

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



The Board of Directors
Scicom (MSC) Berhad
2 September 2005

E(ii) Historical financial information of Scicom MSC

Income statements

	Note	Group			Company		
		Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000
Revenue	(a)	53,957	46,466	12,996	52,532	26,728	12,996
Other operating income		865	382	52	836	102	52
		<u>54,822</u>	<u>46,848</u>	<u>13,048</u>	<u>53,368</u>	<u>26,830</u>	<u>13,048</u>
Less: Operating expenses							
Advertisement		537	460	3	504	181	3
Depreciation of plant and equipment		3,608	2,719	45	1,869	813	45
Entertainment		200	506	2	200	304	2
Insurance expenses		847	252	0	808	209	0
Maintenance expenses		762	351	79	427	219	79
Management fees		0	0	3,619	4,458	5,258	3,619
Office supplies		420	207	61	387	133	61
Other operating expenses		770	1,047	87	710	439	87
Professional fees		786	765	19	660	428	19
Rental expenses		3,298	2,966	1,028	2,355	2,025	1,028
Staff cost (including remuneration of Directors)	(b)	34,942	30,480	5,430	32,228	11,073	5,430
Staff welfare		391	507	35	391	48	35
Telecommunication and utilities expenses		1,443	744	48	1,348	282	48
Travelling expenses		1,043	1,218	85	929	562	85
		<u>49,047</u>	<u>42,222</u>	<u>10,541</u>	<u>47,274</u>	<u>21,974</u>	<u>10,541</u>
Profit from operations		5,775	4,626	2,507	6,094	4,856	2,507
Finance cost	(c)	(367)	(671)	(55)	(153)	(182)	(55)
Profit before taxation	(d)	5,408	3,955	2,452	5,941	4,674	2,452
Taxation	(e)	0	(266)	0	0	0	0
Profit after taxation		5,408	3,689	2,452	5,941	4,674	2,452
Minority interest		0	(106)	0	0	0	0
NET PROFIT FOR THE FINANCIAL YEAR/PERIOD		<u>5,408</u>	<u>3,583</u>	<u>2,452</u>	<u>5,941</u>	<u>4,674</u>	<u>2,452</u>
Earnings per share - basic (sen)	(f)	7.2	4.8	56.7	7.9	6.2	56.7

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



The Board of Directors
Scicom (MSC) Berhad
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E(ii) Historical financial information of Scicom MSC (continued)

Balance sheets

	Note	Group			Company		
		As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
NON-CURRENT ASSETS							
Plant and equipment	(h)	11,782	9,449	6,102	8,989	3,905	694
Investments in subsidiaries	(i)	0	0	0	576	576	567
		<u>11,782</u>	<u>9,449</u>	<u>6,102</u>	<u>9,565</u>	<u>4,481</u>	<u>1,261</u>
CURRENT ASSETS							
Trade receivables	(j)	4,934	9,736	8,844	4,759	5,696	675
Deposits, prepayments and other receivables	(k)	2,377	1,732	915	1,159	385	125
Amounts due from subsidiaries	(l)	0	0	0	3,191	4,270	1,248
Deposits with financial institutions	(m)	1,765	1,757	1,979	0	0	0
Cash and bank balances	(n)	872	2,133	2,018	817	2,025	343
		<u>9,948</u>	<u>15,358</u>	<u>13,756</u>	<u>9,926</u>	<u>12,376</u>	<u>2,391</u>
LESS: CURRENT LIABILITIES							
Payables and accruals	(o)	5,845	10,971	10,903	3,937	7,386	345
Taxation		84	48	272	0	0	0
Borrowings (secured)	(p)	2,165	5,025	3,071	1,254	874	102
		<u>8,094</u>	<u>16,044</u>	<u>14,246</u>	<u>5,191</u>	<u>8,260</u>	<u>447</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>1,854</u>	<u>(686)</u>	<u>(490)</u>	<u>4,735</u>	<u>4,116</u>	<u>1,944</u>
NON-CURRENT LIABILITIES							
Payables and accruals	(o)	468	0	0	0	0	0
Borrowings (secured)	(p)	1,034	1,948	2,080	666	904	186
Deferred taxation	(q)	137	211	0	0	0	0
		<u>1,639</u>	<u>2,159</u>	<u>2,080</u>	<u>666</u>	<u>904</u>	<u>186</u>
NET ASSETS		<u>11,997</u>	<u>6,604</u>	<u>3,532</u>	<u>13,634</u>	<u>7,693</u>	<u>3,019</u>
CAPITAL AND RESERVES							
Share capital	(r)	7,500	3,000	567	7,500	3,000	567
Currency translation reserve		(13)	2	0	0	0	0
Retained earnings		4,510	3,602	2,452	6,134	4,693	2,452
		<u>11,997</u>	<u>6,604</u>	<u>3,019</u>	<u>13,634</u>	<u>7,693</u>	<u>3,019</u>
Minority interest		0	0	513	0	0	0
		<u>11,997</u>	<u>6,604</u>	<u>3,532</u>	<u>13,634</u>	<u>7,693</u>	<u>3,019</u>

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



The Board of Directors
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E(ii) Historical financial information of Scicom MSC (continued)

Statements of changes in equity

Group	Issued and fully paid ordinary shares of RM0.10/RM1.00 each		Non- distributable Currency translation reserve RM	Distributable Retained earnings RM	Total RM
	Number of shares	Nominal value RM			
As at 30 October 2002 (date of incorporation)	2	2	0	0	2
Issue of shares of RM1 each	567,288	567,288	0	0	567,288
Profit after taxation	0	0	0	2,451,521	2,451,521
As at 30 June 2003	<u>567,290</u>	<u>567,290</u>	<u>0</u>	<u>2,451,521</u>	<u>3,018,811</u>
As at 1 July 2003	567,290	567,290	0	2,451,521	3,018,811
Currency translation differences	0	0	2,376	0	2,376
Bonus issue of shares of RM1 each	2,432,710	2,432,710	0	(2,432,710)	0
Profit after taxation	0	0	0	3,582,588	3,582,588
As at 30 June 2004	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,376</u>	<u>3,601,399</u>	<u>6,603,775</u>
As at 1 July 2004	3,000,000	3,000,000	2,376	3,601,399	6,603,775
Currently translation differences	0	0	(15,624)	0	(15,624)
27,000,000 ordinary shares split to convert the nominal value from RM1 each to RM0.10 each	27,000,000	0	0	0	0
Bonus issue of shares of RM0.10 each	45,000,000	4,500,000	0	(4,500,000)	0
Profit after taxation	0	0	0	5,408,610	5,408,610
As at 30 June 2005	<u>75,000,000</u>	<u>7,500,000</u>	<u>(13,248)</u>	<u>4,510,009</u>	<u>11,996,761</u>

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The Board of Directors
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E(ii) Historical financial information of Scicom MSC (continued)

Statements of changes in equity (continued)

Company	Issued and fully paid ordinary shares of RM0.10 / RM1.00 each		Distributable Retained earnings RM	Total RM
	Number of shares	Nominal value RM		
As at 30 October 2002 (date of incorporation)	2	2	0	2
Issue of shares of RM1 each	567,288	567,288	0	567,288
Profit after taxation	0	0	2,451,521	2,451,521
As at 30 June 2003	<u>567,290</u>	<u>567,290</u>	<u>2,451,521</u>	<u>3,018,811</u>
As at 1 July 2003	567,290	567,290	2,451,521	3,018,811
Bonus issue of shares of RM1 each	2,432,710	2,432,710	(2,432,710)	0
Profit after taxation	0	0	4,674,338	4,674,338
As at 30 June 2004	<u>3,000,000</u>	<u>3,000,000</u>	<u>4,693,149</u>	<u>7,693,149</u>
As at 1 July 2004	3,000,000	3,000,000	4,693,149	7,693,149
27,000,000 ordinary shares split to convert the nominal value from RM1 each to RM0.10 each	27,000,000	0	0	0
Bonus issue of shares of RM0.10 each	45,000,000	4,500,000	(4,500,000)	0
Profit after taxation	0	0	5,940,690	5,940,690
As at 30 June 2005	<u>75,000,000</u>	<u>7,500,000</u>	<u>6,133,839</u>	<u>13,633,839</u>

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Cash flow statements

	Note	Group Year ended 30.6.2005 RM'000	Company Year ended 30.6.2005 RM'000
OPERATING ACTIVITIES			
Profit after taxation		5,408	5,941
Adjustments for:			
Allowance for doubtful debts		17	114
Bad debts written off		82	79
Depreciation of plant and equipment		3,608	1,869
Interest expense		415	153
Interest income		(48)	0
Unrealised exchange loss		142	142
Write-back of bad debts		(3)	0
Operating profit before changes in working capital		9,621	8,298
Changes in working capital:			
Receivables		3,813	(171)
Payables		(4,704)	(3,449)
Intercompany balances		0	(891)
Cash flows from operations		8,730	3,787
Interest received		48	0
Taxation paid		(38)	0
Net cash flow from operating activities		8,740	3,787
INVESTING ACTIVITIES			
Purchase of plant and equipment	(x)	(4,731)	(3,855)
Net cash flow used in investing activities		(4,731)	(3,855)
FINANCING ACTIVITIES			
Repayment of factoring facilities		(536)	0
Repayment of Al-Bai Bithaman Ajil Islamic Term Financing		(337)	0
Repayment of finance lease principal		(1,686)	(987)
Interest paid		(414)	(153)
Deposits with licensed banks		(8)	0
Net cash flow used in financing activities		(2,981)	(1,140)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,028	(1,208)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		56	0
CASH AND CASH EQUIVALENTS AT START OF FINANCIAL YEAR		(441)	2,025
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(n)	643	817

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



The Board of Directors
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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements

(a) Revenue

Revenue represents the invoiced value of the following types of services rendered:

	Group			Company		
	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000
Customer services	51,365	41,067	11,799	51,365	25,436	11,799
Training and consultancy	1,524	2,670	1,197	1,167	1,292	1,197
Recruitment services	1,068	2,729	0	0	0	0
	<u>53,957</u>	<u>46,466</u>	<u>12,996</u>	<u>52,532</u>	<u>26,728</u>	<u>12,996</u>

(b) Staff cost

Wages, salaries and bonus	31,159	26,894	4,927	28,920	10,287	5,057
Defined contribution plan	2,958	2,348	372	2,827	709	372
Other employee benefits	815	1,082	1	481	77	1
	<u>34,932</u>	<u>30,324</u>	<u>5,300</u>	<u>32,228</u>	<u>11,073</u>	<u>5,430</u>
Directors' remuneration:						
Fees	10	156	130	0	0	0
	<u>34,942</u>	<u>30,480</u>	<u>5,430</u>	<u>32,228</u>	<u>11,073</u>	<u>5,430</u>

The other remuneration received by Directors of the Group and the Company are as follows:

	Group			Company		
	30.6.2005 RM'000	30.6.2004 RM'000	30.6.2003 RM'000	30.6.2005 RM'000	30.6.2004 RM'000	30.6.2003 RM'000
Wages, salaries and bonus	608	1,078	540	608	0	0
Benefits-in-kind	37	15	45	37	0	0
	<u>645</u>	<u>1,093</u>	<u>585</u>	<u>645</u>	<u>0</u>	<u>0</u>

The number of employees as at the end of each year/period is as follows:

	Group			Company		
	30.6.2005	30.6.2004	30.6.2003	30.6.2005	30.6.2004	30.6.2003
Total employees	<u>776</u>	<u>1,024</u>	<u>716</u>	<u>591</u>	<u>353</u>	<u>0*</u>

* There were no employees in the Company as at 30 June 2003 as the operations of the Company were managed by a subsidiary.

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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(c) Finance cost

	Group			Company		
	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000
Interest expense:						
- finance lease	235	411	55	136	182	55
- bank overdraft	130	123	0	0	0	0
- factoring interest	17	139	0	17	0	0
- Al-Bai Bithaman Ajil Islamic Term Financing	33	55	0	0	0	0
	415	728	55	153	182	55
Interest income	(48)	(57)	0	0	0	0
	367	671	55	153	182	55

(d) Profit before taxation

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

	Group			Company		
	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2004 RM'000	Period from 30.10.2002 (date of incorporation) to 30.6.2003 RM'000
Auditors' remuneration	143	96	9	88	40	9
Allowance for doubtful debts	17	134	0	114	0	0
Bad debts written off	82	10	0	79	0	0
Immigration expenses	204	125	44	178	99	44
Loss on disposal of a subsidiary	0	177	0	0	146	0
Printing charges	58	113	19	58	64	19
Rental of apartments	413	674	239	369	475	239
Rental of office	2,202	1,639	357	1,683	1,083	357
Rental of office equipment	297	479	433	297	467	433
Realised exchange gain	(322)	(83)	(52)	(126)	(42)	(52)
Unrealised exchange (gain)/loss	142	(48)	0	142	46	0
Write-back of allowance for doubtful debts	(3)	(60)	0	0	0	0

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The Board of Directors
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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(e) Taxation

There is no taxation charge for the Company as the Company was awarded the Multimedia Super Corridor ('MSC') status and there is no non-pioneer income for the financial period/years which is subject to tax.

The Company was awarded MSC status on 7 November 2002. In association with the MSC status, the Company was awarded pioneer status which accords the Company with five years of income tax exemption on the Company's statutory income that is renewable for a second 5-year term.

The taxation charge for the Group is derived from the taxable income of the subsidiaries.

	Year ended <u>30.6.2005</u> RM'000	Year ended <u>30.6.2004</u> RM'000	Group Period from 30.10.2002 (date of incorporation) to <u>30.6.2003</u> RM'000
<u>Current tax</u>			
Current taxation	20	55	0
Underaccrual of income tax in prior year	54	0	0
<u>Deferred taxation</u>			
Origination and reversal of temporary differences	(74)	211	0
	<u>0</u>	<u>266</u>	<u>0</u>

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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(e) Taxation (continued)

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

	Year ended <u>30.6.2005</u> %	Year ended <u>30.6.2004</u> %	Group Period from 30.10.2002 (date of incorporation) to <u>30.6.2003</u> %
Numerical reconciliation between average effective tax rate and the Malaysian tax rate:			
Malaysian tax rate	28	28	28
Tax effects of:			
Expenses not deductible for tax purposes	5	5	0
Different tax rates – Small Medium Enterprises are taxed at 20%	2	0	0
Income not subject to tax	(37)	(33)	(28)
Temporary differences not recognised	2	0	0
Current year tax loss not recognised (relating to overseas subsidiaries)	0	7	0
	<u>0</u>	<u>7</u>	<u>0</u>

Subject to the agreement by the tax authorities, the Company has the following approximate tax exempt account under the Promotion of Investments Act, 1986 to frank dividends at the respective balance sheet date.

	<u>30.6.2005</u> RM'000	<u>30.6.2004</u> RM'000	As at <u>30.6.2003</u> RM'000
Tax exempt account	<u>10,241</u>	<u>6,742</u>	<u>2,443</u>

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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(f) Earnings per share

Basic earnings per share of the Group and the Company are calculated by dividing the net earnings for the financial year/period by the weighted average number of ordinary shares in issue during the financial years/period.

	Group			Company		
	Year ended 30.6.2005	Year ended 30.6.2004	Period from 30.10.2002 (date of incorporation) to 30.6.2003	Year ended 30.6.2005	Year ended 30.6.2004	Period from 30.10.2002 (date of incorporation) to 30.6.2003
Net profit for the financial year/period (RM'000)	5,408	3,583	2,452	5,941	4,674	2,452
Weighted average number of ordinary shares in issue ('000)	75,000	75,000	4,321	75,000	75,000	4,321
Basic earnings per share (sen)	7.2	4.8	56.7	7.9	6.2	56.7

(g) Segment reporting

(i) Primary reporting segment – business segments

The Group is principally involved in a single line of business, namely the provision of customer contact center within the Business Process Outsourcing Space, and as such the segmental disclosure are as reported in the income statement and balance sheet of the Group. The Group's business segments operate substantially from Malaysia.

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Notes to the financial statements (continued)

Group	Furniture and fittings RM'000	Office equipment RM'000	Software RM'000	Office renovations RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<u>Cost</u>							
As at 1 July 2004	1,249	8,080	2,479	2,067	994	0	14,869
Additions	292	4,467	687	375	0	39	5,860
Reclassifications	438	(40)	0	(398)	0	0	0
Currency translation differences	25	53	8	10	0	0	96
As at 30 June 2005	2,004	12,560	3,174	2,054	994	39	20,825
<u>Accumulated depreciation</u>							
As at 1 July 2004	543	2,810	536	1,117	414	0	5,420
Charge for the financial period	341	1,817	723	528	199	0	3,608
Reclassifications	25	(14)	0	(11)	0	0	0
Currency translation differences	3	6	2	4	0	0	15
As at 30 June 2005	912	4,619	1,261	1,638	613	0	9,043
Net book value as at 30 June 2005	1,092	7,941	1,913	416	381	39	11,782
Net book value as at 30 June 2004	706	5,270	1,943	950	580	0	9,449

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Notes to the financial statements (continued)

(h) Plant and equipment (continued)

Company	Furniture and fittings RM'000	Office equipment RM'000	Software RM'000	Office renovations RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>						
As at 1 July 2004	281	2,984	875	623	0	4,763
Additions	255	4,014	345	370	0	4,984
Transfer of assets from a subsidiary	320	619	1,021	7	2	1,969
As at 30 June 2005	856	7,617	2,241	1,000	2	11,716
<u>Accumulated depreciation</u>						
As at 1 July 2004	39	427	100	292	0	858
Charge for the financial year	100	1,142	274	353	0	1,869
As at 30 June 2005	139	1,569	374	645	0	2,727
Net book value as at 30 June 2005	717	6,048	1,867	355	2	8,989
Net book value as at 30 June 2004	242	2,557	775	331	0	3,905

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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(h) Plant and equipment (continued)

Net book values of plant and equipment acquired under finance leases are as follows:

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Office equipment	2,347	2,491	1,224	1,928	1,836	300
Software	172	283	469	0	0	0
Office renovation	11	37	81	0	0	0
Motor vehicles	332	504	558	0	0	0
	<u>2,862</u>	<u>3,315</u>	<u>2,332</u>	<u>1,928</u>	<u>1,836</u>	<u>300</u>

For the financial year ended 30 June 2005, the cost of software amounting to RM349,688 were purchased under the terms of the deferred payment scheme as described in Note(o).

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Notes to the financial statements (continued)

(i) Investments in subsidiaries

	<u>30.6.2005</u>	<u>30.6.2004</u>	<u>Company</u>
	RM'000	RM'000	30.6.2003
			RM'000
Unquoted shares, at cost	576	576	567

Details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Group's effective interest as at 30 June</u>			<u>Principal activities</u>
		<u>2005</u>	<u>2004</u>	<u>2003</u>	
		%	%	%	
Scicom Sdn. Bhd.	Malaysia	100	100	63	Provision of customer contact centre within the Business Process Outsourcing space, customer service training products and contact centre consulting and marketing services
Scicom Contact Centre Services Private Limited*	India	100	100	0	Provision of end-to-end solutions for customer contact management and back office services
Scicom International (UK) Ltd.	United Kingdom	100	100	0	Dormant
Scicom Teleservices Pte Ltd.*	Singapore	100	100	0	Dormant
Scicom International Ltd.*	Republic of Korea	0	0	63	Provision of call centre services

* Audited by firms other than PricewaterhouseCoopers Malaysia.

On 10 March 2004, the Company acquired the remaining 37% equity interest in Scicom Sdn. Bhd.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(j) Trade receivables

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Trade receivables	4,951	9,877	8,851	4,776	5,696	675
Less: Allowance for doubtful debts	(17)	(141)	(7)	(17)	0	0
	<u>4,934</u>	<u>9,736</u>	<u>8,844</u>	<u>4,759</u>	<u>5,696</u>	<u>675</u>
The currency exposure profile of trade receivables is as follows:						
- Ringgit Malaysia	933	7,285	5,843	758	3,248	675
- United States Dollar	3,350	399	2,801	3,350	396	0
- Korean Won	0	0	200	0	0	0
- Pound Sterling	651	2,052	0	651	2,052	0
	<u>4,934</u>	<u>9,736</u>	<u>8,844</u>	<u>4,759</u>	<u>5,696</u>	<u>675</u>

Credit terms of trade receivables ranged from 30 to 90 days.

Certain trade receivables have been factored to a financial institution pursuant to a factoring facility obtained by the Group as referred to in Note (p).

Concentrations of credit risk respect to trade receivables are to a few numbers of customers. The Group and the Company's historical experience in collection of trade receivables falls within recorded allowance. Management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's and the Company's trade receivables.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



The Board of Directors
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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(k) Deposits, prepayments and other receivables

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Deposits	1,446	1,498	710	454	297	115
Prepayments	751	223	37	705	88	10
Other receivables	180	11	168	0	0	0
	<u>2,377</u>	<u>1,732</u>	<u>915</u>	<u>1,159</u>	<u>385</u>	<u>125</u>

The currency exposure profile of deposits, prepayments and other receivables is as follows:

- Ringgit Malaysia	2,033	794	915	1,159	385	125
- Indian Rupees	324	920	0	0	0	0
- Korean Won	0	0	0	0	0	0
- Pound Sterling	18	18	0	0	0	0
- Singapore Dollar	2	0	0	0	0	0
	<u>2,377</u>	<u>1,732</u>	<u>915</u>	<u>1,159</u>	<u>385</u>	<u>125</u>

(l) Amounts due from subsidiaries

	Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Amounts due from subsidiaries	4,582	5,563	1,248
Less: Allowance for doubtful debts	(1,391)	(1,293)	0
	<u>3,191</u>	<u>4,270</u>	<u>1,248</u>

The currency exposure profile for amounts due from subsidiaries is as follows:

- Ringgit Malaysia	2,174	1,810	1,248
- Indian Rupees	828	2,207	0
- Pound Sterling	189	172	0
- Singapore Dollar	0	81	0
	<u>3,191</u>	<u>4,270</u>	<u>1,248</u>

The amounts due from subsidiaries represent advances and are unsecured, interest free and have no fixed terms of repayment.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(m) Deposits with financial institutions

	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	Group As at 30.6.2003 RM'000
Deposits with a licensed bank	1,765	1,757	1,600
Performance guarantees	0	0	379
	<u>1,765</u>	<u>1,757</u>	<u>1,979</u>

Currency exposure profile of deposits with financial institutions is as follows:

- Ringgit Malaysia	1,600	1,600	1,724
- Korean Won	0	0	255
- Indian Rupees	165	157	0
	<u>1,765</u>	<u>1,757</u>	<u>1,979</u>

The weighted average interest rate of deposits with a licensed bank that was effective at the financial year end was as follows:

	As at 30.6.2005 %	As at 30.6.2004 %	Group As at 30.6.2003 %
Deposits with licensed banks			
- Ringgit Malaysia	2.79	3.13	3.10
- Indian Rupees	4.23	4.31	*

The average maturity days of placement of funds with deposits with are as follows:

	As at 30.6.2005	As at 30.6.2004	Group As at 30.6.2003
Deposits with licensed banks (days)			
- Ringgit Malaysia	365	331	330
- Indian Rupees	820	1,153	*

* Not applicable

Deposits with a licensed bank of RM1,600,000 (2004: 1,600,000) is pledged to a bank overdraft facility granted to a subsidiary of the Company as referred to in Note (p) to the financial statements.

Deposits with a licensed bank of RM165,456 (2004: RM157,286) is pledged for banking facilities granted to a foreign subsidiary of the Company.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(n) Cash and cash equivalents

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Cash and bank balances	872	2,133	2,018	817	2,025	343
Bank overdraft (Note (p))	(229)	(2,574)	(1,298)	0	0	0
	<u>643</u>	<u>(441)</u>	<u>720</u>	<u>817</u>	<u>2,025</u>	<u>343</u>

The currency exposure profile
of cash and cash
equivalents is as follows:

- Ringgit Malaysia	379	(479)	493	595	2,025	343
- United States Dollars	224	0	0	222	0	0
- Korean Won	0	0	226	0	0	0
- Indian Rupees	39	25	0	0	0	0
- Singapore Dollar	1	11	0	0	0	0
- Others	0	2	1	0	0	0
	<u>643</u>	<u>(441)</u>	<u>720</u>	<u>817</u>	<u>2,025</u>	<u>343</u>

Bank balances are deposits held at call with banks.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(o) Payables and accruals

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
Current						
Trade payables	803	7,180	6,961	803	6,211	0
Non-trade accruals	3,565	1,396	1,339	1,777	253	20
Other payables	1,477	2,395	2,603	1,357	922	325
	<u>5,845</u>	<u>10,971</u>	<u>10,903</u>	<u>3,937</u>	<u>7,386</u>	<u>345</u>
Non-current						
Non-trade accrual	468	0	0	0	0	0
	<u>468</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total						
Trade payables	803	7,180	6,961	803	6,211	0
Non-trade accruals	4,033	1,396	1,339	1,777	253	20
Other payables	1,477	2,395	2,603	1,357	922	325
	<u>6,313</u>	<u>10,971</u>	<u>10,903</u>	<u>3,937</u>	<u>7,386</u>	<u>345</u>
The currency exposure profile of payables and accruals is as follows:						
- Ringgit Malaysia	3,448	3,924	4,176	3,300	1,443	345
- United States Dollar	612	5,952	6,461	612	5,943	0
- Korean Won	0	0	266	0	0	0
- Pound Sterling	25	101	0	25	0	0
- Singapore Dollar	59	66	0	0	0	0
- Indian Rupees	2,169	928	0	0	0	0
	<u>6,313</u>	<u>10,971</u>	<u>10,903</u>	<u>3,937</u>	<u>7,386</u>	<u>345</u>

Credit terms of trade payables ranged from 30 to 120 days.

For the financial year ended 30 June 2005, included in current non-trade accruals is a creditor under deferred payment scheme, which is repayable within the next 12 months, amounting to RM424,124. The non-current non-trade accruals is a creditor under deferred payment scheme, which is repayable between 13 to 25 months. The deferred payment scheme is not an interest-bearing scheme.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(p) Borrowings (secured and interest-bearing)

	Group			Company		
	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	As at 30.6.2003 RM'000
<u>Current</u>						
Factoring facility liability	0	536	692	0	0	0
Bank overdraft	229	2,574	1,298	0	0	0
Al-Bai Bithaman Ajil Islamic Term Financing	298	337	315	0	0	0
Finance lease liabilities	1,638	1,578	766	1,254	874	102
	<u>2,165</u>	<u>5,025</u>	<u>3,071</u>	<u>1,254</u>	<u>874</u>	<u>102</u>
<u>Non-current</u>						
Al-Bai Bithaman Ajil Islamic Term Financing	0	298	635	0	0	0
Finance lease liabilities	1,034	1,650	1,445	666	904	186
	<u>1,034</u>	<u>1,948</u>	<u>2,080</u>	<u>666</u>	<u>904</u>	<u>186</u>
<u>Total</u>						
Factoring facility liability	0	536	692	0	0	0
Bank overdraft	229	2,574	1,298	0	0	0
Al-Bai Bithaman Ajil Islamic Term Financing	298	635	950	0	0	0
Finance lease liabilities	2,672	3,228	2,211	1,920	1,778	288
	<u>3,199</u>	<u>6,973</u>	<u>5,151</u>	<u>1,920</u>	<u>1,778</u>	<u>288</u>
<u>Maturity of borrowings:</u>						
- not later than 1 year	2,165	5,025	3,071	1,254	874	102
- later than 1 year and not later than 5 years	1,034	1,948	1,988	666	904	186
- later than 5 years	0	0	92	0	0	0
	<u>3,199</u>	<u>6,973</u>	<u>5,151</u>	<u>1,920</u>	<u>1,778</u>	<u>288</u>

All borrowings are denominated in Ringgit Malaysia.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(p) Borrowings (secured and interest-bearing) (continued)

Factoring facility

The main features of the factoring facility undertaken by a subsidiary are:

- The amount of advance is 80% of invoice value with a maximum facility limit of RM1,000,000.
- Interest rate charged on the amount advanced during the financial year ended 30 June 2005 was 10% and during the financial years ended 30 June 2004 and 30 June 2003 was 17% per annum.
- Factoring fee is 0.8% flat on the invoice value.
- If an invoice factored remains unpaid for a period of nine months from factoring date, the subsidiary is liable to repay the amount initially paid out in advance.

As at 30 June 2005, the factoring facility was terminated by a subsidiary of the Company.

Bank overdraft

The salient terms of the bank overdraft taken by a subsidiary of the Company is as follows:

- (a) The bank overdraft is secured by:
- Debentures over all fixed and floating assets of the Company's subsidiary in respect of general banking facilities owing from time to time including future advances with unlimited covenant to pay on the part of the subsidiary up-stamped at ad valorem duty to secure RM3,600,000; and
 - Time deposit of RM1,600,000 to be held under lien by the bank and to be supported by a security over deposit in respect of obligation of the Company's subsidiary.
- (b) The Covenants underlying this facility are:
- The Company's subsidiary undertakes not to declare dividends or make any advances to directors or shareholders without the consent of HSBC Bank Malaysia Berhad; and
 - The Company's subsidiary internal funds or its director's private resources shall fund any cost over runs.

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(p) Borrowings (secured and interest-bearing) (continued)

Bank overdraft (continued)

The effective interest rate of the bank overdraft as at the balance sheet dates are as follows:

	<u>30.6.2005</u>	<u>30.6.2004</u>	<u>Group</u> <u>30.6.2003</u>
	%	%	%
Bank overdraft	8.0	8.0	8.4

Al-Bai Bithaman Ajil Islamic Term Financing

The salient terms of the Al-Bai Bithaman Ajil Islamic Term Financing taken by a subsidiary of the Company are as follows:

- (a) Al-Bai' Bithaman Ajil Islamic Principle Loan with repayment due in the financial year end 30 June 2006;
- (b) The Al-Bai Bithaman Ajil Islamic Term Financing is secured by a specific charge over assets amounting to RM1,000,000 and a debenture issued under the Company's subsidiary amounting to RM1,000,000; and
- (c) The covenants underlying this facility are:
 - The Company's subsidiary undertakes not to declare dividends or make any advances to directors/shareholders without the consent of HSBC Bank Malaysia Berhad; and
 - The subsidiary's internal funds or its Director's private resources shall fund any cost over runs.

The effective interest rate of the financing cost of the Al-Bai Bithaman Ajil Islamic Term Financing as at the balance sheet dates are as follows:

	<u>30.6.2005</u>	<u>30.6.2004</u>	<u>Group</u> <u>30.6.2003</u>
	%	%	%
Al-Bai Bithaman Ajil Islamic Term Financing	6.8	8.0	8.4

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(p) Borrowings (secured and interest-bearing) (continued)

Finance Lease Liabilities

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The minimum lease payments to the Group and the Company at the balance sheet dates are as follows:

	<u>Group</u>			<u>Company</u>		
	<u>30.6.2005</u>	<u>30.6.2004</u>	<u>30.6.2003</u>	<u>30.6.2005</u>	<u>30.6.2004</u>	<u>30.6.2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:						
- not later than 1 year	1,732	1,784	971	1,310	985	117
- later than 1 year and not later than 5 years	1,384	1,769	1,649	977	946	215
- later than 5 years	0	0	115	0	0	0
	<u>3,116</u>	<u>3,553</u>	<u>2,735</u>	<u>2,287</u>	<u>1,931</u>	<u>332</u>
Future finance charges on finance leases	(269)	(216)	(524)	(192)	(44)	(44)
Future maintenance charges on finance leases	(175)	(109)	0	(175)	(109)	0
Present value of finance lease liabilities	<u>2,672</u>	<u>3,228</u>	<u>2,211</u>	<u>1,920</u>	<u>1,778</u>	<u>288</u>

13. REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont'd)



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E(ii) Historical financial information of Scicom MSC (continued)

Notes to the financial statements (continued)

(q) Deferred taxation

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when the deferred taxes relate to the same authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	As at 30.6.2005 RM'000	As at 30.6.2004 RM'000	Group As at 30.6.2003 RM'000
Deferred taxation liabilities	137	211	0
At start of financial year/period			
(Charged)/credited to income statement	211	0	0
- plant and equipment	(491)	637	0
- provisions	417	(426)	0
At end of financial year/period	137	211	0
Deferred taxation assets (before offsetting)			
- provisions	9	426	0
Offsetting	(9)	(426)	0
Deferred taxation assets (after offsetting)	0	0	0
Deferred taxation liabilities (before offsetting)			
- plant and equipment	146	637	0
Offsetting	(9)	(426)	0
Deferred taxation liabilities (after offsetting)	137	211	0