiming to highlight and nurture top talent. Additionally, a mentorship program is under development to provide more targeted career guidance.

In FY2023, we continued to invest significantly in the professional development of our employees. We provided a variety of training programmes, designed to broaden skill sets and deepen industry knowledge. A total of 2,999 employees participated in these training sessions this year, compared to 3,789 in FY2022. While the total days saw a slight decrease from 59,007 days in FY2022 to 44,696 days this year, the effectiveness of the training remained a key focus. The average number of training days per employee is 12 days, as compared to FY2022 was 14 days. We expanded our Scicom eLearning Management System (SeLMS), adding 11 training modules from just one in FY2022.

In FY2023, Scicom contributed RM748,000 to the Human Resource Development Fund (HRDF), compared to RM1.03 million in FY2022.

Target Action Plans for FY2024

By implementing these Training and Education Target Action Plans for FY2024, Scicom aims to enrich employee capabilities and foster a culture of continuous learning.

- Implement annual skills assessments to track training effectiveness. Continue to provide skills training programme that is linked to career development targeting at least 70% employee participation.
- Implement a fast-track leadership programme for high-potential employees.
- Provide diversity and inclusion training for all employees.
- Continue to conduct annual compliance training, aiming for 100% completion.
- Improve the existing onboarding process.
- Partner with educational institutions to offer internships and apprenticeships.

2.4.4 Diversity and Equal Opportunity

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.

In FY2023, there have been no reported cases of discrimination. The Company maintains an no tolerance stance against any form of discrimination or harassment, as per Scicom's Non-discrimination Policy. During its annual review, the Board reviewed and adopted Scicom's Non-discrimination Policy.

We are steadfast in our commitment to provide an inclusive work environment that is free from discrimination based on gender, ethnicity, age, religion, or any other defining characteristic. We maintain a meritocratic approach to remuneration, where differences in pay are solely a reflection of an individual's skills, experience, and performance. Our compensation structures are rigorously evaluated to ensure they uphold the principles of equality and reward merit, rather than perpetuating any form of inequality.

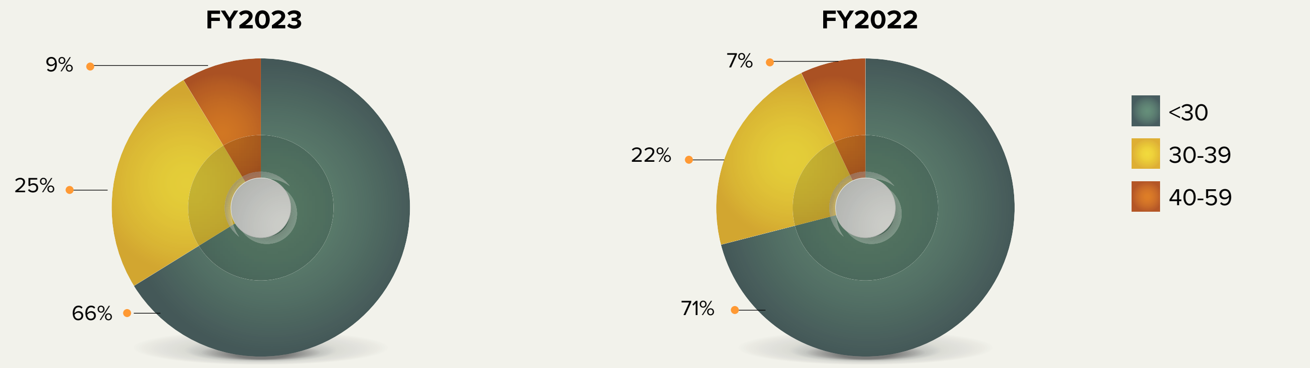
In FY2023, Scicom took steps to improve its social responsibility and diversity in the workplace by offering remote employment opportunity to physically disabled individuals. Recognising that talent knows no bounds, the Company went through great lengths to convince clients to allow these individuals to work from home. This initiative reflects Scicom's commitment to diversity, allowing disabled individuals to contribute meaningfully to the workforce without the limitations of a traditional office setting.

In our ongoing effort to foster diversity and racial inclusion in the workplace, we've implemented various initiatives:

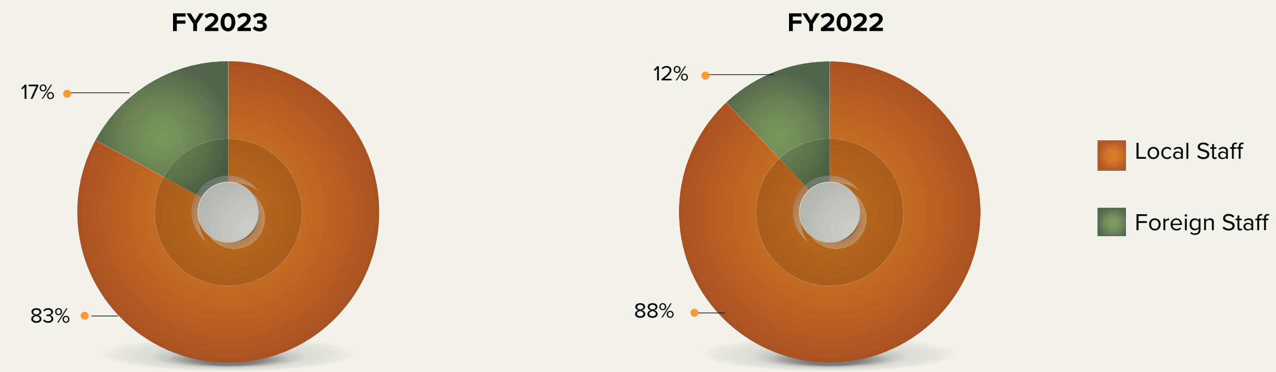
- Encourage the celebration of cultural holidays with festive meals and get-togethers to enrich our understanding of different traditions and values.
- Cultivate a respectful workplace environment where all Scicom employees are treated fairly and empowered to reach their full potential.
- Embed diversity and equality metrics into our regular performance reviews to continually enhance organisational, operational, and managerial effectiveness.

Outlined below are breakdowns of our workforce by age, nationality, and gender:

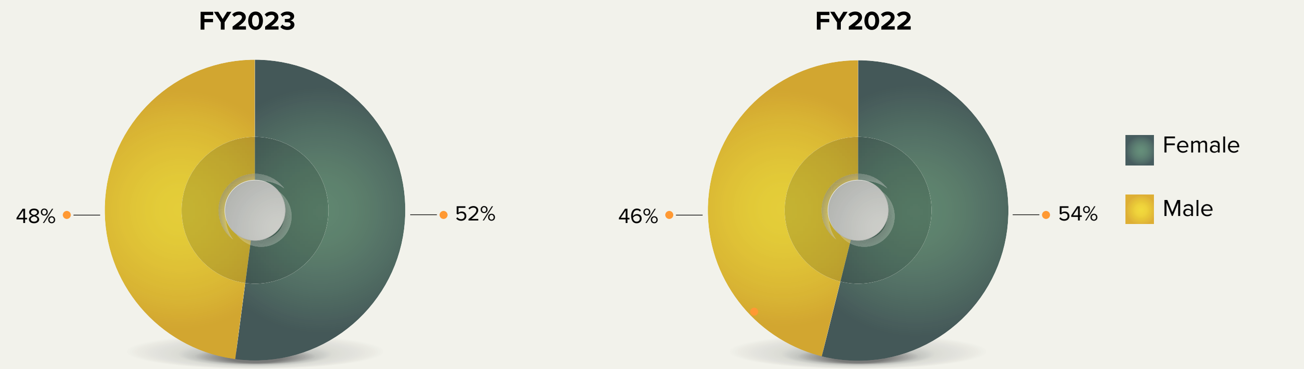
Staff Breakdown by Age Group



Staff Breakdown by Nationality



Staff Breakdown by Gender



2.4.5 Non-discrimination

Scicom has a well-defined policy against discrimination that covers all forms of unjust treatment based on race, gender, age, religion, or disability. 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.

In FY2023, Scicom recorded no complaints regarding discrimination. The Board reviewed and adopted Scicom's Non-discrimination Policy.

Target Action Plans for FY2024

- **Recruitment and Onboarding.** Include diversity and inclusion orientation sessions as part of the onboarding process for new hires.
- **Gender Equality.** Continue to conduct gender pay gap analyses and take corrective action where necessary.
- **Inclusive Work Environment.** Launch a company-wide campaign to promote a culture of inclusion and respect.
    - Include diversity and inclusion survey questions in Employee Survey to gauge employee sentiment.
    - Communicate the Non-Discrimination Policy and Diversity Policy to all staff to raise awareness.
- **Training and Development.** Implement mandatory diversity and inclusion training for all staff members. Offer courses that address unconscious bias, cultural competence, and accessibility issues. Provide training to management staff on how to manage discrimination cases.

2.4.6 Forced or Compulsory Labour

Forced or compulsory labour is a critical human rights issue that no organisation should overlook. Scicom is fully committed to ensuring that our operations and supply chain are free from any form of forced or compulsory labour.

Scicom adopts a zero-tolerance policy toward forced or compulsory labour. Our Human Rights Policy and Code of Business Conduct explicitly prohibit such practices, and we carry out regular internal audits as well as third-party assessments to verify compliance. Employees and suppliers are trained on these standards and are required to acknowledge their understanding and compliance.

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.

Target Action Plans for FY2024

Continue whistleblower protection for a secure, anonymous reporting mechanism for employees to report suspected cases of forced or compulsory labour.

2.4.7 Local Communities

This topic focuses on the impact Scicom has on the communities in which it operates. In the past year, Scicom has actively engaged in several community development programmes aimed at fostering sustainable growth and enhancing well-being in the localities where we operate.

Recognising the power of education and skill development, we launched training and employment initiatives equipping them with skills that enhance employability. In the past year, Scicom has made charitable donations to various causes, focusing primarily on community welfare. These donations were strategically directed to organisations and initiatives where the funds would have a meaningful and lasting impact. The charitable activities are regularly reviewed to ensure they align with our corporate values and sustainability goals.

Target Action Plans for FY2024

In FY2024, Scicom aims to increase its engagement with local communities through initiatives such as educational outreach, environmental conservation projects, and partnerships with local organisations to promote sustainable development and social welfare in the local community.

- Environmental Conservation. Organise community clean-up events, aiming for 100+ participants each time. Plant 1,000 trees in local areas suffering from deforestation.
- Social Welfare Programs. Support a local charity and provide financial contributions. Initiate a mentorship programme to help local youths develop employable skills.
- Engage with at least one NGOs working on local issues to develop joint projects.

2.4.8 Customer Privacy

In today's digital landscape, safeguarding customer privacy is not just a legal obligation but a critical component of building and maintaining trust. In alignment with GRI standards, this section outlines Scicom's approach to customer privacy, focusing on how we manage and protect customer data. It will detail our policies, procedures, and governance structures designed to ensure that the personal information of our customers is handled securely and responsibly.

FY2023 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.

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, anti-virus, and anti-malware systems, access management systems and vulnerability systems throughout our entire IT infrastructure
- Regular audit and penetration tests to ensure the resilience of Scicom's IT infrastructure
- Provision of training to ensure that employees are aware of all security standards
- Compliance with Malaysia's Personal Data Protection Act 2010 ("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 protocols and practices mentioned above, Scicom has renewed its ISO/IEC 27001:2013 certification for Information Security Management Systems and Standard Operating Procedures (SOPs). While not mandatory in the BPO industry, this certification demonstrates our commitment to robust cybersecurity measures.

Target Action Plans for FY2024

In FY2024, Scicom is committed to maintaining its standards for customer privacy through the following approach to safeguarding customer data.

- **Privacy Policy Updates.** Review and update the privacy policy bi-annually to align with any new regulations.
- **Auditing.** Conduct annual internal audits of information storage and processing systems.
- **Staff Training.** Ensure 100% staff completion of customer privacy training modules by end of Q4 FY2024.
- **Legal Compliance.** Monitor and adapt to any new privacy legislation that comes into effect.
- **Data Minimisation**. Implement data minimisation strategies to only keep customer data that is necessary.
- **Transparency.** Clearly communicate privacy policies and practices to customers, both existing and prospective.
- **Incident Response**. Review and test an incident response plan specifically focused on potential breaches of customer privacy.

2.5 Sustainability Data in Numbers

Scicom's sustainability data for the financial period from 1 July 2022 to 30 June 2023 is summarised in the table below.

Material Topics	GRI	Detail	Unit	Malaysia		Sri Lanka	
				2023	2022	2023	2022
Direct economic value generated and distributed	201-1	Direct economic value generated					
		Revenue	RM'million	**241.1**	259.2	**4.2**	5.9
		Economic value distributed					
		Annual dividend	RM'million	**28.4**	23.1	**-**	-
		Employee benefit expenses	RM'million	**153.2**	171.8	**2.9**	4.0
		Income tax expenses	RM'million	**9.6**	10.7	**-**	-
Market Presence	202-1	Ratios of standard entry level wage vs local minimum wage	Male	**1.7:1**	1.7:1	**1.7:1**	1.7:1
			Female	**1.7:1**	1.7:1	**1.7:1**	1.7:1
	202-2	Local Senior Management	%	**78%**	79%	**100%**	100%
Procurement Practices	204-1	Percentage of total purchase value from local vendors	%	**80%**	88%	**93%**	55%
		Percentage of local vendors	%	**91%**	91%	**98%**	95%
Energy	302-1	Direct Energy consumption	KwH (million)	**5.459**	4.944	**0.655**	0.671
Emissions	305-1	Direct Energy consumption	Tonnes	**4,258**	3,856*	**465**	477*
Employment	401 – 1	Employees by gender	Male Female	**49%** **51%**	46% 54%	**46%** **54%**	46% 54%
		Women in Leadership Positions	%	**36%**	36%	**50%**	40%
		Joining the Group - By Gender	Male Female	**52%** **48%**	45% 55%	**49%** **51%**	40% 60%
		Employees by nationality	Local Staff Foreign Staff	**81%** **19%**	86% 14%	**100%** **-**	100% -
Health & Safety	403-2	Injuries (workforce) Fatalities Lost Day Rate	Number Number LTIFR	**None** **None** **None**	None None None	**None** **None** **None**	None None None
Training	404-1	Number of training sessions	Sessions	**479**	554*	**215**	139*
		Number of training programmes conducted	Programmes	**62**	83*	**34**	10*
		Total training days	Days	**40,284**	56,435*	**4,412**	2,572*
	404-3	Employees receiving performance review	%	**100%**	100%	**100%**	100%
Diversity	405-1	Employees Diversity – By Age Group	<30 years old 30-39 years old 40-59 years old >60 years old	**64%** **27%** **9%** **-**	69% 24% 7% -	**92%** **5%** **3%** **-**	87% 9% 4% -

**Previous year number has been restated to be consistent with this year calculation*

3. LOOKING AHEAD TO A SUSTAINABLE FUTURE

Scicom made progress in FY2023 to advance our sustainability goals and we are committed to continuing this journey in the years to come. We recognise that there is still more work to be done, and we will continue to engage with our stakeholders to work together to create a more sustainable future. We thank our employees, customers, suppliers, and other stakeholders for their support as we work to build a more sustainable future.

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 principles and best practices as set out in the revised Malaysian Code on Corporate Governance ("MCCG") have been applied within the Group during the financial year ended 30 June 2023 ("FY2023").

The detailed application for each best practice as set out in the MCCG during the FY2023 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 Malaysia Securities Berhad ("Bursa Securities"). Where a specific best practice has not been applied during the financial year, the non-application, including reasons thereof, and the alternative practice adopted, if any, is also mentioned in the CG Report.

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 as well as corporate governance practices of the Group. 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 is guided by the Board Charter and Limits of Authority ("LOA") which define matters that are specifically reserved for the Board and certain authorities and discretion delegated to the Chief Executive Officer ("CEO"). The key matters reserved for the Board's approval include but not limited to setting overall Group strategy and direction, approving major corporate plans, approving quarterly and annual financial statements and annual budgets, as well as monitoring financial and operational performance of the Group.

The Board has also delegated certain roles and responsibilities to its Board Committees namely, Audit and Risk Management Committee ("ARMC") (separated into Audit Committee, and Risk and Sustainability Committee effective 26 September 2023) and Nominating and Remuneration Committee ("NRC") which operate within clearly defined Terms of Reference.

2. Board Composition and Balance

The Board currently has eight (8) members comprising:

- One (1) Non-Independent Non-Executive Director;
- One (1) Non-Independent Executive Director; and
- Six (6) 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. Further, none of the Directors is active politician.

A brief profile of the Directors is included in the Board of Directors – Profiles as set out on pages 14 to 29 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, representing 37.5% women representation on the Board. This is in compliance with Paragraph 15.02(1)(b) of the MMLR which requires at least 1 woman director, and Practice 5.9 of the revised MCCG which recommends a 30% women directors' composition on the Board.

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

The Independent Non-Executive Directors provide the necessary checks and balances on 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 provides leadership and direction at Board level in order to maintain a good corporate governance for the Board to perform its responsibilities effectively whilst 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 including a formal schedule of matters reserved to the Board for consideration and decision as well as relationship between the Board with its management and shareholders. The Board Charter is reviewed and updated periodically.

To facilitate efficient management, the Board has approved authority to the Management for certain specified activities through a clear and formally defined 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 as well as 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 FY2023, eight (8) Board meetings were held. The Directors' attendance for the Board meetings held during the financial year under review is as follows:

Name of Director	Number of meetings attended/ Number of meetings held
Krishnan A/L C K Menon (Chairman)	8/8
Dato' Sri Leo Suresh Ariyanayakam	8/8
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	8/8
Datuk Joseph Dominic Silva	8/8
Mahani Binti Amat	8/8
Fa'izah Binti Mohamed Amin	8/8
Mior Mokhtar Bin Mior Abu Bakar (Appointed on 1 January 2023)	4/4
Elakumari A/P Kantilal (Appointed on 1 January 2023)	4/4
Dato' Mohd Salleh Bin Hj Harun (Retired on 21 November 2022)	2/2
Karen Judith Goonting (Retired on 21 November 2022)	1/2

All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year 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.

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 duties and responsibilities effectively. The Board is provided with the meeting agenda and Board papers at least five (5) working days in advance of the Board meeting. 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.

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 an 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. Directors' Fit and Proper Policy

The Board had on 27 May 2022 adopted a Directors' Fit and Proper Policy which aimed to guide the NRC and the Board in their review and assessment of the candidates who are to be appointed to the Board as well as Directors who are seeking for re-election, in accordance with Paragraph 15.01A of the MMLR. This Policy sets out the overarching criteria in assessing the candidates' ability to fulfil their duties as Director as well as their integrity and independence of mind. Any candidate for new appointment as Director, and Directors who are due for retirement and subject to re-election at the Annual General Meeting ("AGM") are required to declare their fit and proper criteria via a self-declaration form. The NRC will assess if such candidate has good standing based on the fit and proper criteria, before making recommendation to the Board for consideration or approval.

7. Retirement and Re-election of Directors

The Company's Constitution requires at least one third (1/3) of the Board members to retire by rotation at the AGM, and also for all the Directors to retire once every three (3) years, of which the Directors will then be eligible to offer themselves for re-election.

At the forthcoming AGM, Dato' Sri Leo Suresh Ariyanayakam and Datuk Joseph Dominic Silva are retiring pursuant to Clause 76(3) of the Constitution of the Company, while Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal are retiring pursuant to Clause 78 of the Constitution of the Company. The aforesaid Directors 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 Notice of Twenty-First AGM of the Company.

8. Tenure of Independent Directors

Notwithstanding the recommendation of the MCCG that the tenure of an Independent Director shall not exceed a term limit of 9 years, the Board is of the view that the tenure of an Independent Director alone should not be the criterion to determine a Director's independence as there are advantages to be gained from the long-serving directors who possess good insight and knowledge of the Group's businesses and affairs.

Instead, the Board conducted annual assessment on the independence of all Independent Directors. The Board concluded that all Independent Directors have met the independence criteria set out in the MMLR. Dato' Nicholas John Lough @ Sharif Lough bin Abdullah's independence, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, has not been affected by his long tenure as he has demonstrated his ability to exercise independent judgement, provide objective views and act in the best interest of the Company. Hence, the Board will seek the approval of the shareholders of the Company at the forthcoming AGM through a single-tier voting process to retain him as Independent Non-Executive Director of the Company.

9. Training and Professional 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 listed below:

Name of Director	Training/Conference Attended
Dato' Sri Leo Ariyanayakam	• Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad. • 6th Border Management and Identify Conference by Asia Pacific Smart Card Association.
Krishnan A/L C.K Menon	• HHQ & HLP Inaugural Joint Conference by Hong & Quek and Harold & Lam Partnership. • ESG Conference: Embracing ESG as a Corporate Objective in Malaysia by Wong & Partners. • Bursa Malaysia Immersive Session: The Board "Agender" by Bursa Malaysia and LeadWomen. • digital4ESG Forum: Exploring the Intersection and Digitalization and ESG by Bursa Malaysia. • Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad.
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	• Assessment of the Board, Board Committees & Individual Directors by the Malaysian. Institute of Corporate Governance. • Climate Governance: A Standing Item in Board Agendas by FIDE Forum. • Kuala Lumpur Islamic Finance Forum by KLIFF. • Audit Oversight Board Conversation with Audit Committees (Session 2) & How the Audit Committees and Auditors can work together towards reliable audited financial statements by Securities Commission Malaysia. • Impact of Age on Cognition Among Community-Dwelling Older Adults: Dementia Awareness by National University of Singapore. • Leadership for Enterprise Sustainability Asia (LESA) Conference 2023 by Iclif Executive Education Center. • Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad. • HLFG In-House Training - Briefing on Environmental, Social and Governance by PricewaterhouseCoopers PLT. • Remaking Corporate Governance for an ESG World by Iclif Executive Education Center. • Directors' Training – Anti-Bribery and Corruption Refresher Training by Hong Leong Bank Berhad. • In-house Training for Shariah Committee - Basic Takaful Operations – Claims by Hong Leong MSIG Takaful Berhad.
Mahani Binti Amat	• FIDE Elective: Market Risk Management - Banking Sector by FIDE. • Internal Session on Case Studies of Success and Failure Stories in Digital Transformation by Gartner by AIA. • Training and Information on Technology Developments by JP Morgan. • ASAS - AIA BOD: Shariah Training: What it Means for Financial Institutions in Financial Services by AIA. • Inflation, Looming Recession & Climate Change: A Tricky Balancing Act? by Asia School of Business (Iclif Executive Education Centre). • AML/CFT Update and Refresher by JP Morgan. • The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment by FIDE Forum. • Internal Briefing on IFRS17 by AIA. • FIDE Elective: Risk Management Committee – Banking Sector Transformation by FIDE. • Engagement Session for BNM Annual Report 2022, Economic & Monetary Review 2022, and Financial Stability Review Second Half 2022 by Bank Negara Malaysia. • AIA Directors Investment Training Session by AIA. • FIDE Elective: Market Risk Management - Banking Sector by FIDE. • Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad.

Name of Director	Training/Conference Attended
Datuk Joseph Dominic Silva	• Maritime Law: Ship Financing and Enforcement Options by MIDF. • Value as a source of competitive advantage by Iclif Education Centre. • PNB Knowledge Forum by PNB. • ESG, Stakeholder Capitalism, Socially Responsible Investing, Anti-Money Laundering ("AML") & Combating the Financing of Terrorism ("CFT"): The role of Board and Management by MIDF. • AVIRA: Awareness, Vision, Imagination, Role, Action by INSEAD. • Cyber security Awareness for Board of Directors by MIDF. • Staying ahead of the game on AML & CFT: Challenges and Strategies from MACC's perspectives by MIDF. • MIDF Green Conference by MIDF. • Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad.
Fa'izah Binti Mohamed Amin	• Mandatory Accreditation Programme (MAP) b Bursa Malaysia. • Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad.
Mior Mokhtar Bin Mior Abu Bakar	• Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad.
Elakumari A/P Kantilal	• Anti-Bribery and Anti-Corruption (Introductory Course) by Scicom (MSC) Berhad. • Advocacy Session for Directors and Senior Management of Main Market Listed Issuers by Bursa Malaysia.

10. 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 104 to 106 of this Annual Report.

- **Nominating and Remuneration Committee**
  The 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 Director 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 current members of the NRC are as follows:

1. Mahani Binti Amat - Independent Non-Executive Director (Chairperson)
2. Datuk Joseph Dominic Silva - Independent Non-Executive Director
3. Fa'izah Binti Mohamed Amin - Independent Non-Executive Director

The NRC had three (3) meetings during the financial year and all the members attended the meetings, except for Karen Judith Goonting who only attended two (2) meetings before she retired on 21 November 2022.

The summary of activities undertaken by the NRC during the FY2023 are:

- Reviewed and recommended Directors' fees payable to the Directors for the FY2022;
- 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 the fit and proper criteria of the retiring Directors, and recommended their re-election to the Board;
- Reviewed and recommended the appointment of Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal as Independent Non- Executive Directors of the Company;
- Reviewed succession plan for senior management;
- Reviewed salary adjustment and bonus for SMT; and
- Reviewed the following documents within the scope of the NRC before recommending to the Board for approval:-

  (a) Directors' Assessment Policy
  (b) Directors' Declaration Form on Fit and Proper
  (c) Succession Planning Policy
  (d) Remuneration Policy and Procedure for Directors and Senior Management

The Chairman of the Board is not a member of the Board Committees (i.e., ARMC and NRC). This is 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.

11. 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.

12. 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 for effective oversight of the Group.

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.

The NRC is delegated with the overall responsibility for implementation, monitoring and periodic review of the Diversity Policy.

13. 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.

During the financial year under review, the Board, through the NRC, had conducted the annual evaluation on:-

I. The Board of Directors
II. Board Committees
III. Individual Directors
IV. Chairman of the Board
V. Independent Directors

The evaluation process was conducted via a pre-set questionnaires approved by the Board. The main criteria considered include the following:

- Skills and experience of individual directors.
- Roles and responsibilities of the Board and individual directors.
- Time commitment.
- Performance in addressing material sustainability risks and opportunities.

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. Based on the report of the NRC, the Board is satisfied with the current composition of the Board members and 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.

14. Directors' Remuneration

The Remuneration Policy and Procedure for Director and Senior Management was last reviewed on 26 August 2022 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 are 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 does not participate in any way in determining his remuneration package.

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

	Fees RM	Salaries & allowances RM	Defined contribution plans RM	Benefits-in-kind RM	Total RM
Executive Director					
Dato' Sri Leo Ariyanayakam	-	1,394,880	216,963	7,200	1,619,043
Non-Executive Directors					
Krishnan A/L C K Menon	120,000	-	-	-	120,000
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah	91,630	-	-	-	91,630
Mahani Binti Amat	96,096	-	-	-	96,096
Datuk Joseph Dominic Silva	91,466	-	-	-	91,466
Fa'izah Binti Mohamed Amin	78,041	-	-	-	78,041
Dato' Mohd Salleh Bin Hj. Harun (Retired on 21 November 2022)	35,507	-	-	-	35,507
Karen Judith Goonting (Retired on 21 November 2022)	35,507	-	-	-	35,507
Mior Mokhtar Bin Mior Abu Bakar (Appointed on 1 January 2023)	42,500	-	-	-	42,500
Elakumari A/P Kantilal (Appointed on 1 January 2023)	37,500	-	-	-	37,500
Total	**628,247**	**1,394,880**	**216,963**	**7,200**	**2,247,290**

15. 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.

16. Anti-Bribery and Anti-Corruption Policy

The Group has established an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") which sets out the minimum standards of conduct and guiding principles in respect of bribery and corruption risk which may arise in the business activities of the Group. Accordingly, adequate procedures have been implemented to mitigate bribery and corruption risks of the Group.

The ABAC Policy was last revised on 29 May 2023 and is published on the Company's corporate website at www.scicom-intl.com.

17. 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;
- Bribery and corrupt practices;
- Unlawful and unethical behaviour;
- Protection and proper use of company assets; and
- Compliance with laws, rules and regulations.

18. 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, 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 overseeing 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 108 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 Statement as set out on pages 95 to 102 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 196 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 103 to 107 of the Annual Report.

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

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 Company's Annual Report; and
- Annual General Meetings.

(i) Annual Report

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

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of its confidentiality obligations as well as the requirements of the legal and regulatory frameworks governing the release of material and price sensitive information.

The notice of AGM together with the Annual Report are sent to every shareholder at least twenty-eight (28) days before the meeting. An online version of the Annual Report is also available on the Company's corporate website.

(ii) Announcements to Bursa Securities

Announcements on quarterly financial results, circulars and other general announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements and are also available on the Company's corporate website.

(iii) Investor Relations

The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. The CEO and Chairman of the Board 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 regard 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 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 of the Board, 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.

After two (2) years of having virtual AGMs due to the Covid-19 pandemic, the Board has opted to revert to a physical platform for better engagement with shareholders, as it allows better flow of two-way communication at the general meetings. The Twentieth AGM of the Company was conducted physically at Sime Darby Convention Centre, Kuala Lumpur on 21 November 2022.

All resolutions put to Twentieth AGM were voted by poll. The poll results were verified by the appointed Independent Scrutineer and announced to Bursa Securities on the same day. The Minutes of the Twentieth AGM was also published on the Company's website no later than 30 business days after the conclusion of the said meeting.

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.

This Statement was approved by the Board at its meeting held on 26 September 2023.

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 2023.

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.

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.

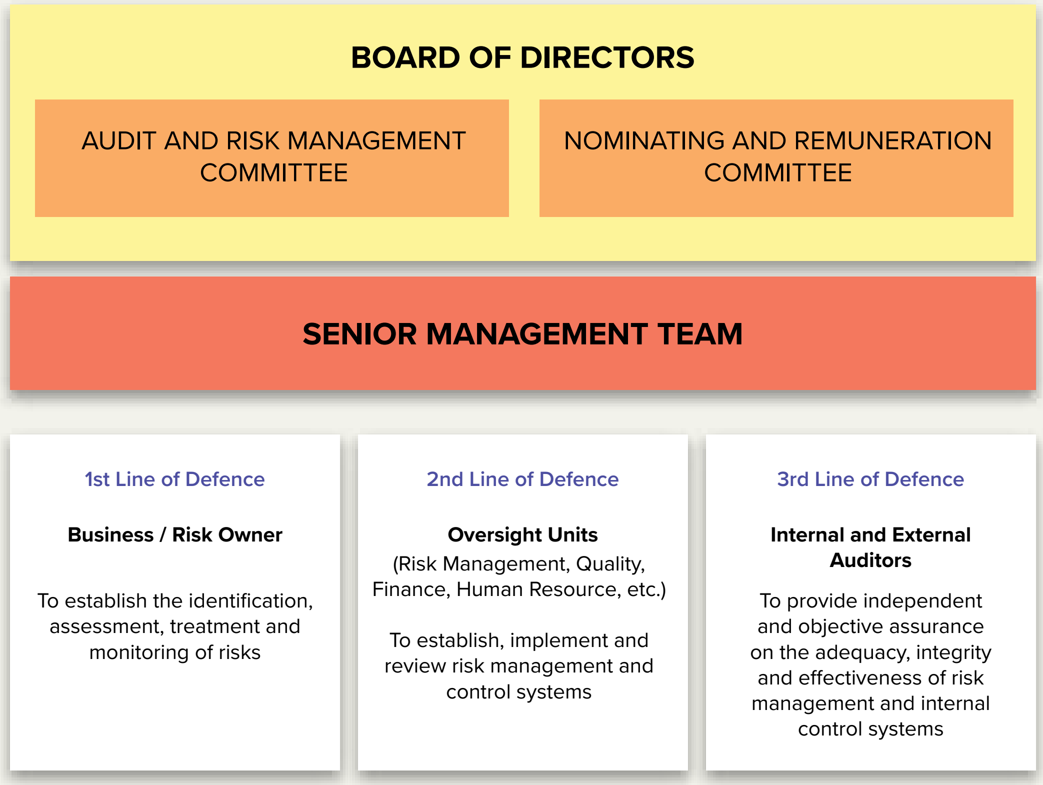
The Board recognises that the continuous enhancement of the system of risk management and internal control of the Group is paramount in responding to the evolving threat landscape.

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 defense governance model in the risk management process.

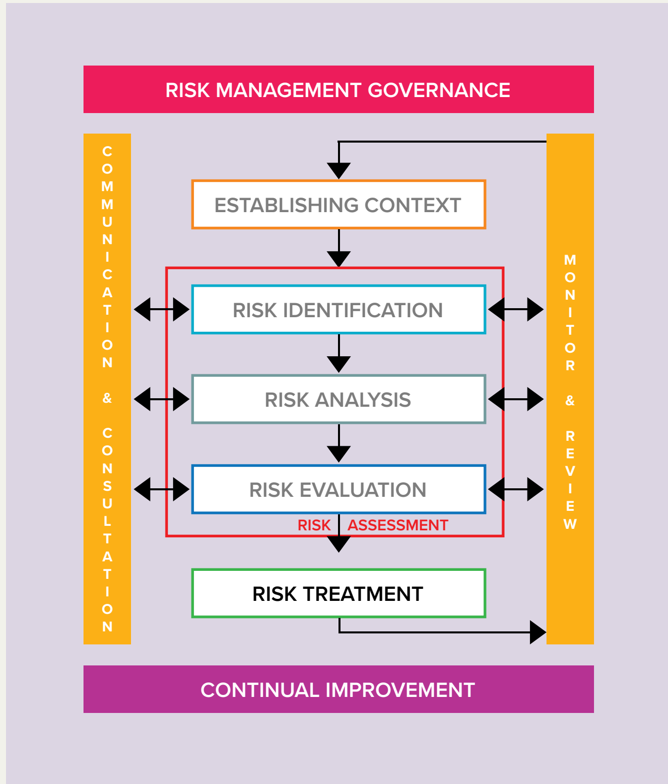


The Audit and Risk Management Committee ("ARMC") (separated into Audit Committee, and Risk and Sustainability Committee effective 26 September 2023) through the SMT is also responsible for creating and promoting a risk aware culture amongst the Group's human capital, via a readily accessible knowledge 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 the principles and guidelines in the ISO 31000 standard on Risk Management.

RISK MANAGEMENT FRAMEWORK



DESCRIPTION

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

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

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

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

Monitoring and Review
Regular risk reporting and monitoring.

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

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

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

Principal Risks

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

- 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. The Board also reviewed the same on 21 November 2022 and noted there was no amendment required.

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 103 to 107.

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 on a quarterly basis.

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's 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 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 25 August 2023. 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 adhere to, 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

As part of the Company's commitment against all forms of bribery and corruption, the Board has adopted the Anti-Bribery and Anti-Corruption Policy, which was last revised on 26 September 2023. 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 Anti-Bribery and Anti-Corruption 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 heightened with the increased reliance on the internet and information technology as well as increased instances of offsite network access as the Group expands its hiring strategy to include remote working. 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 unaudited quarterly results before the same is? announced to Bursa Securities, to enable the stakeholders to gauge the Group's financial performance and position, in comparison with prior periods.

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 process which requires 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 safe, 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 2023. 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

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 26 September 2023.

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 2023.

A. COMPOSITION AND MEETINGS

(i) General

The current composition of the Committee is as below:

1. Datuk Joseph Dominic Silva
   Chairman/ Independent Non-Executive Director
2. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
   Member/ Independent Non-Executive Director
3. Mahani Binti Amat
   Member/ Independent Non-Executive Director
4. Mior Mokhtar Bin Mior Abu Bakar
   Member/ Independent Non-Executive Director

All members of the Committee are Independent Non-Executive Directors and financially literate. None of the members were former key audit partners of the Company's existing External Auditors, PricewaterhouseCoopers PLT. En. Mior Mokhtar Bin Mior Abu Bakar is a member of the Association of Chartered Certified 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 and the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance.

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
Datuk Joseph Dominic Silva (Redesignated as Chairman effective from 27 February 2023)	5/5
Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah (Redesignated as member effective from 27 February 2023)	5/5
Mahani Binti Amat	5/5
Mior Mokhtar Bin Mior Abu Bakar (Appointed as member on 1 January 2023)	2/2
Dato' Mohd Salleh Bin Hj Harun (Ceased as member on 21 November 2022)	2/2

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, with private sessions conducted without the Management's presence on 26 August 2022 and 29 May 2023.

The Committee had a private session with the Internal Auditors without the presence of Management on 26 August 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 – Profiles as set out on pages 14 to 29.

The Committee was established by the Board on 30 August 2005. The Board had on 26 September 2023 resolved to separate the Committee into two separate committees namely, Audit Committee ("AC"), and Risk and Sustainability Committee ("RSC"). The composition of the AC remains unchanged as per the Committee, whilst the composition of the RSC is as follows:-

1. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah
   Chairman/ Independent Non-Executive Director

2. Fa'izah Binti Mohamed Amin
   Member/ Independent Non-Executive Director

3. Elakumari A/P Kantilal
   Member/ Independent Non-Executive Director

The Terms of Reference of the Committee which is available on the Company's website at www.scicom-intl.com would be revised accordingly subsequent to the separation into AC and RSC with effect from 26 September 2023.

B. SUMMARY OF ACTIVITIES

The Committee has carried out the following activities in discharging its duties and responsibilities in accordance with the Committee's Terms of Reference:

(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 recommended the revised Enterprise Risk Management Policy to the Board for approval.
- Reviewed and monitored the progress of on-going risk management activities for identifying, evaluating, monitoring and managing risks.
- Reviewed status reports on changes in the Group's risk profile to ensure significant risks are managed effectively in a timely manner on a quarterly basis.
- 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 and approved the Internal Auditor's terms of engagement, proposed remuneration and internal audit plan for the financial years 2023 and 2024 on 27 February 2023 to ensure adequacy of scope and coverage on auditable entities or areas, taking into consideration the changes in the Group's risk profile.

- Reviewed the adequacy of the scope, functions, resources and competencies of the internal audit functions.
- Reviewed and discussed with the Internal Auditors the internal audit findings and progress on each of the issues arising from the internal audit, amongst others, 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 ended 30 June 2023 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 and discussed with the 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 on two (2) occasions 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.

Description	Amount (RM)
Statutory audit fees	274,900
Non-audit fees	43,240
% 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 related party transactions that may arise within the Company and the Group, to ensure that transactions are in line with the Listing Requirements. There were no related party transactions entered into by the Company or the Group during the financial year ended 30 June 2023.

(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 Anti-Bribery and Anti-Corruption Policy 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 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:

- Operation management
- Intellectual property management
- Anti-bribery and corruption programme monitoring and enforcement management
- Software development 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 were tabled to the ARMC for review and deliberation on a quarterly basis.

(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 financial years 2023 and 2024

Prepared and presented the audit plans for financial years 2023 and 2024 to the Committee for deliberation and approval on 27 February 2023. 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 Committee had also on 22 September 2022 adopted an assessment form to assess the adequacy of the scope, competency and resources of the internal audit function.

The cost incurred by the Group's internal audit during the financial year amounted to RM82,000.

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 2023.

In preparing the financial statements for the financial year ended 30 June 2023, 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 190 of the Annual Report.

CONTENT

REPORTS AND STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023.

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	32,338,902	31,387,648
- Non-controlling interest	(4,685)	-
Profit for the financial year	32,334,217	31,387,648

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2022 were as follows:

		RM
(a)	In respect of the financial year ended 30 June 2022, a fourth interim dividend of 2.0 sen, tax exempt, per ordinary share, paid on 28 September 2022	7,109,071
(b)	In respect of the financial year ended 30 June 2023, a first interim dividend of 2.0 sen, tax exempt, per ordinary share, paid on 21 December 2022	7,109,071
(c)	In respect of the financial year ended 30 June 2023, a second interim dividend of 2.0 sen, tax exempt, per ordinary share, paid on 24 March 2023	7,109,071
(d)	In respect of the financial year ended 30 June 2023, a third interim dividend of 2.0 sen, tax exempt, per ordinary share, paid on 28 June 2023	7,109,071
		28,436,284

On 25 August 2023, the Board of Directors declared a fourth interim dividend of 2 sen, tax exempt, per ordinary share of RM7,109,071 which was paid on 22 September 2023.

Details of dividends paid and declared are set out in Note 13 of the financial statements.

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' Sri Leo Suresh Ariyanayakam
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah
Mahani binti Amat
Datuk Joseph Dominic Silva
Fa'izah binti Mohamed Amin
Mior Mokhtar Bin Mior Abu Bakar (Appointed on 1 January 2023)
Elakumari a/p Kantilal (Appointed on 1 January 2023)
Dato' Mohd Salleh bin Hj. Harun (Retired on 21 November 2022)
Karen Judith Goonting (Retired on 21 November 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 shown under Director's remuneration and 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	1,394,880	1,394,880
- Defined contribution plans	216,963	216,963
- Estimated monetary value of benefits-in-kind	7,200	7,200
Non-executive Directors:		
- Fees	628,247	628,247

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 2023 was RM52,603.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares of the Company			
	At 1 July 2022	Bought	Disposed	At 30 June 2023
	'000	'000	'000	'000
Direct interest in shareholdings				
Krishnan a/l C. K. Menon	935	20,100	-	21,035
Dato' Sri Leo Suresh Ariyanayakam	92,011	291	-	92,302
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	-	(65,000)	3,519
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 2023 for the Group and the Company is as follows.

	Group	Company
	RM	RM
Fees for statutory audit		
- PricewaterhouseCoopers PLT ('PwC'), Malaysia	274,900	221,860
- Other auditors	9,391	-
Fees for other services		
- Member firms of PwC Malaysia	43,240	21,640

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 26 September 2023. 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 2023

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		RM	RM	RM	RM
REVENUE	6	**245,340,672**	265,051,615	**239,600,278**	258,940,907
OPERATING EXPENSES					
- Depreciation and amortisation expenses		**(18,171,096)**	(18,384,676)	**(16,301,467)**	(15,818,536)
- Employee benefit costs	7	**(156,117,710)**	(175,807,933)	**(148,229,588)**	(166,798,366)
- Net reversal/ (loss) on impairment of financial assets		**-**	-	**667,990**	(714,410)
- Bad debts recovered		**90,000**	-	**90,000**	-
- Maintenance expenses		**(4,836,004)**	(4,698,709)	**(10,048,426)**	(9,937,230)
- Rental expenses	8	**(127,060)**	(736,141)	**(119,738)**	(727,508)
- Telecommunication and utilities expenses		**(6,594,405)**	(6,709,425)	**(6,143,883)**	(6,200,398)
- Travelling expenses		**(1,387,426)**	(480,344)	**(1,184,568)**	(422,308)
- Marketing expenses		**(7,776,823)**	(6,298,997)	**(7,775,134)**	(6,261,707)
- Other operating expenses		**(7,542,581)**	(8,012,187)	**(9,011,677)**	(8,978,374)
		(202,463,105)	(221,128,412)	**(198,056,491)**	(215,858,837)
PROFIT FROM OPERATIONS		**42,877,567**	43,923,203	**41,543,787**	43,082,070
SHARE OF RESULTS OF JOINT VENTURE	18	**-**	(1,950)	**-**	-
FINANCE INCOME	9	**886,099**	492,609	**883,058**	492,568
FINANCE COST	9	**(1,827,416)**	(2,316,834)	**(1,555,560)**	(1,888,273)
PROFIT BEFORE TAXATION	10	**41,936,250**	42,097,028	**40,871,285**	41,686,365
TAXATION	11	**(9,602,033)**	(10,651,313)	**(9,483,637)**	(10,359,887)
PROFIT FOR THE FINANCIAL YEAR		**32,334,217**	31,445,715	**31,387,648**	31,326,478

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
OTHER COMPREHENSIVE EXPENSE					
Items that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**310,846**	(3,198,542)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**32,645,063**	28,247,173	**31,387,648**	31,326,478
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**32,338,902**	31,452,133	**31,387,648**	31,326,478
- Non-controlling interest		**(4,685)**	(6,418)	**-**	-
		32,334,217	31,445,715	**31,387,648**	31,326,478
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the Company		**32,649,748**	28,253,591	**31,387,648**	31,326,478
- Non-controlling interest		**(4,685)**	(6,418)	**-**	-
		32,645,063	28,247,173	**31,387,648**	31,326,478
Earnings per share:					
- Basic/Diluted (sen)	12	**9.10**	8.85		

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
NON-CURRENT ASSETS					
Plant and equipment	14	**17,079,183**	19,340,764	**16,236,648**	18,624,993
Intangible assets	15	**9,805,221**	9,058,278	**7,105,442**	6,098,758
Right-of-use assets	16	**27,769,140**	32,612,011	**25,630,694**	30,146,626
Interests in subsidiaries	17	**-**	-	**-**	-
Investment in joint venture	18	**-**	-	**-**	-
Other receivables, deposits and prepayments	20	**3,336,827**	3,335,987	**3,336,227**	3,335,987
Amounts due from subsidiaries	21	**-**	-	**3,221,170**	3,264,298
Deferred tax assets	26	**1,421,241**	1,505,805	**-**	-
		59,411,612	65,852,845	**55,530,181**	61,470,662
CURRENT ASSETS					
Trade receivables	19	**55,815,646**	57,251,768	**54,000,240**	54,873,993
Other receivables, deposits and prepayments	20	**7,625,582**	3,748,620	**5,480,350**	2,980,835
Amounts due from subsidiaries	21	**-**	-	**717,122**	2,319,576
Tax recoverable		**3,086,290**	1,289,517	**2,873,598**	1,135,098
Investments in cash funds	22	**16,130,531**	13,263,295	**16,130,531**	13,263,295
Cash and bank balances	23	**19,938,813**	23,567,981	**19,575,028**	22,949,103
		102,596,862	99,121,181	**98,776,869**	97,521,900
LESS: CURRENT LIABILITIES					
Trade and other payables	24	**13,397,644**	16,644,515	**11,875,726**	15,726,967
Lease liabilities	25	**9,062,660**	8,391,928	**7,828,568**	7,573,682
		22,460,304	25,036,443	**19,704,294**	23,300,649
NET CURRENT ASSETS		**80,136,558**	74,084,738	**79,072,575**	74,221,251
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	**2,195,729**	1,772,769	**2,195,729**	1,772,769
Lease liabilities	25	**21,007,443**	26,028,595	**19,729,653**	24,193,134
		23,203,172	27,801,364	**21,925,382**	25,965,903
NET ASSETS		**116,344,998**	112,136,219	**112,677,374**	109,726,010

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 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	**(7,104,508)**	(7,415,354)	**-**	-
Retained earnings	28	**89,528,331**	85,625,713	**77,132,018**	74,180,654
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**117,969,179**	113,755,715	**112,677,374**	109,726,010
NON-CONTROLLING INTEREST		**(1,624,181)**	(1,619,496)	**-**	-
TOTAL EQUITY		**116,344,998**	112,136,219	**112,677,374**	109,726,010

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		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 2022		355,453,560	35,545,356	(7,415,354)	85,625,713	(1,619,496)	112,136,219
Currency translation difference		-	-	310,846	-	-	310,846
Profit/(loss) for the financial year		-	-	-	32,338,902	(4,685)	32,334,217
Total comprehensive (expense)/income for the financial year		-	-	*310,846*	*32,338,902*	*(4,685)*	*32,645,063*
Transactions with owners:							
Dividends for financial year ended:							
- 30 June 2022	13	-	-	-	(7,109,071)	-	(7,109,071)
- 30 June 2023	13	-	-	-	(21,327,213)	-	(21,327,213)
Total transactions with owners		-	-	-	*(28,436,284)*	-	*(28,436,284)*
Balance as at 30 June 2023		355,453,560	35,545,356	(7,104,508)	89,528,331	(1,624,181)	116,344,998

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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 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 2023 (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 2022		355,453,560	35,545,356	74,180,654	109,726,010
Profit for the financial year		-	-	31,387,648	31,387,648
Total comprehensive income for the financial year		-	-	*31,387,648*	*31,387,648*
Transactions with owners:					
Dividends for the financial year ended:					
- 30 June 2022	13	-	-	(7,109,071)	(7,109,071)
- 30 June 2023	13	-	-	(21,327,213)	(21,327,213)
Total transactions with owners		-	-	*(28,436,284)*	*(28,436,284)*
Balance as at 30 June 2023		355,453,560	35,545,356	77,132,018	112,677,374

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

	Note	Issued and fully paid ordinary shares Number of shares	Issued and fully paid ordinary shares Share capital	Distributable 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 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

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group 2023	Group 2022	Company 2023	Company 2022
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**32,334,217**	31,445,715	**31,387,648**	**31,326,478**
Adjustments for:				
Allowance for/(reversal) on impairment of financial assets:				
- advances to subsidiaries	**-**	-	**(1,067,568)**	382,576
- amounts due from subsidiaries	**-**	-	**399,578**	331,834
- trade receivable	**(90,000)**	-	**(90,000)**	-
Amortisation of intangible assets	**2,653,270**	2,794,503	**1,871,407**	1,788,216
Depreciation of plant and equipment	**6,439,718**	6,281,253	**6,155,989**	5,840,157
Depreciation of right-of-use assets	**9,078,108**	9,308,920	**8,274,071**	8,190,163
Gain on disposal of plant and equipment	**(167,724)**	(15,000)	**(167,724)**	(15,000)
Loss of disposal of joint venture	**-**	1,950	**-**	-
Plant and equipment written off	**-**	627	**-**	627
Finance income	**(886,099)**	(492,609)	**(883,058)**	(492,568)
Finance cost	**1,827,416**	2,316,834	**1,555,560**	1,888,273
Unrealised foreign exchange gain	**(574,440)**	(48,239)	**(328,300)**	(258,843)
Taxation	**9,602,033**	10,651,313	**9,483,637**	10,359,887
Operating profit before changes in working capital	**60,216,499**	62,245,267	**56,591,240**	59,341,800
Changes in working capital:				
Trade and other receivables	**(1,601,621)**	(4,188,817)	**(1,628,005)**	(4,520,282)
Trade and other payables	**(3,261,183)**	1,504,354	**(3,775,553)**	2,253,182
Amounts due from subsidiaries	**-**	-	**3,365,084**	7,298,494
Cash generated from operating activities	**55,353,695**	59,560,804	**54,552,766**	64,373,194
Income tax paid	**(11,399,871)**	(9,452,220)	**(11,302,086)**	(9,373,509)
Income tax refunds	**508,589**	88,996	**502,909**	-
Net cash generated from operating activities	**44,462,413**	50,197,580	**43,753,589**	54,999,685

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**-**	-	**(1,956,897)**	(8,282,550)
Repayment of advances by subsidiaries		**-**	-	**1,250,000**	-
Proceeds from disposal of plant and equipment		**169,239**	15,000	**169,240**	15,000
Purchase of intangible assets		**(2,995,615)**	(916,456)	**(2,878,091)**	(916,169)
Purchase of plant and equipment		**(4,072,581)**	(7,751,938)	**(3,769,160)**	(7,428,906)
Interest received		**886,099**	492,609	**883,058**	492,568
Placement of investments in cash funds		**(2,867,236)**	(22,492,609)	**(2,867,236)**	(22,492,609)
Redemption of investment in cash funds		**-**	34,602,668	**-**	34,602,668
Increase in fixed deposits with maturity of more than 3 months		**(4,983,100)**	(965,485)	**(4,983,100)**	(965,485)
Net cash generated (used in)/from investing activities		**(13,863,194)**	2,983,789	**(14,152,186)**	(4,975,483)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends		**(28,436,284)**	(23,104,480)	**(28,436,284)**	(23,104,480)
Payment of principal element of lease liabilities		**(8,585,657)**	(8,412,066)	**(7,966,734)**	(7,506,568)
Payment of interest element of lease liabilities		**(1,827,416)**	(2,316,834)	**(1,555,560)**	(1,888,273)
Net cash used in financing activities		**(38,849,357)**	(33,833,380)	**(37,958,578)**	(32,499,321)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(8,250,138)**	19,347,989	**(8,357,175)**	17,524,881
EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS		**(362,130)**	(1,390,217)	**-**	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**21,567,981**	3,610,209	**20,949,103**	3,424,222
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 23)		**12,955,713**	21,567,981	**12,591,928**	20,949,103
Deposits with maturity of more than 3 months		**6,983,100**	2,000,000	**6,983,100**	2,000,000
CASH AND BANK BALANCES AT THE END OF THE FINANCIAL YEAR		**19,938,813**	23,567,981	**19,575,028**	22,949,103

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(a) Amendments to published standards that are effective and applicable to the Group and Company

The Group and the Company have applied the following for the first time for the financial year beginning on 1 July 2022:

- Amendments to MFRS 116 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Annual improvements to MFRSs 2018 – 2020: MFRS 9 "Financial Instruments"
- Annual improvements to MFRSs 2018 – 2020: Illustrative Examples Accompanying MFRS 16 "Leases"
- Amendments to MFRS 137 "Onerous Contracts Cost of Fulfilling a Contract"

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

(b) Amendments that are applicable to the Group and Company but not yet effective

Amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 "Disclosure of Accounting Policies"
- Amendments to MFRS 108 "Definition of Accounting Estimates"
- Amendments to MFRS Practice Statement 2 "Disclosure of Accounting Policies"
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to MFRS 112 'International Tax Reform – Pillar Two Model Rules'

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 101 "Non-current Liabilities with Covenants"
- Amendments to MFRS 107 and MFRS 7 "Supplier Finance Arrangements"
- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"

Amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 "The effect for changes in foreign exchange rates"

The Group and Company will adopt the above amendments when they become effective in the respective financial periods. The Group and Company is in the process of assessing the impact of the adoption of these amendments to existing standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

(i) Subsidiaries

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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.

In the previous financial year, 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 ('FVTPL'), 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 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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
- Other receivables, deposits and prepayments
- Amount due from subsidiaries

While cash and cash equivalents and investment in cash funds 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, deposits, prepayments and amount due from subsidiaries

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 2023 (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 2023 (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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

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 2023 (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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(l) Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax

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

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

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

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

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and joint venture, except where the timing of the reversal of the temporary difference is controlled by the parent and joint 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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.

<u>Outsourcing services</u>

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, management recognise revenue in line with the practical expedient based on amounts invoiced to the customers as the amount invoiced represents the value transferred to the customer. The Company's right to consideration corresponds directly with the value transferred to the customer. The fixed-price in the contract and number of staff allocated to perform the outsourcing services is evidence of the value to the customer.

Certain contracts includes multiple deliverables, such as the fulfilment of different outsourcing services. As the services is provided over a period of time is substantially the same and have the same pattern of transfer to the customer, a single performance obligation is identified.

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<u>Education</u>

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

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.

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

(r) Contract balances

(i) Contract assets

A contract asset is recognised when the Group's and the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 (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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(u) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they are attributable to items that form part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in profit or loss on a net basis within 'other operating expenses'.

(iii) Group companies

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Government grants

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment of 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.

NOTES TO THE FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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.

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 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 2023

	Outsourcing services	Education	Inter segment eliminations	Total
	RM	RM	RM	RM
External revenue	243,813,508	1,527,164	-	245,340,672
Inter segment revenue*	7,807,503	277,556	(8,085,059)	-
Total revenue	251,621,011	1,804,720	(8,085,059)	245,340,672
Segment results	60,047,884	1,000,779	-	61,048,663
Operating profit				61,048,663
Finance income				886,099
Finance cost				(1,827,416)
Depreciation and amortisation expenses				(18,171,096)
Profit before taxation				41,936,250
Taxation				(9,602,033)
Net profit for the financial year				32,334,217

* 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 2023 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2023

	Outsourcing services	Education	Inter segment eliminations**	Total
	RM	RM	RM	RM
Segment assets	124,116,247	1,178,884	(3,873,507)	121,421,624
Unallocated assets:				
- Deferred tax asset				1,421,241
- Tax recoverable				3,086,290
- Cash and bank balances				19,938,813
- Investment in cash funds				16,130,531
- Others				9,975
Total assets				162,008,474
Segment liabilities	72,255,268	9,919,672	(38,710,579)	43,464,361
Unallocated liabilities				
- Deferred tax liabilities				2,195,729
- Others				3,386
Total liabilities				45,663,476

For the financial year ended 30 June 2023

	Outsourcing services	Education	Inter segment eliminations**	Total
	RM	RM	RM	RM
Capital expenditure	7,068,196	-	(672,138)	6,396,058
Significant non-cash expenses:				
- Depreciation and amortisation expenses	18,046,755	12,321	112,020	18,171,096
- Unrealised foreign exchange (gain)/loss	(166,993)	-	(407,447)	(574,440)
- Bad debts recovered	(90,000)	-	-	(90,000)
- Impairment loss	(667,990)	-	667,990	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 2023 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(a) Operating segments (continued)

As at 30 June 2022

	Outsourcing services RM	Education RM	Inter segment eliminations** RM	Total 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
- Investments 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

For the financial year ended 30 June 2022

	Outsourcing services RM	Education RM	Inter segment eliminations** RM	Total 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 loss (gain)/loss	(114,312)	-	66,073	(48,239)
- Impairment loss	714,410	-	(714,410)	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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 2023 RM	Revenue 2022 RM	Assets ** 2023 RM	Assets ** 2022 RM
Malaysia *	**186,517,189**	201,581,765	**49,708,511**	55,748,104
Philippines	**24,228,601**	25,310,145	**-**	-
China	**9,430,734**	13,916,272	**-**	-
Singapore	**5,806,608**	7,488,143	**-**	-
Hong Kong	**5,692,952**	4,976,018	**-**	-
Sri Lanka	**4,214,149**	5,085,662	**4,945,033**	5,262,949
Thailand	**3,073,685**	3,150,855	**-**	-
Others	**6,376,754**	3,542,755	**-**	-
	245,340,672	265,051,615	**54,653,544**	61,011,053

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

(c) Major customers

Four (2022: four) individual customers representing 10% (2022: 10%) of total customers contributed 64% (2022: 67%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

●●● FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

6 REVENUE

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Outsourcing services:				
- Over time	**243,813,508**	264,789,115	**239,600,278**	258,940,907
Education:				
- over time	**1,527,164**	262,500	**-**	-
	245,340,672	265,051,615	**239,600,278**	258,940,907

7 EMPLOYEE BENEFIT COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries and bonuses	**135,012,265**	150,212,022	**128,161,077**	142,414,424
Defined contribution plans	**13,601,658**	17,379,147	**12,806,940**	16,296,087
Other employee benefits	**4,446,291**	4,911,408	**4,233,854**	4,846,421
Staff welfare	**817,406**	909,618	**787,627**	845,696
	153,877,620	173,412,195	**145,989,498**	164,402,628
Directors' remuneration:				
- Salaries and bonuses	**1,394,880**	1,687,550	**1,394,880**	1,687,550
- Defined contribution plans	**216,963**	155,147	**216,963**	155,147
- Fees	**628,247**	553,041	**628,247**	553,041
	156,117,710	175,807,933	**148,229,588**	166,798,366

NOTES TO THE FINANCIAL STATEMENTS

●●● FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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
Mior Mokhtar Bin Mior Abu Bakar
Elakumari a/p Kantilal

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive Director:				
- Salaries and bonuses	**1,394,880**	1,687,550	**1,394,880**	1,687,550
- Defined contribution plans	**216,963**	155,147	**216,963**	155,147
- Estimated monetary value of benefits-in-kind	**7,200**	7,200	**7,200**	7,200
	1,619,043	1,849,897	**1,619,043**	1,849,897
Non-executive Directors:				
- Fees	**628,247**	553,041	**628,247**	553,041
	2,247,290	2,402,938	**2,247,290**	2,402,938

Key management personnel ('KMP') 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 KMP of the Group or of the Company includes Executive Directors and Non-Executive Directors of the Company. Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any KMP or their close family members.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

8 RENTAL EXPENSES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Rental:				
- Apartments	**61,730**	46,280	**61,730**	46,280
- Office equipment	**28,639**	22,597	**28,203**	21,513
- Others	**36,691**	667,264	**29,805**	659,715
	127,060	736,141	**119,738**	727,508

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

	2023	2022	2023	2022
	RM	RM	RM	RM
Expenses relating to short-term leases	**92,466**	46,280	**91,535**	46,280
Expenses relating to low value assets	**34,594**	689,861	**28,203**	681,228
	127,060	736,141	**119,738**	727,508

Total amount of cashflows in relation to lease arrangements of the Group and the Company during the financial year ended 30 June 2023 were RM10,540,133 (2022: RM11,465,041) and RM9,642,032 (2022: RM10,122,349), respectively.

9 FINANCE INCOME AND COST

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Finance income:				
- Interest income	**886,099**	492,609	**883,058**	492,568
Finance cost:				
- Interest on lease liabilities	**(1,827,416)**	(2,316,834)	**(1,555,560)**	(1,888,273)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration:				
- Fees for statutory audit				
- PricewaterhouseCoopers PLT ('PWC'), Malaysia	**274,900**	261,800	**221,860**	211,200
- Other auditors	**9,391**	9,996	**-**	-
- Fees for other services				
- Member firms of PwC Malaysia	**43,240**	41,850	**21,640**	18,000
Depreciation of plant and equipment	**6,439,718**	6,281,253	**6,155,989**	5,840,157
Depreciation of right-of-use assets	**9,078,108**	9,308,920	**8,274,071**	8,190,163
Amortisation of intangible assets	**2,653,270**	2,794,503	**1,871,407**	1,788,216
Foreign exchange (gain)/loss:				
- Realised	**(1,013,361)**	(318,068)	**(1,009,229)**	(340,419)
- Unrealised	**(574,440)**	(48,239)	**(328,300)**	(258,843)
Gain on disposal of plant and equipment	**(167,274)**	(15,000)	**(167,274)**	(15,000)
Net loss/(reversal) on impairment of financial assets:				
- amount due from subsidiaries	**-**	-	**399,578**	331,834
- advances to subsidiaries	**-**	-	**(1,067,568)**	382,576
- trade receivables	**(90,000)**	-	**(90,000)**	-
Marketing expenses	**7,776,823**	6,298,997	**7,775,134**	6,261,707
Professional fees	**806,417**	816,093	**752,550**	677,093
Plant and equipment written off	**-**	627	**-**	627
Maintenance expenses	**4,836,004**	4,698,709	**10,048,426**	9,937,230
Software subscription and support services	**3,145,135**	2,386,321	**4,856,089**	3,352,511

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

11 TAXATION

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Income tax:				
Current financial year:				
- Malaysian tax	**9,586,611**	10,462,600	**9,552,779**	10,463,757
Over provision of tax:				
in prior financial years:				
- Malaysian tax	**(492,102)**	(776,609)	**(492,102)**	(776,862)
	9,094,509	9,685,991	**9,060,677**	9,686,895
Deferred taxation (Note 26):				
Relating to origination and				
reversal of temporary differences	**507,524**	965,322	**422,960**	672,992
	9,602,033	10,651,313	**9,483,637**	10,359,887

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2022: 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 was exempted from tax during the Company's Exempt Period, which commenced from 1 December 2017 until 30 November 2022. The exemption was subject to the conditions of the grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

11 TAXATION (CONTINUED)

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
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	**1**	2	**1**	1
- Income not subject to tax	**(1)**	-	**(1)**	-
- Overprovision in prior years	**(1)**	(2)	**(1)**	(2)
- Recognition and utilisation of previously unrecognised capital allowances and tax losses	**1**	1	**1**	2
- Underprovision of prior year deferred tax	**-**	2	**-**	-
Average effective tax rate	**24**	27	**24**	25

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	
	2023	**2022**
Profit for the financial year attributable to owners of the Company (RM'000)	**32,339**	31,452
Weighted average number of issued ordinary shares ('000)	**355,454**	355,454
Basic earnings per share (sen)	**9.10**	8.85

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 DIVIDENDS

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

	2023		2022	
	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 2023	**2.0**	**7,109,071**	-	-
- 30 June 2022	**-**	**-**	1.5	5,331,803
Second interim dividends paid in respect of the financial years ended:				
- 30 June 2023	**2.0**	**7,109,071**	-	-
- 30 June 2022	**-**	**-**	2.0	7,109,071
Third interim dividends paid in respect of the financial years ended:				
- 30 June 2023	**2.0**	**7,109,071**	-	-
- 30 June 2022	**-**	**-**	1.5	5,331,803
Fourth 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
	8.0	**28,436,284**	6.5	23,104,480

Subsequent to the financial year, on 25 August 2023 the Board of Directors declared a fourth interim dividend of 2 sen, tax exempt, per ordinary share of RM7,109,071 which was paid on 22 September 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

14 PLANT AND EQUIPMENT

	As at 1 July 2022	Additions	Write off	Disposal	Currency translation	As at 30 June 2023
	RM	RM	RM	RM	RM	RM
2023						
Group						
Cost						
Furniture and fittings	8,776,130	159,734	(6,016)	-	147,719	9,077,567
Office equipment and computers	66,048,160	3,123,889	(25,299)	(1,732,608)	709,857	68,123,999
Telecommunications equipment	10,637,779	-	-	-	-	10,637,779
Office renovations	13,393,093	788,958	-	-	230,124	14,412,175
Motor vehicles	682,657	-	-	(680,000)	-	2,657
	99,537,819	4,072,581	(31,315)	(2,412,608)	1,087,700	102,254,177

	As at 1 July 2022	Charge for the financial year	Write off	Disposals	Currency translation	As at 30 June 2023
	RM	RM	RM	RM	RM	RM
2023						
Group						
Accumulated depreciation						
Furniture and fittings	6,454,858	646,514	(6,016)	-	146,667	7,242,023
Office equipment and computers	53,168,966	4,277,439	(25,299)	(1,731,093)	604,404	56,294,417
Telecommunications equipment	8,854,465	465,868	-	-	-	9,320,333
Office renovations	11,036,109	1,049,897	-	-	229,558	12,315,564
Motor vehicles	682,657	-	-	(680,000)	-	2,657
	80,197,055	6,439,718	(31,315)	(2,411,093)	980,629	85,174,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2021	Additions	Write-off	Disposal	Currency translation	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-offs	Disposal	Currency translation	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 2023 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2022	Addition	Write off	Disposal	As at 30 June 2023
	RM	RM	RM	RM	RM
2023					
Company					
Cost					
Furniture and fittings	6,857,585	159,734	(6,016)	-	7,011,303
Office equipment and computers	55,728,593	2,820,468	-	(1,731,558)	56,817,503
Telecommunications equipment	7,131,606	-	-	-	7,131,606
Office renovations	10,654,054	788,958	-	-	11,443,012
Motor vehicles	680,000	-	-	(680,000)	-
	81,051,838	3,769,160	(6,016)	(2,411,558)	82,403,424

	As at 1 July 2022	Charge for the financial year	Write off	Disposal	As at 30 June 2023
	RM	RM	RM	RM	RM
2023					
Company					
Accumulated depreciation					
Furniture and fittings	4,548,149	637,875	(6,016)	-	5,180,008
Office equipment and computers	43,547,150	4,008,604	-	(1,730,042)	45,825,712
Telecommunications equipment	5,348,293	465,868	-	-	5,814,161
Office renovations	8,303,253	1,043,642	-	-	9,346,895
Motor vehicles	680,000	-	-	(680,000)	-
	62,426,845	6,155,989	(6,016)	(2,410,042)	66,166,776

NOTES TO THE FINANCIAL STATEMENTS

14 PLANT AND EQUIPMENT (CONTINUED)

	As at 1 July 2021	Addition	Write off	Disposal	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	Disposal	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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

14 PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net book value				
Furniture and fittings	**1,835,544**	2,321,272	**1,831,295**	2,309,436
Office equipment and computers	**11,829,582**	12,879,194	**10,991,791**	12,181,443
Telecommunications equipment	**1,317,446**	1,783,314	**1,317,445**	1,783,313
Office renovations	**2,096,611**	2,356,984	**2,096,117**	2,350,801
	17,079,183	19,340,764	**16,236,648**	18,624,993

15 INTANGIBLE ASSETS

2023	As at 1 July 2022	Additions	Currency translation differences	As at 30 June 2023
	RM	RM	RM	RM
Group				
Cost				
Software licence	14,461,478	2,995,615	452,241	17,909,334
Software development cost	6,070,613	-	477,178	6,547,791
	20,532,091	2,995,615	929,419	24,457,125

2023	As at 1 July 2022	Charge for the financial year	Currency translation differences	As at 30 June 2023
	RM	RM	RM	RM
Group				
Accumulated amortisation				
Software licence	10,127,641	1,744,643	357,056	12,229,340
Software development cost	1,346,172	908,627	167,765	2,422,564
	11,473,813	2,653,270	524,821	14,651,904

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

Group	As at 1 July 2021	Additions	Currency translation differences	As at 30 June 2022
	RM	RM	RM	RM
2022				
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

	As at 1 July 2021	Charge for the financial year	Currency translation differences	As at 30 June 2022
	RM	RM	RM	RM
2022				
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 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

Company	As at 1 July 2022	Additions	As at 30 June 2023
	RM	RM	RM
2022			
Cost			
Software licence	12,625,397	2,878,091	15,503,488
Software development cost	3,149,236	-	3,149,236
	15,774,633	2,878,091	18,652,724

	As at 1 July 2022	Charge for the financial year	As at 30 June 2023
	RM	RM	RM
2022			
Accumulated amortisation			
Software licence	9,006,662	1,517,118	10,523,780
Software development cost	669,213	354,289	1,023,502
	9,675,875	1,871,407	11,547,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

Company	As at 1 July 2021	Additions	As at 30 June 2022
	RM	RM	RM
2022			
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

	As at 1 July 2021	Charge for the financial year	As at 30 June 2022
	RM	RM	RM
2022			
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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net book value				
Software licences	**5,679,994**	4,333,837	**4,979,708**	3,618,735
Software development cost	**4,125,227**	4,724,441	**2,125,734**	2,480,023
	9,805,221	9,058,278	**7,105,442**	6,098,758

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

16 RIGHT-OF-USE ASSETS

	Office building	
	2023	2022
	RM	RM
Net book value		
Group		
At the beginning of the financial year	**32,612,011**	41,803,056
Additions	**3,758,139**	1,743,926
Depreciation	**(9,078,108)**	(9,308,920)
Currency translation differences	**477,098**	(1,626,051)
At the end of the financial year	**27,769,140**	32,612,011
Company		
At the beginning of the financial year	**30,146,626**	38,336,789
Additions	**3,758,139**	-
Depreciation	**(8,274,071)**	(8,190,163)
At the end of the financial year	**25,630,694**	30,146,626

17 INTERESTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares at cost	**3,187,392**	3,187,392
Advances to subsidiaries	**31,068,054**	32,135,622
	34,255,446	35,323,014
Less: Impairment loss	**(34,255,446)**	(35,323,014)
	-	-

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 reversal on impairment loss/ (impairment loss) of RM1,067,568 (2022: RM382,576) in respect of advances to subsidiaries.

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

	Company	
	2023	**2022**
	RM	**RM**
At the beginning of the financial year	**35,323,014**	34,940,438
(Reversal)/ Charge during the financial year	**(1,067,568)**	382,576
At the end of the financial year	**34,255,446**	35,323,014

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					
2023					
Non-performing	100	Lifetime ECL	31,068,054	(31,068,054)	-
2022					
Non-performing	100	Lifetime ECL	32,135,622	(32,135,622)	-

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2023 %	Group's effective interest 2022 %	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.

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2023 %	Group's effective interest 2022 %	Principal activities
Subsidiaries of the Company (continued)				
Scicom International College Sdn. Bhd. *	Malaysia	**70**	70	Dormant
Scicom E Solutions Sdn. Bhd. *	Malaysia	**100**	100	Provides electronic solutions and applications for payment on-line processing, border security services, digital platforms and software solutions.
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
Mediconnect Sdn. Bhd. (formerly known as Asian Contact Solutions Sdn Bhd)*	Malaysia	**100**	100	Dormant

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

Non-controlling interests are not material to the Group.

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

18 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Unquoted shares	**-**	1,950	**-**	-
Share of loss	**-**	(1,950)	**-**	-
	-	-	**-**	-

19 TRADE RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Receivables - Billed	**35,174,704**	36,747,259	**34,237,901**	35,774,534
Receivables - Unbilled	**20,640,942**	20,504,509	**19,762,339**	19,099,459
	55,815,646	57,251,768	**54,000,240**	54,873,993

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 (2022: 30 to 120 days). The fair value of trade receivables approximates its carrying value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

19 TRADE RECEIVABLES (CONTINUED)

Measurement of ECL (continued)

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

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Current (not past due)					
- Billed receivables		**24,965,873**	27,808,130	**24,069,257**	27,479,857
- Unbilled receivables		**20,640,942**	20,504,509	**19,762,339**	19,099,459
Past due billed receivables:					
- 1 to 30 days		**5,700,431**	7,049,452	**5,666,075**	6,767,959
- 31 to 60 days		**4,327,347**	1,193,938	**4,327,347**	830,979
- 61 to 90 days		**74,308**	348,430	**74,308**	348,430
- More than 90 days		**106,745**	347,309	**100,914**	347,309
		55,815,646	57,251,768	**54,000,240**	54,873,993

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At the beginning of the financial year	**-**	(2,364,669)	**-**	(2,364,669)
Charge during the financial year	**-**	-	**-**	-
Write-off	**-**	2,364,669	**-**	2,364,669
At the end of the financial year	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets				
Non-current				
Deposits	**3,336,827**	3,335,987	**3,336,227**	3,335,987
Current				
Other receivables	**633,115**	220,615	**715,906**	143,685
Deposits	**1,276,944**	822,616	**1,036,420**	603,188
	1,910,059	1,043,231	**1,752,326**	746,873
Non-financial assets				
Prepayments	**4,226,181**	2,320,312	**3,705,291**	2,211,229
Other receivables*	**1,489,342**	385,077	**22,733**	22,733
	5,715,523	2,705,389	**3,728,024**	2,233,962
	7,625,582	3,748,620	**5,480,350**	2,980,835
Total	**10,962,409**	7,084,607	**8,816,577**	6,316,822

**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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

21 AMOUNTS DUE FROM SUBSIDIARIES

The carrying amount of the amounts due from subsidiaries are as follows.

		Company	
	Note	2023	2022
		RM	RM
Non-current			
Amounts due from subsidiaries	(a)	**16,239,665**	16,229,011
Less: Loss allowances	(a)	**(13,018,495)**	(12,964,713)
		3,221,170	3,264,298
Current			
Amounts due from subsidiaries	(a)	**1,128,562**	2,385,219
Less: Loss allowances	(a)	**(411,440)**	(65,643)
		717,122	2,319,576
Amounts due from subsidiaries:		**3,938,292**	5,583,874

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	
	2023	2022
	RM	RM
At the beginning of the financial year	**13,030,356**	12,698,522
Allowance on impairment for the financial year	**399,578**	331,834
At the end of the financial year	**13,429,934**	13,030,356

NOTES TO THE FINANCIAL STATEMENTS

21 AMOUNTS DUE FROM SUBSIDIARIES (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 subsidaries 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
2023					
Company					
Underperforming	28	Lifetime ECL	5,480,398	(1,542,106)	3,938,292
Non-performing	100	Lifetime ECL	11,887,828	(11,887,828)	-
			17,368,226	(13,429,934)	3,938,292
2022					
Company					
Underperforming	22	Lifetime ECL	7,125,976	(1,542,102)	5,583,874
Non-performing	100	Lifetime ECL	11,488,254	(11,488,254)	-
			18,614,230	(13,030,356)	5,583,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

22 INVESTMENTS IN CASH FUNDS

	Group and Company	
	2023	2022
	RM	RM
Investments in cash funds	**16,130,531**	13,263,295

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) (2022: Level 1).

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

	Group and Company	
	2023	2022
	RM	RM
AAA	**10,841,972**	8,127,562
AA3	**5,288,559**	5,135,733
	16,130,531	13,263,295

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

23 CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash on hand and in bank	**8,081,313**	16,567,981	**7,717,528**	15,949,103
Deposits with licenced banks	**11,857,500**	7,000,000	**11,857,500**	7,000,000
Cash and bank balances	**19,938,813**	23,567,981	**19,575,028**	22,949,103
Less:				
- deposits with maturity of more than 3 months	**(6,983,100)**	(2,000,000)	**(6,983,100)**	(2,000,000)
Cash and cash equivalents	**12,955,713**	21,567,981	**12,591,928**	20,949,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash on hand	**60,699**	240,406	**59,829**	239,446
Cash at bank and deposits with licenced banks:				
AAA	**19,607,270**	23,068,861	**19,515,199**	22,709,657
AA3	**164,852**	107,420	**-**	-
A2	**6,710**	57,704	**-**	-
No rating	**99,282**	93,590	**-**	-
	19,938,813	23,567,981	**19,575,028**	22,949,103

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial liabilities				
Trade payables	**651,627**	755,160	**642,295**	752,358
Accruals	**4,010,715**	4,770,299	**2,802,591**	4,381,256
Other payables	**2,761,928**	2,410,321	**2,601,753**	2,347,014
Deposits	**1,779,767**	1,317,221	**1,779,767**	1,317,221
Provision for performance-related bonus	**731,707**	3,235,753	**662,667**	3,140,369
	9,935,744	12,488,754	**8,489,073**	11,938,218
Non-financial liabilities				
Other payroll-related liabilities	**3,423,639**	4,061,288	**3,386,653**	3,788,749
Other payables	**38,261**	94,473	**-**	-
	13,397,644	16,644,515	**11,875,726**	15,726,967

Credit terms of trade payables range from 30 to 90 days (2022: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current	**9,062,660**	8,391,928	**7,828,568**	7,573,682
Non-current	**21,007,443**	26,028,595	**19,729,653**	24,193,134
	30,070,103	34,420,523	**27,558,221**	31,766,816

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
As at the beginning of financial year	**34,420,523**	42,805,400	**31,766,816**	39,273,384
Additions	**3,758,139**	1,743,926	**3,758,139**	-
Non-cash changes				
Interest expense	**1,827,416**	2,316,834	**1,555,560**	1,888,273
Financing cash flows				
Payment of lease liabilities				
- principal portion	**(8,585,657)**	(8,412,066)	**(7,966,734)**	(7,506,568)
- interest portion	**(1,827,416)**	(2,316,834)	**(1,555,560)**	(1,888,273)
Currency translation differences	**477,098**	(1,716,737)	**-**	-
As at the end of financial year	**30,070,103**	34,420,523	**27,558,221**	31,766,816

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

25 LEASE LIABILITIES (CONTINUED)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Within 1 year	**10,511,421**	9,950,667	**9,069,751**	9,053,923
1 – 2 years	**9,422,884**	8,782,578	**8,573,230**	7,822,567
2 – 3 years	**8,670,265**	8,272,949	**8,230,144**	7,361,040
3 – 4 years	**4,335,900**	7,805,126	**4,223,311**	7,450,144
4 – 5 years	**-**	3,872,225	**-**	3,833,311
	32,940,470	38,683,545	**30,096,436**	35,520,985
Less: Future finance charges	**(2,870,367)**	(4,263,022)	**(2,538,215)**	(3,754,169)
	30,070,103	34,420,523	**27,558,221**	31,766,816

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax assets:				
- To be recovered within 12 months	**484,843**	517,371	**-**	-
- To be recovered after more than 12 months	**936,398**	988,434	**-**	-
	1,421,241	1,505,805	**-**	-
Deferred tax liabilities:				
- To be recovered within 12 months	**-**	(348,338)	**-**	(348,338)
- To be recovered after more than 12 months	**(2,195,729)**	(1,424,431)	**(2,195,729)**	(1,424,431)
	(2,195,729)	(1,772,769)	**(2,195,729)**	(1,772,769)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

26 DEFERRED TAXATION (CONTINUED)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At the beginning of the financial year	**(266,965)**	698,357	**(1,772,769)**	(1,099,777)
(Credited)/charged to profit or loss (Note 11):				
- Plant, equipment and intangible assets	**(145,748)**	(1,253,701)	**(127,722)**	(1,249,478)
- Lease liability	**64,709**	164,063	**64,709**	164,063
- Provisions	**(433,405)**	482,514	**(464,400)**	471,947
- Tax losses	**(88,484)**	(307,723)	**-**	-
- Others	**95,405**	(50,475)	**104,453**	(59,524)
	(507,523)	(965,322)	**(422,960)**	(672,992)
At the end of the financial year	**(774,488)**	(266,965)	**(2,195,729)**	(1,772,769)
<u>Deferred tax assets (before offsetting)</u>				
- Lease liabilities	**462,605**	397,896	**462,605**	397,896
- Provisions	**343,175**	776,580	**289,288**	753,688
- Tax losses	**1,399,966**	1,488,450	**-**	-
- Others	**78,794**	-	**78,793**	-
	2,284,540	2,662,926	**830,686**	1,151,584
Offsetting	**(863,299)**	(1,157,121)	**(830,686)**	(1,151,584)
Deferred tax assets (after offsetting)	**1,421,241**	1,505,805	**-**	-
<u>Deferred tax liabilities (before offsetting)</u>				
- Plant, equipment and intangible asset	**3,059,028**	2,913,280	**3,026,415**	2,898,693
- Others	**-**	16,610	**-**	25,660
	3,059,028	2,929,890	**3,026,415**	2,924,353
Offsetting	**(863,299)**	(1,157,121)	**(830,686)**	(1,151,584)
Deferred tax liabilities (after offsetting)	**2,195,729**	1,772,769	**2,195,729**	1,772,769

NOTES TO THE FINANCIAL STATEMENTS

●●● FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Tax losses	**13,463,685**	12,087,552	**-**	-

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	
	2023	2022
	RM	RM
Expiring in 2025	**6,324,031**	5,100,694
Expiring in 2026	**300,996**	242,771
Expiring in 2027	**599,445**	483,487
Expiring in 2028	**5,606,944**	5,606,944
Expiring in 2029	**632,269**	632,269
Expiring in 2030	**-**	21,387
	13,463,685	12,087,552

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 (2022: ten (10) 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	
	2023	2022
	RM	RM
Issued and fully paid ordinary shares with no par value		
At the beginning/end of the financial year	**35,545,356**	35,545,356

NOTES TO THE FINANCIAL STATEMENTS

●●● FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

28 RESERVES

(a) Retained earnings

Retained earnings represent the cumulative earnings of the Group and of the Company attributable to the owners of the Company.

(b) Currency translation reserve

Currency translation reserve occurs on consolidation where the exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments are taken to owners of the Company.

29 COMMITMENTS

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Authorised and contracted:				
- Plant and equipment	**94,214**	856,620	**94,214**	856,620

30 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to directly or indirectly 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
Mediconnect Sdn. Bhd (formally known as 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	
	2023	**2022**
	RM	**RM**
Purchase of services from subsidiaries*	**(9,685,406)**	(7,560,994)
Advances to subsidiaries:		
- funds transfer to subsidiaries	**1,956,897**	2,437,000
- expenses paid on behalf of subsidiaries	**5,904,925**	5,845,550
Repayment of advances by a subsidiary	**(1,250,000)**	-

* 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 ('KMP') 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 KMP of the Group or of the Company includes Executive Directors and Non-Executive Directors of the Company. Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any KMP or their close family members. The remuneration of key management personnel are disclosed under Note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and the Company's activities expose it to a variety of financial risks from its operations including market risk, credit risk, liquidity risk and capital management risk. The Group's and the Company's overall financial risk management objectives are to ensure that the Group and the Company create value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses. The Group and the Company operate within clearly defined guidelines that are approved by the Board 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	
	2023	**2022**
	RM	**RM**
USD		
Trade receivables	**1,821,569**	2,673,005
Cash and bank balances	**9,780,861**	5,513,410
Trade and other payables	**(612,129)**	(41,810)
Total exposure	**10,990,301**	8,144,605
Impact on profit after tax for the financial year		
5% increase against MYR	**549,515**	407,230
5% decrease against MYR	**(549,515)**	(407,230)

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

	Group & Company	
	2023	**2022**
	RM	**RM**
LKR		
Trade receivables	**612,773**	972,725
Cash and bank balances	**172,440**	167,197
Trade and other payables	**(832,319)**	(51,685)
Total exposure	**(47,106)**	1,088,237
Impact on profit after tax for the financial year		
5% increase against MYR	**(2,355)**	54,412
5% decrease against MYR	**2,355**	(54,412)

(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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 (2022: three) customers contributed RM19.8 million (2022: 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

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company have sufficient cash and bank balances and investments in cash funds.

Analysis of financial instruments by the remaining contractual maturities

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

Group	Below 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
	RM	RM	RM	RM	RM	RM
2023						
Trade and other payables	9,935,744	-	-	-	-	9,935,744
Lease liabilities	10,511,421	9,422,884	8,670,265	4,335,900	-	32,940,470
	20,447,165	9,422,884	8,670,265	4,335,900	-	42,876,214
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

Company	Below 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
	RM	RM	RM	RM	RM	RM
2023						
Trade and other payables	8,489,073	-	-	-	-	8,489,073
Lease liabilities	9,069,751	8,573,230	8,230,144	4,223,311	-	30,096,436
	17,558,824	8,573,230	8,230,144	4,223,311	-	38,585,509
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 2023, the Group and the Company had no outstanding borrowings.

32 FINANCIAL INSTRUMENTS

(a) By category:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets – at amortised cost				
Trade receivables	**55,815,646**	57,251,768	**54,000,240**	54,873,993
Other receivables excluding prepayments and statutory refundables	**3,243,778**	4,379,218	**2,268,950**	4,082,860
Amount due from subsidiaries	**-**	-	**3,938,292**	5,583,874
Cash and bank balances	**19,938,813**	23,567,981	**19,575,028**	22,949,103
	78,998,237	85,198,967	**79,782,510**	87,489,830
Financial assets - FVTPL				
Investments in cash funds	**16,130,531**	13,263,295	**16,130,531**	13,263,295
Financial liabilities – at amortised cost				
Trade and other payables excluding statutory liabilities	**9,935,744**	12,488,754	**8,489,073**	11,938,218
Lease liabilities	**30,070,103**	34,420,523	**27,558,221**	31,766,816
	40,005,847	46,909,277	**36,047,294**	43,705,034

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			
2023			
Amounts due from subsidiaries	12,188,703	(8,250,411)	3,938,292
2022			
Amounts due from subsidiaries	12,882,368	(7,298,494)	5,583,874

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			
2023			
Amounts due from subsidiaries	8,250,411	(8,250,411)	-
2022			
Amounts due from subsidiaries	7,298,494	(7,298,494)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

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 RM1.4 million, INR23.8 million (2022: 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 on the ground that the matter has become barred by limitation of time. 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 liability will crystallise from these assessments.

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 September 2023.

NOTES TO THE FINANCIAL STATEMENTS

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

We, Dato' Sri Leo Suresh Ariyanayakam and Krishnan a/l C. K. Menon, two of the Directors of Scicom (MSC) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 115 to 189 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 2023 and financial performance of the Group and of the Company for the financial year ended 30 June 2023 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 26 September 2023.

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 115 to 189 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 26 September 2023.

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 2023, 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 2023 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 115 to 189.

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 2023, the Group and the Company recognised revenue of RM245.3 million and RM239.6 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 under MFRS 15 "Revenue with Contracts with Customers"; • Evaluated and tested the design operating effectiveness of controls over revenue recognition processes; • Checked revenue recognised based on the satisfaction of performance obligations to provide outsourcing services; • Checked revenue recognised to rates agreed in respective contracts; and • Tested material non-standard journal entries and other adjustments posted to revenue accounts. Based on the procedures performed above, we did not find any material adjustments to revenue recognised during the financial year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCICOM (MSC) BERHAD (CONTINUED)
(Incorporated in Malaysia)
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 2023 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 and will 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)

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
26 September 2023

ADDITIONAL COMPLIANCE INFORMATION

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

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid and payable to the Group's and Company's External Auditors and a firm associated to it for the financial year ended 30 June 2023 were as follows.

	Group RM	Company RM
Audit fees	274,900	221,860
Non-audit fees	43,240	21,640

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 2023, no material contract was entered into or was 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 2023.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 29 SEPTEMBER 2023

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 29 SEPTEMBER 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	122	2.34%	4,048	0.00%
100 to 1,000 shares	764	14.67%	501,762	0.14%
1,001 to 10,000 shares	2,728	52.38%	13,875,984	3.90%
10,001 to 100,000 shares	1,357	26.06%	42,403,244	11.93%
100,001 to less than 5% of issued shares	234	4.49%	217,732,048	61.25%
5% and above of issued shares	3	0.06%	80,936,474	22.78%
	5,208	100.00%	355,453,560	100.00%

LIST OF 30 LARGEST REGISTERED SHAREHOLDERS AS AT 29 SEPTEMBER 2023
(As shown in the Record of Depositors)

No.	Name of Shareholder	No. of Shares Held	%
1	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	41,886,160	11.783
2	KRISHNAN A/L C K MENON	21,034,520	5.917
3	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (8117550)	18,015,794	5.068
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AUGUSTUS RALPH MARSHALL (PB)	17,500,000	4.923
5	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	14,500,000	4.079
6	ALI BIN ABDUL KADIR	13,200,000	3.713
7	KHOO LOON SEE	11,924,888	3.354
8	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM (MY2262)	10,460,000	2.942
9	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEO SURESH ARIYANAYAKAM	7,484,400	2.105
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	7,283,200	2.048
11	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	7,101,400	1.997
12	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY	5,570,000	1.567
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	4,454,300	1.253
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SREEKUMAR A/L P NARAYANA PILLAI (PB)	4,000,000	1.125
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL LIFETIME BALANCED INCOME FUND	3,838,300	1.079
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (EASTSPRINGESG)	3,260,900	0.917

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

No.	Name of Shareholder	No. of Shares Held	%
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIANG FONG WEI (MY3410)	3,160,500	0.889
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE JOE EE (MY3357)	3,071,800	0.864
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JAGANATH DEREK STEVEN SABAPATHY (PB)	2,815,000	0.791
20	LIM KOOI FUI	2,522,700	0.709
21	HSBC NOMINEES (ASING) SDN BHD SIX SIS FOR BANK SARASIN CIE	2,500,000	0.703
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	2,495,300	0.702
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NETINSAT ASIA SDN BHD (PB)	2,440,000	0.686
24	PREMANAND JEARAJASINGAM	2,196,700	0.617
25	GAN BOON AIK	2,138,300	0.601
26	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE WEI CHUNG	1,888,000	0.531
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PRINCIPAL SMALL CAP OPPORTUNITIES FUND (240218)	1,858,800	0.522
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR SAFARI ASIA LIMITED (CLIENTS A/C)	1,781,000	0.501
29	P DEIVENDRAN K PATHMANATHAN	1,600,000	0.450
30	MOHD SALLEH BIN HJ HARUN	1,590,800	0.447
	Total	**223,572,762**	**62.898**

SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	92,446,863	26.01%	0	0.00%
2	Krishnan A/L C K Menon	21,034,520	5.92%	3,518,704 [1]	0.99%
3	Sreekumar A/L P Narayana Pillai	20,000,000	5.63%	3,518,704 [1]	0.99%

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

DIRECTORS' SHAREHOLDING AS AT 29 SEPTEMBER 2023

No.	Name of Shareholder	Direct Interest	%	Deemed Interest	%
1	Dato' Sri Leo Suresh Ariyanayakam	92,446,863	26.01%	0	0.00%
2	Krishnan A/L C K Menon [1]	21,034,520	5.92%	3,518,704 [1]	0.99%
3	Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [2]	1,045,000	0.29%	1,063,000 [2]	0.30%
4	Mahani Binti Amat	0	0.00%	0	0.00%
5	Datuk Joseph Dominic Silva	0	0.00%	0	0.00%
6	Fa'izah Binti Mohamed Amin	0	0.00%	0	0.00%
7	Mior Mokhtar Bin Mior Abu Bakar	0	0.00%	0	0.00%
8	Elakumari A/P Kantilal	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

ABAC	Anti-Bribery and Anti-Corruption
Act	Companies Act 2016
AGM	Annual General Meeting
AI	Artificial Intelligence
ARMC	Audit and Risk Management Committee
B2B	Business to business
B2C	Business to consumer
BCP	Business continuity planning
Board	Board of Directors
BPO	Business Process Outsourcing
BPO/SSO	Business Process Outsourcing/Shared Services Outsourcing
Bursa Securities	Bursa Malaysia Securities Berhad
CAGR	Compound Annual Growth Rate
Central Depositories Act	Securities Industry (Central Depositories) Act 1991
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-Generating Units
COO	Chief Operating Officer
Code	Code of Business Conduct
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CX	Customer Experience
EAD	Exposure at Default
ECL	Expected Credit Loss
eKYC	electronic Know Your Customer
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
FCF	Free Cash Flows
FVLCS	Fair Value Less Cost to Sell
FVTPL	Fair Value Through Profit or Loss
FVOCI	Fair Value Other Comprehensive Income
FY	Financial Year
GHG	Greenhouse Gas Emissions
GovTech	Government Technology
GRI	Global Reporting Initiative
HRDF	Human Resource Development Fund

GLOSSARY OF ABBREVIATIONS (CONTINUED)

IAOP	International Association of Outsourcing Professionals
ICM	Internal control memorandum
IESBA	International Ethics Standards Board for Accountants
INR	Indian Rupee
IP	Intellectual Property
IPO	Initial Public Offering
ISO	International Standards Organization
IT	Information Technology
IVR	Interactive Voice Response
KMP	Key Management Personnel
KPI	Key Performance Indicators
kWh	kilowatt-hours
LGD	Loss Given Default
LKR	Sri Lankan Rupee
LMS	Learning Management System
LLM	Large Language Models
LOA	Limits of Authority
MASB	Malaysian Accounting Standards Board
MCCG	Malaysian Code on Corporate Governance
MFRS	Malaysia Financial Reporting Standards
MMLR	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
MSC	Multimedia Super Corridor
MQA	Malaysian Qualification Agency
NRC	Nominating and Remuneration Committee
NGO	Non-Governmental Organisation
OHS	Occupational Health and Safety
PAT	Profit After Tax
PBT	Profit Before Tax
PD	Probability of Default
PDPA	Personal Data Protection Act 2010
PWC	PricewaterhouseCoopers PLT
RPA	Robotics Process Automation
RRPT	Recurrent Related Party Transactionsp
RM	Ringgit Malaysia
RMS	Risk Management and Sustainability Committee
ROU	Right-Of-Use

GLOSSARY OF ABBREVIATIONS (CONTINUED)

SaaS	Software as a Service
Scicom	Scicom (MSC) Berhad
RS	Risk and Sustainability Committee
SCP	Service Capability & Performance Standards
SMT	Senior Management Team
SPPI	Solely Payment of Principal and Interest
STAR	Scicom's Talent Assessment, Recognition and Development
The Company	Scicom (MSC) Berhad
The Group	Scicom (MSC) Berhad and its subsidiaries
TQM	Total Quality Management
UK	United Kingdom
USA	United States of America
USD	United States Dollar
VCOC	Vendor Code of Conduct
VIU	Value-In-Use
YA	Year of Assessment

GROUP DIRECTORY

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Selangor Darul Ehsan Malaysia

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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

Mediconnect Sdn Bhd
(Formerly known as Asian Contact Solutions Sdn Bhd)
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22, Jalan P. Ramlee
50250 Kuala Lumpur Malaysia
Tel : 603 2162 1088
Fax : 603 2164 9820

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12930 Indonesia

Scicom Inc
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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 TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("21st 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 **Thursday, 30 November 2023** at **10.00 a.m**. to transact the following businesses:-

A. <u>Ordinary Business</u>

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 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 2023:-

   (i) Krishnan A/L C.K. Menon – RM120,000 (Ordinary Resolution 1)
   (ii) Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah – RM91,630 (Ordinary Resolution 2)
   (iii) Mahani Binti Amat – RM96,096 (Ordinary Resolution 3)
   (iv) Datuk Joseph Dominic Silva – RM91,466 (Ordinary Resolution 4)
   (v) Fa'izah Binti Mohamed Amin – RM78,041 (Ordinary Resolution 5)
   (vi) Mior Mokhtar Bin Mior Abu Bakar – RM42,500 (Ordinary Resolution 6)
   (Appointed on 1 January 2023)
   (vii) Elakumari A/P Kantilal – RM37,500
   (Appointed on 1 January 2023) (Ordinary Resolution 7)
   (viii) Dato' Mohd Salleh Bin Hj. Harun – RM35,507
   (Retired on 21 November 2022) (Ordinary Resolution 8)
   (ix) Karen Judith Goonting – RM35,507
   (Retired on 21 November 2022) (Ordinary Resolution 9)

3. To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company:-

   (i) Dato' Sri Leo Suresh Ariyanayakam (Ordinary Resolution 10)
   (ii) Datuk Joseph Dominic Silva (Ordinary Resolution 11)

4. To re-elect the following Directors who are retiring pursuant to Clause 78 of the Constitution of the Company:-

   (i) Mior Mokhtar Bin Mior Abu Bakar (Ordinary Resolution 12)
   (ii) Elakumari A/P Kantilal (Ordinary Resolution 13)

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 14)

B. <u>Special Business</u>

6. **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, read together with Clause 12(3) of the Constitution of the Company.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

6. **Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016 (continued)** (Special Resolution)

   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 15 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016."

7. **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** (Ordinary Resolution 15)

   "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. **Continuation in Office of Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah as Independent Non-Executive Director** (Ordinary Resolution 16)

   "THAT authority be and is hereby given to Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company until the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

9. 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
27 October 2023

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTES:

1. For the purpose of determining who shall be entitled to attend this Twenty-First Annual General Meeting ("21st AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 21st 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 21st 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 21st 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 21st 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 21st 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 **Tuesday, 28 November 2023 at 10.00 a.m.**

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTES: (CONTINUED)

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 21st 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.

EXPLANATORY NOTES TO THE AGENDA:

(i) Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2023

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 9 - Directors' fees for the financial year ended 30 June 2023

The proposed Ordinary Resolutions 1 to 9, if passed, will facilitate the payment of Directors' fees for the financial year ended 30 June 2023, details of which are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023 and Corporate Governance Report. The Directors' fees payable includes fees payable to Independent Directors and Non-Independent Non-Executive Directors as members of the Board and Board Committees.

(iii) Ordinary Resolutions 10 to 13 - Re-election of Directors

Dato' Sri Leo Suresh Ariyanayakam, Datuk Joseph Dominic Silva, Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 21st AGM.

Their profiles are disclosed in the Board of Directors' Profile of the Annual Report 2023.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE AGENDA: (CONTINUED)

(iii) Ordinary Resolutions 10 to 13 - Re-election of Directors (continued)

The retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company. The Nominating and Remuneration Committee ("NRC") has considered the performance and contribution, time and commitment, calibre and personality, and fit and properness of the retiring Directors. Based on the recommendation of the NRC, the Board is supportive of their re-election based on the following justifications:-

(a) Ordinary Resolution 10 – Re-election of Dato' Sri Leo Suresh Ariyanayakam as Director of the Company
Dato' Sri Leo Suresh Ariyanayakam is a Non-Independent Executive Director and Chief Executive Officer of the Company. He contributes tremendously to the Group by overseeing the Group's operations as well as directing business growth and strategic direction of the Group. His expertise and hard work had been instrumental to the growth and development of the Group.

(b) Ordinary Resolution 11 – Re-election of Datuk Joseph Dominic Silva as Director of the Company
Datuk Joseph Dominic Silva is an Independent Non-Executive Director ("INED") of the Company. He has demonstrated his independence through his engagement in Board and Board Committee meetings. He also exercised due care and carried out his professional duty proficiently as an INED of the Company. He demonstrated objectivity and independence through his participation at the meetings by giving valuable feedbacks for Board's deliberation and decision-making process.

(c) Ordinary Resolutions 12 and 13 – Re-election of Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal as Directors of the Company
Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal were appointed as INEDs of the Company on 1 January 2023. They exercised due care and carried out their professional duty proficiently as INEDs of the Company.

(iv) Ordinary Resolution 14 - 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 21st AGM are disclosed in the Audit and Risk Management Committee Report of the Annual Report 2023.

(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 Sections 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 15 - 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.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE AGENDA: (CONTINUED)

(vi) Ordinary Resolution 15 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (continued)

This is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 21 November 2022. 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 21 November 2022 and the mandate will lapse at the conclusion of the 21st AGM.

(vii) Ordinary Resolution 16 – Continuation in Office of Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah as Independent Non Executive Director

Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah has served as Independent Non-Executive Director of the Company since 14 May 2014.

The Board had, through the NRC, carried out the necessary assessment on Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah and recommended that he continues to act as INED of the Company based on the following justifications:-

(a) He met the independence criteria as set out in Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
(b) His length of service on the Board has not affected his ability to display high level of integrity and exercise independent judgement and decision-making while acting in the best interests of the Company, shareholders and stakeholders, and is able to express unbiased views without any influence.

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 Twenty-First 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 **Thursday, 30 November 2023 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 RM120,000.	**Ordinary Resolution 1**		
To approve the payment of Director's fee to Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah amounting to RM91,630.	**Ordinary Resolution 2**		
To approve the payment of Director's fee to Mahani Binti Amat amounting to RM96,096.	**Ordinary Resolution 3**		
To approve the payment of Director's fee to Datuk Joseph Dominic Silva amounting to RM91,466.	**Ordinary Resolution 4**		
To approve the payment of Director's fee to Fa'izah Binti Mohamed Amin amounting to RM78,041.	**Ordinary Resolution 5**		
To approve the payment of Director's fee to Mior Mokhtar Bin Mior Abu Bakar amounting to RM42,500.	**Ordinary Resolution 6**		
To approve the payment of Director's fee to Elakumari A/P Kantilal amounting to RM37,500.	**Ordinary Resolution 7**		
o approve the payment of Director's fee to Dato' Mohd Salleh Bin Hj. Harun amounting to RM35,507.	**Ordinary Resolution 8**		
To approve the payment of Director's fee to Karen Judith Goonting amounting to RM35,507.	**Ordinary Resolution 9**		
To re-elect Dato' Sri Leo Suresh Ariyanayakam as Director.	**Ordinary Resolution 10**		
To re-elect Datuk Joseph Dominic Silva as Director.	**Ordinary Resolution 11**		
To re-elect Mior Mokhtar Bin Mior Abu Bakar as Director.	**Ordinary Resolution 12**		
To re-elect Elakumari A/P Kantilal as Director.	**Ordinary Resolution 13**		
To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 14**		
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 15**		
Continuation in office of Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah as Independent Non-Executive Director.	**Ordinary Resolution 16**		

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.

PROXY FORM (CONTINUED)

Signed this ________________ day of ____________________ 2023

____

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.

NOTES:

1. *For the purpose of determining who shall be entitled to attend this Twenty-First Annual General Meeting ("21st AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 21st 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 21st 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 21st 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 21st 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 21st 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 **Tuesday, 28 November 2023 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 21st 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.*

The Science of Communication

SCICOM (MSC) Berhad (200201029763) (597426-H)
www.scicom-intl.com