

3. RISK FACTORS (Cont'd)

management and processes. It is with these advantages that outsourcers have over in-house contact centres that may lead to an organisation outsourcing their contact centres to these outsourcers.

While these competencies are not easy to acquire, outsourcers have many avenues in which to acquire these skills. These avenues include hiring the right talent, engaging process-reengineering consultants, and pursuing international accreditation or certification, which 'necessitates' process competencies onto an outsourcer. Technology is primarily an enabler, as is telecommunications. Vendors in these areas play a crucial role in sharing their expertise and assisting outsourcers in the set-up of their contact centres.

Although the market, both domestically and internationally, has seen the entry of numerous outsourced contact centre providers, the future of this industry will see fewer companies entering the market as industry pioneers engage the large multinational clients. Given that vendor switching costs are high, it is unlikely that new players will be able to secure clients that already outsource their contact centres, leaving the remaining market share smaller, more competitive and with lower margins.

Looking at the current state of the industry, Scicom believes that the threat of entry into this global industry remains moderate to high.

(ii) Competition

The BPO market, which includes contact centre outsourcing, is highly competitive and fragmented. Scicom expects competition to persist and increase in the future. Competitors as viewed by Scicom include small firms offering specific applications (boutique providers), divisions of other large entities, large service providers and most significantly, in-house operations of clients themselves. These competitors have or may develop greater capabilities than those of Scicom. There are also no assurances that foreign firms with greater resources and longer track records may not enter the Company's main market. Increased competition from external parties could erode Scicom's market position or pricing power, resulting in a material adverse effect on the Company's overall financial and operational performance.

Scicom Group mitigates this threat by focusing on its core business delivery under the mantra of 'Total Customer Delight'. The Group believes that this culture of superior customer service delivery will act as a barrier to entry against new entrants to the industry while also serving to differentiate the Group against the competition.

(iii) Technology

Part of Scicom's business is highly dependent on computers, telecommunication equipment and software systems used. Failure to respond effectively to shifts in technological trends could lead to materially adverse effects on the Company's business, results of operations or financial conditions. There can be no assurance that future products and services may be able to compete successfully with similar products and services of competitors, or that new innovations and advantages garnered by the competition may not render the Company's products and services non-competitive or irrelevant.

Scicom is protected against technological obsolescence from the client's requirement for up-to-date technology. As such, when the need arises, the client will invest in newer technology.

(C) OTHER RISKS

(i) Shareholdings of Promoters

The Promoters will collectively hold approximately 68.57% of the Company's issued and paid-up share capital after the Public Issue. As a result, the Promoters will be able to effectively influence the outcome of certain corporate actions in a manner that could cause conflict with the interests of minority shareholders.

3. RISK FACTORS (Cont'd)

However in the event of related party transactions involving any of the Promoters of the Company, such Promoters would be required to abstain from voting. In addition, Scicom has appointed two (2) independent non-executive Directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

(ii) Political, economic and legislative considerations

Development in political and economic conditions in Malaysia and other countries where the Group is currently operating or where the Company may undertake projects or market its products in the future could materially affect the financial prospects of the Group. Political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

(iii) Forward looking statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The words "anticipates", "believe", "intends", "plans", "expects", "forecast", "predicts" and similar expressions as they relate to the Group or its business are intended to identify such forward-looking statements. The Group believes that the expectations reflected in such forward-looking statements are reasonable at this point of time. There can be no assurance that such expectations will prove to have been correct. Any deviation from the expectations may have an adverse effect on the Group's financial and business performance.

(iv) Delay in or abortion of the Public Issue

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of the Public Issue:-

- (a) the Selected Investors fail to subscribe for the portion of Issue Shares to be placed to them;
- (b) the Underwriters exercise its rights pursuant to the Underwriting Agreement and discharges itself from its obligations thereunder; or
- (c) the Company is unable to meet the public spread requirements, that is, at least 25% but not more than 49% of the issued and paid-up share capital of the Company be held by a minimum number of 200 public shareholders (including employees).

Although the Board will endeavour to ensure compliance by Scicom of the various Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for the successful Public Issue, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Public Issue.

(v) Termination of Underwriting Agreement

The Underwriting Agreement is terminable upon the occurrence of certain events, details of which is set out in Section 2.8.4 of this Prospectus.

No assurance can be given that the Underwriters will not terminate the Underwriting Agreement if the events detailed in Section 2.8.4 have occurred. In the event the Public Issue could not be completed, all monies paid in respect of all applications will be returned in full without any interest.

3. RISK FACTORS (Cont'd)

(vi) Foreign Exchange Risk

The revenue of the Group is currently denominated in RM, USD, SGD, EURO, INR and GBP. Given that the reporting currency of the financial statements of the Group is in RM, it is exposed to foreign currency fluctuations. The Group will, as a mitigating factor, attempt to use various hedging techniques to mitigate this risk. In addition, some of the Group's purchases are also generated in USD, which provides a natural hedge to some degree for any adverse movements in foreign exchange rates. However, there can be no assurance that any future significant fluctuations in exchange rates and financial crisis will not impact on the revenue and earnings of the Group.

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4. INFORMATION ON THE COMPANY

4.1 HISTORY

4.1.1 Background

Incorporation

Scicom was incorporated on 30 October 2002 in Malaysia under the Act under the name of Scicom (MSC) Sdn Bhd. Scicom (MSC) Sdn Bhd was incorporated to spearhead the Group's business expansion in the area of BPO in particular in the arena of global offshore customer contact management. On 7 November 2002, Scicom was granted MSC status by MDC and was awarded pioneer status under Section 14A of the Promotion of Investments (Amendment) Act 1986 by the MITI for a period of five (5) years commencing from 7 November 2002.

On 15 September 2004, the Company was converted into a public limited company and assumed its present name.

History and principal activities

Scicom is a leading provider of customer contact centre services within the BPO space in the Asia Pacific region. In addition to managing contact centres, Scicom also provides customer service training products, as well as contact centre consulting and marketing services. Scicom's vision is 'Total Customer Delight', a mantra that is applied in all the Group's interactions with all stakeholders that interact with the organisation.

Scicom's product and service offerings are as follows:

- scicom sourcingSM consists of 4 modules that allow organisations to customise their outsourcing solution according to their needs. They are described as follows:

Service	Description
scicom partner SM	Outsourced contact centre operations specialising in international multi-lingual, multi-channel outbound and inbound customer care, technical support and associated fulfillments.
scicom academy SM	Provides for a broad spectrum of training, organisational development and human performance consulting services for customer contact management centres. Provides Support Centre Practices ("SCP") certification services for call centres in the region that would like to attain international accreditation standards for process and quality to meet world class performance standard in call centre operations.
scicom consulting SM	Offers a range of services from assisting the clients in obtaining certification for their contact centres, to human capital performance consultation services involving the operations of contact centres. These services employ Scicom's Change Management tools and Cultural Change Program. They help change employee perception, assist them to adapt to changes and new processes, and improve their performance to achieve business vision and goals.
scicom marketing SM	Integrated marketing approach that strategically uses the best combination of formula and tools of marketing, to drive positive behaviour towards a brand or product.

4. INFORMATION ON THE COMPANY (Cont'd)

Scicom Group currently has operations in Malaysia and India. Scicom is able to help global companies achieve customer delight, consistency, productivity gains and cost savings by relocating their customer contact centres to hubs currently operating out of Kuala Lumpur, Malaysia, and Bangalore, India.

Scicom has via its main product offering, scicom sourcingSM, supports its clients in the following countries / territories:-

Countries / Territories

New Zealand	Australia	Indonesia	Philippines	Malaysia	Singapore	Fiji	South Korea
Japan	Thailand	India	UK	China	Hong Kong	Guam	Vietnam
Egypt	Morocco	Saudi Arabia	United Arab Emirate ("UAE")	Jordan	Lebanon	Kuwait	Bahrain
Oman	Qatar	Yemen					

True to the unique value proposition of being a multi-lingual contact centre provider, Scicom currently supports fifteen (15) languages, across twenty-seven (27) countries/territories. This linguistic spread includes English, French, Arabic, seven (7) languages native to the Asia Pacific region and five (5) native languages in India.

Languages

Language	Countries Served
English	New Zealand, Australia, Malaysia, Singapore, Philippines, UK, India, Hong Kong, Fiji, Guam, South Korea, Vietnam, Egypt, Morocco, Saudi Arabia, UAE, Jordan, Lebanon, Kuwait, Bahrain, Oman, Qatar, Yemen
Tagalog	Philippines
Thai	Thailand
Japanese	Japan
Bahasa Malaysia	Malaysia, Singapore
Cantonese	Malaysia, Singapore, Hong Kong
Mandarin	Malaysia, Singapore, China, Hong Kong
Arabic	Egypt, Morocco, Saudi Arabia, UAE, Jordan, Lebanon, Kuwait, Bahrain, Oman, Qatar, Yemen

Language	Countries Served
Bengali	India
Bahasa Indonesia	Malaysia, Indonesia
Hindi	India
Kannada	India
Tamil	Malaysia, Singapore, India
Telegu	India
French	Lebanon, Morocco

4. INFORMATION ON THE COMPANY (Cont'd)

Scicom was awarded MSC status by the MDC. The Company has to-date worked closely with the MDC and has actively been involved in efforts to promote Malaysia as a global hub for shared services and BPO.

4.1.2 Restructuring and Listing Scheme

As an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market, the Company undertook a restructuring exercise that was approved by the SC on 6 July 2005. The restructuring exercise involved the following steps:-

(i) Declaration of Dividends

Dividend declaration amounting to approximately RM2.04 million from the retained earnings of Scicom to the existing shareholders of Scicom for the FYE 30 June 2005, which was completed on 18 August 2005.

(ii) Rights Issue

The Company carried out a rights issue of 20,400,000 new Scicom Shares at par value to the existing shareholders of Scicom on the basis of approximately 0.27 new Scicom Shares for every one (1) existing Scicom Share held.

The rights issue was completed on 18 August 2005. Accordingly, the issued and paid-up share capital of Scicom after the Rights Issue increased from RM7,500,000 comprising 75,000,000 Scicom Shares to RM9,540,000 comprising 95,400,000 Scicom Shares.

(iii) Public Issue

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, Scicom will issue 32,600,000 new Scicom Shares at an issue price of RM0.60 per share to Malaysian and non-Malaysian individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

Upon completion of the Public Issue, the issued and paid-up share capital of Scicom will increase from RM9,540,000 comprising 95,400,000 Scicom Shares to RM12,800,000 comprising 128,000,000 Scicom Shares credited as fully paid-up.

(iv) Listing and Quotation on the MESDAQ Market

Upon completion of the Public Issue, the entire issued and paid-up share capital of Scicom of RM12,800,000 comprising 128,000,000 Scicom Shares will be listed on the MESDAQ Market.

(v) ESOS

In conjunction with the Listing, Scicom proposes to implement an ESOS involving up to 10% of Scicom's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the Group.

4. INFORMATION ON THE COMPANY (Cont'd)

4.2 SHARE CAPITAL

The authorised share capital of Scicom is RM25,000,000 comprising 250,000,000 Scicom Shares. As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the issued and paid-up share capital of Scicom is RM9,540,000 comprising 95,400,000 Scicom Shares credited as fully paid-up. Upon completion of the Public Issue, the issued and paid-up share capital of Scicom will increase to RM12,800,000 comprising 128,000,000 Scicom Shares credited as fully paid-up.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value RM	Type of Issue / Consideration	Resultant issued and paid-up share capital (cumulative) RM	Resultant issued share capital (cumulative)
30.10.2002	2	1.00	Subscribers' shares	2	2
11.06.2003	5	1.00	Cash	7	7
16.06.2003	567,282	1.00	Issued pursuant to a Share Exchange Agreement dated 16 June 2003 ("Share Exchange Agreement")	567,289	567,289
17.06.2003	1	1.00	Issued pursuant to the Share Exchange Agreement	567,290	567,290
09.04.2004	2,432,710	1.00	Bonus issue	3,000,000	3,000,000
03.09.2004	-	0.10	Subdivision of shares	3,000,000	30,000,000
06.09.2004	45,000,000	0.10	Bonus Issue	7,500,000	75,000,000
18.08.2005	20,400,000	0.10	Rights Issue	9,540,000	95,400,000

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4. INFORMATION ON THE COMPANY (Cont'd)

4.3 BUSINESS OVERVIEW

4.3.1 Principal Activities

The business divisions of the Scicom Group are as follows:-

Name	Principal Activities
Scicom	Investment holding company and the provision of customer contact centre within the BPO space. In addition, the Company also provides customer service training products as well as contact centre consulting and marketing services.
Scicom (Malaysia)	Provision of customer contact centre service training, marketing and consulting services.
Scicom (India)	Provision of end to end solutions for customer contact management and back office services to businesses and providing services in connection with training, quality management, human capital management, disaster recovery services, certification of call centres, business process solutions, software development, system integration, software re-engineering and migration as well as software maintenance that would help facilitate business transactions over all business contact channels.
Scicom (Singapore)	Dormant
Scicom (UK)	Dormant

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4. INFORMATION ON THE COMPANY (Cont'd)

4.3.2 Scicom Group's Suite of Services



Scicom Group's suite of services are under the umbrella of scicom sourcingSM and comprises the following:-

(a) **scicom partner**[™] (Flagship Product of the Scicom Group)

This service is Scicom's primary service which is designed to deliver high quality outsourced multi-lingual, multi channel premier customer care, technical support and associated fulfilments. Scicom's modular approach to outsourcing allows for tailor made solutions customised to each client's needs. These needs take into consideration:

- (i) Project finance structure in which Scicom is willing to amortise upfront investments over an agreed period of time (three (3) to five (5) years) to improve the clients' cashflow and balance sheet;
- (ii) Utilising contact centre investments made to date by the client by opting for an insourcing model;
- (iii) Migration of client's existing staff (subject to assessment) in order to reduce clients' risks and operational challenges in the adoption of outsourcing model;

4. INFORMATION ON THE COMPANY (Cont'd)

- (iv) The skill sets of the team to be hired which include linguistic skills, personality and behavioural attributes, technical and or tertiary education qualifications to ensure a best fit for optimal contact centre performance;
- (v) Key performance index driven performance measurement tools which provide the client a comprehensive dashboard of key performance indicators allowing for the management by numbers of the projects' performance;
- (vi) A commitment to quality with regular audits of agent and contact centre service quality;
- (vii) A step by step approach which may be driven by business imperatives, product development, geographical constraints, client organisational structure and clients' appetite for risk and the time taken to build confidence and trust with the client;
- (viii) A desire, willingness and a flexibility to perform services that extend beyond the project scope in line with Scicom's strategy to maximise BPO opportunities with its clients; and
- (ix) A technology platform independent strategy, which allows for a flexible approach to the overall IT investment roadmap.

(b) **scicomacademy™**

This service offering was established to train contact centre staff to render the best quality service to customers. Good quality customer service at the point of contact with an organisation contributes greatly to the customers' experience of the brand.

In addition to that, scicomacademySM provides a broad spectrum of training workshops, organisational development and human performance consulting services. These services are designed for organisations with a need to train contact centre staff in the Asia Pacific region.

With the launch of Scicom's training programme in co-operation with the SSPA, Scicom's full spectrum of soft skills training and testing is designed to deliver individual certification courses ranging from the professional to the executive.

Scicom's contact centre environment, multilingual training and highly trained professionals have the following customised individual certifications awarded by SSPA designed to continuously update the knowledge of frontline staff. The certifications are:

- (i) Customer Service Qualified (CSQ);
- (ii) Certified Support Professionals (CSP);
- (iii) Certified Support Specialist (CSS);
- (iv) Certified Support Manager (CSM); and
- (v) Certified Support Executive (CSE)

Scicom's training also extends beyond the operational level. Scicom provides consulting services ranging from human performance, audit planning, service quality management and more to complete the training and knowledge required for world class contact centres.

4. INFORMATION ON THE COMPANY (Cont'd)

Scicom's customised, comprehensive and concise training programmes have attracted clients from major industries such as financial institutions, telecommunication companies, government organisations, hospitality industries, airlines, healthcare and consumer products. These are industries in which excellent customer care is a critical success factor.

Scicom also intends to commence training programmes that will culminate in internationally accredited part-time and industry focused diploma programmes.

(c) **scicomconsulting™**

This service offers a range of services from assisting Scicom's clients in obtaining SCP / International Organization for Standardization ("ISO") certification for their contact centres, contact centre audit programmes benchmarking to best practices, contact centre set-up and human capital performance consultation services. These services employ tools such as Scicom's proprietary integrated scorecards, Six Sigma methodologies and various cultural change programmes. Scicom focuses on helping its clients to change employee perception, thereby assisting them to adapt to changes and new processes, and improve their performance to achieve business vision and goals.

(d) **scicommarketing™**

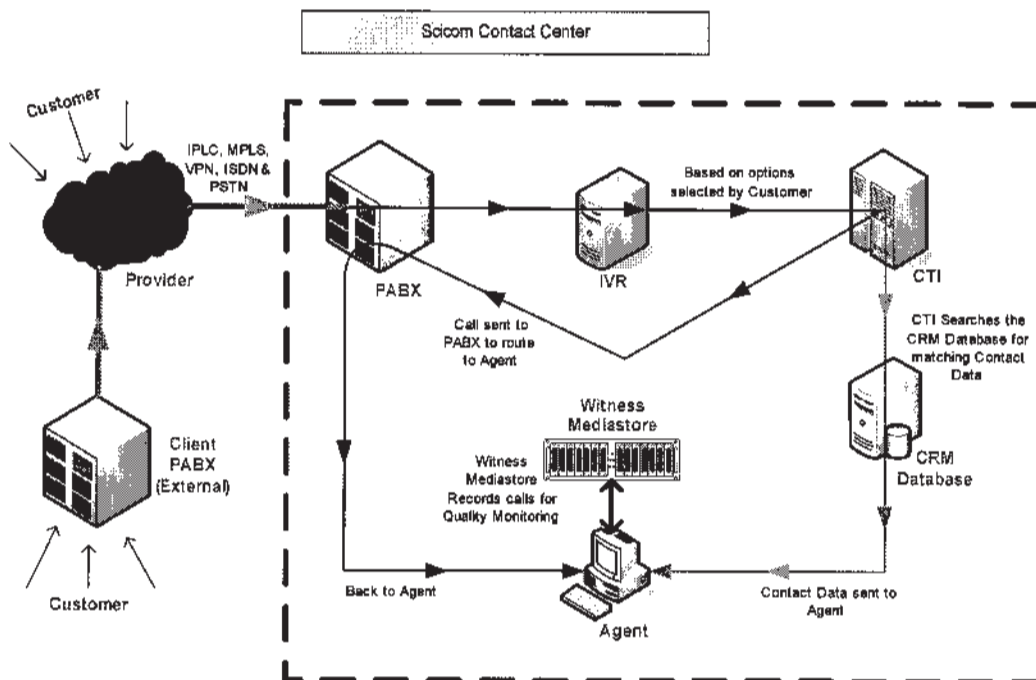
This service is an integrated marketing approach that strategically uses the best combination of formula and tools of marketing, to drive positive behaviour towards a brand or product. This service provides Scicom with a key differentiating factor by providing its clients with the ability to use the contact centre to implement integrated marketing activities that will help Scicom's clients to promote customer loyalty, advocacy and retention. scicommarketingSM focuses on a niche area to provide strategically unique solutions to its clients. These include a wide range of insights to database management, acquisition, retention and loyalty programmes.

4.3.3 Technology, Telecommunications and IP

(a) **Technology**

Scicom's technology strategy focuses on the premise that IT is an enabler to Scicom's core business, which is the deployment and management of contact centres. Based on this model, Scicom does not tie itself to any particular platform and has the flexibility to meet the requirement of clients and adopt any technology platform favoured by the particular client. This capability has made Scicom truly a multi-platform centre and has the capability to ramp up its facilities to meet specific requirements in the shortest possible time frames. As Scicom's networks are segregated to each client's requirement, Scicom maintains a separation of data and client confidentiality. The flow of operating mechanisms of Scicom's contact centres are as follows:-

4. INFORMATION ON THE COMPANY (Cont'd)



For clients that do not have their own preference for a particular platform, Scicom deploys its own key systems, assembled from equipment procured from reputable suppliers of contact centre equipment. Scicom prefers to be technology neutral in the provision of contact centre technology, allowing for client or systems flexibility.

(i) Key Systems in a Contact Centre

PABX

The PABX is a telephone switching system that enables internal telephones in a contact centre to receive inbound customers contacts, allowing the contact centre to handle inbound contacts from a large number of external users. The PABX can be used to handle both voice and data traffic, allowing for a variety of inbound customer contacts via voice, fax, e-mail and web.

ACD

The ACD is the heart of the contact centre system. It is a system that enables large numbers of inbound customer contacts to be managed and distributed to a group of customer service agents, according to next available agent and pre-determined user skill sets. In the event that no agent is available to take a call, the ACD is able to keep a customer's call in a queue whereby a recorded voice track or music can be played while the customer is waiting. The ACD system also provides a way for contact centre management to monitor the performance of the agents as well as the contact centre as a whole.

In many instances, the ACD is integrated with the PABX system, allowing Scicom to accept connections from all over the world, regardless of the connectivity requirements. The pre-determined agent skill sets can be configured by knowledge factors or language capabilities of the agent, ensuring that the customer reaches the agent most capable of resolving customer queries.

4. INFORMATION ON THE COMPANY (Cont'd)

Most ACD systems come equipped with CMS suites, allowing the monitoring of such key performance indicators like Call Handle Times, Service Levels, Average Talk Times, agent productivity, etc.

IVR

The IVR is an automated telephone answering system that allows users to interact with the contact centre without speaking to an actual person. The IVR usually operates via pre-recorded voice recordings or voice menus, accessed and activated by users either using their telephone touch-tone input or increasingly by voice recognition.

The IVR is often used by contact centres to route calls to agents by using a menu approach, determining information like linguistic preference or type of query. By being able to access a database, the IVR can also be used to disseminate basic information that do not necessarily need human interaction, enabling customers to have basic queries resolved quickly and efficiently. This frees up the customer service agents in the contact centre to be able to serve customers whose queries are more complex, requiring more extensive support.

Call Recording and Quality Monitoring

All contacts coming into the contact centre can be recorded and monitored for training and quality purposes. Scicom achieves this by the use of sophisticated call recording and monitoring tools. These call monitoring systems are able to record each interaction the agents have with customers and then replay the calls for purposes of quality monitoring and assessment. These assessments can be stored and allow for the constant monitoring of the agents for quality issues.

Finance Systems

Scicom has invested in and implemented a finance system, Accpac. This allows for timely and accurate reporting of key financial indicators to management. Scicom intends to continue to invest and upgrade its financial systems to ensure that it is web enabled and also is able to meet client requirements in terms of paperless invoicing and access to project accounting remotely.

HR Systems

Scicom has invested in a HR System, eHRMS. The HR System is integrated to the finance system and allows for a seamless and timely preparation of payroll accounting and management. The HR system also allows management to monitor the staff attrition trends, leave management, training plans, human capital resource planning and development.

(ii) Network Management

Scicom's Local Area Network is configured with 100Mb-switched Ethernet to each desk position with a 1000Mbps Fast Ethernet backbone and server switching.

Network segmenting and clustering is done to optimise performance and to ensure adequate fail-safes. All network equipment including routers and switches are also clustered to build in redundancy into Scicom's systems. Where needed, WAN connectivity is implemented. The basic utilisation of the WAN is to cater for Internet connectivity but can be expanded as and when needed to connect to a particular client's data centres.

4. INFORMATION ON THE COMPANY (Cont'd)

Scicom also monitors and analyses the network, looking at network traffic and bottlenecks to ensure the optimisation of the network performance. This is done by utilising network monitoring tools and the vigilance of a dedicated team of well-trained network personnel, which can be mobilised to troubleshoot and fix any glitches in system performance. Network system performance is given paramount importance and network personnel are on call around the clock, to ensure that systems are running smoothly to successfully support the contact centre operations.

(iii) Security

Scicom utilises a multi firewall strategy to ensure that data security is buffered at different levels. This also enables the exposure of certain common, safe areas via a De-militarised Zone strategy that is straddled between the firewalls. Scicom actively monitors all incoming and outgoing network traffic for signs of forced entry allowing for early detection of security holes and effectively measure to counteract these breaches.

Scicom also deploys an enterprise wide anti virus solution. Norton Antivirus Enterprise is a centrally managed solution that ensures that updates are delivered daily to the enterprise. This system also prevents unauthorised shutdown of the Antivirus clients and effectively raises a virus-wall to web-based virus attacks. It also actively monitors email traffic for virus activity.

(b) Telecommunications

Telecommunications form a significant part of Scicom's clients' outsourcing costs. These costs depending on the type of service and location / markets being serviced may form between 20% and 40% of the total cost of outsourcing.

Accordingly, Scicom believes that to remain competitive it needs to continually be proactive in trying to reduce telecommunications costs to its clients. This includes not only working with vendors to provide competitive rates but also looking at new technologies (such as VOIP) as well as using SMS call back, increasing IVR resolution and other self help strategies to help reduce talk time.

Scicom works closely with selected strategic global telecommunications providers in the provision of the solution and service to its outsourcing customers, particularly MNCs that require support of locations outside of Malaysia. Through these vendors, Scicom has put in place multiple redundancies and back-up systems. This provides clients with guaranteed service availability at competitive costs.

Scicom has also put in place IPLC links to the UK with redundancy in place in order to ensure that it is able to provide a industry standard uptime. This allows Scicom's clients to have a fixed cost structure with the ability to scale thereby mitigating the risk of increased telecommunications cost if talk time and call volumes increase.

The pace of telecommunications deregulation varies from country to country and therefore, each country being served requires a unique telecommunications strategy. Scicom via its global telecommunications providers, has in place a telecommunications presence in terms of customers accessing Scicom's contact centres for services for all major markets in Asia, including India, China, Japan, Australia, Thailand, Indonesia, Phillipines, Taiwan, Singapore, Hong Kong, South Korea. This knowledge and experience provides Scicom with a unique insight in formulating and implementing telecommunications strategies for its clients across Asia Pacific. This gives Scicom the added competitive advantage in terms of the time to market for deployment of outsourced contact centres.

4. INFORMATION ON THE COMPANY (Cont'd)

Scicom works closely with its clients to determine the telecommunications strategy taking into account the regulatory regime, business imperative and the tolerance for cost. Accordingly, the telco strategy may range from an in country "caller pays" model, SMS call-back, UIFN number or local number strategy (using call forwarding) using either switch relay or IP based solutions.

The ability to articulate the telco strategy at the onset of the project is extremely important as it has a major impact on the client's marketing strategy and the overall business case of the outsourcing service.

Scicom works closely with selected strategic global telecommunications providers during the planning and pre sales discussions in conjunction with the clients IT and Telecommunications team to clearly define the client requirements and thereon prepare the blueprint and roadmap for implementation. This provides Scicom and the client clear expectations of the limitations, quality and cost structure moving forward. Scicom believes that this is a key element in ensuring the long-term success of its business relationship with its existing and future clients.

(c) Trademarks

Scicom has on 24 August 2004, filed applications for the registration in Malaysia of the following trade marks with Registrar of Trademarks in relation to its brand names:-

- (i) Trademark for "scicom"
 - Territory : Malaysia
 - Application Number : 04012469 & 04012475
 - Class : 35 & 41
 - Date of Application : 24 August 2004

- (ii) Trademark for "scicomsourcing"
 - Territory : Malaysia
 - Application Number : 04012470
 - Class : 35
 - Date of Application : 24 August 2004

- (iii) Trademark for "scicompartner"
 - Territory : Malaysia
 - Application Number : 04012471
 - Class : 35
 - Date of Application : 24 August 2004

- (iv) Trademark for "scicomacademy"
 - Territory : Malaysia
 - Application Number : 04012472
 - Class : 41
 - Date of Application : 24 August 2004

- (v) Trademark for "scicommarketing"
 - Territory : Malaysia
 - Application Number : 04012474
 - Class : 35
 - Date of Application : 24 August 2004

4. INFORMATION ON THE COMPANY (Cont'd)

- (vi) Trademark for "scicomconsulting"
 Territory : Malaysia
 Application Number : 04012473
 Class : 35
 Date of Application : 24 August 2004

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the aforementioned applications have been published in the Government Gazette, awaiting approval from the Registrar of Trademarks.

4.3.4 Market Coverage

Scicom has via its main product offering, scicomsourcingSM, supports its clients in the following countries / territories:-

Countries / Territories

New Zealand	Australia	Indonesia	Philippines	Malaysia	Singapore	Fiji	South Korea
Japan	Thailand	India	UK	China	Hong Kong	Guam	Vietnam
Egypt	Morocco	Saudi Arabia	United Arab Emirate (UAE)	Jordan	Lebanon	Kuwait	Bahrain
Oman	Qatar	Yemen					

True to the unique value proposition of being a multi-lingual contact centre provider, Scicom currently supports fifteen (15) languages across twenty-seven (27) countries/territories. This linguistic spread includes English, French, Arabic, seven (7) languages native to the Asia Pacific region and five (5) native languages in India.

Languages

Language	Countries Served
English	New Zealand, Australia, Malaysia, Singapore, Philippines, UK, India, Hong Kong, Fiji, Guam, South Korea, Vietnam, Egypt, Morocco, Saudi Arabia, UAE, Jordan, Lebanon, Kuwait, Bahrain, Oman, Qatar, Yemen
Tagalog	Philippines
Thai	Thailand
Japanese	Japan
Bahasa Malaysia	Malaysia, Singapore

Language	Countries Served
Bengali	India
Bahasa Indonesia	Malaysia, Indonesia
Hindi	India
Kannada	India
Tamil	Malaysia, Singapore, India

4. INFORMATION ON THE COMPANY (Cont'd)

Language	Countries Served
Cantonese	Malaysia, Singapore, Hong Kong
Mandarin	Malaysia, Singapore, China, Hong Kong
Arabic	Egypt, Morocco, Saudi Arabia, UAE, Jordan, Lebanon, Kuwait, Bahrain, Oman, Qatar, Yemen

Language	Countries Served
Telegu	India
French	Lebanon, Morocco

Scicom's contribution to the local BPO and shared services industry has earned them MSC status, one of the pioneer companies of its kind to be awarded this status. The Company has to-date, worked closely with the MDC and has actively been involved in efforts to promote Malaysia as a global location for shared services and BPO.

4.3.5 Types, Sources and Availability of Input

Scicom works closely with global telecommunications providers in the provision of the solution and service to its outsourcing customers, particularly MNCs that required support of locations outside of Malaysia. Through these vendors, Scicom has put in place multiple redundancies and back-up systems. This provides clients with guaranteed service availability at competitive costs.

Scicom has also put in place IPLC links to the UK with redundancy in place in order to ensure that it is able to provide a industry standard uptime. This allows Scicom's clients to have a fixed cost structure with the ability to scale thereby mitigating the risk of increased telecommunications cost if talk time and call volumes increase.

The pace of telecommunications deregulation varies from country to country and therefore, each country being served requires a unique telecommunications strategy. Scicom via its global telecommunications providers, has in place a telecommunications presence in terms of customers accessing Scicom's contact centres for services for all major markets in Asia, including India, China, Japan, Australia, Thailand, Indonesia, Phillipines, Taiwan, Singapore, Hong Kong and South Korea. This knowledge and experience provides Scicom with a unique insight in formulating and implementing telecommunications strategies for its clients across Asia Pacific. This gives Scicom the added competitive advantage in terms of the time to market for deployment of outsourced contact centres.

4.3.6 Quality Control Procedures

Scicom employs quality control procedures throughout the Group. All operational subsidiaries within the Group have been ISO-certified, which requires implementation of quality control mechanisms. Scicom's ISO certification is a testimony to the quality of services it provides to its clients and other stakeholders.

At the project and departmental level, Scicom employs quality teams which monitor processes both for internal and external purposes. The support departments such as Finance, HR and IT have developed and continue to implement quality processes that maximise efficiencies and adherences to inter-departmental service level agreements. The projects usually have dedicated quality teams that monitor the customer service agents for quality of service and performance. These teams are called Customer Experience Teams and are crucial in maintaining the level of service required by the clients.

In line with Scicom's dedication to quality control, Scicom achieved SCP-certification in 2002. This makes Scicom a pioneer company in Southeast Asia to receive this prestigious certification.

4. INFORMATION ON THE COMPANY (Cont'd)

4.3.7 R&D

The thrust of the R&D activities are to enhance Scicom's productivity to improve operational efficiencies and reduce or delay investments for its clients in terms of investments in CRM solutions, product training as well as allowing for a consistent service delivery across multiple contact centres.

Scicom conducts its own internal R&D. The main thrust of the R&D efforts to date is centred around 5 core areas:

- (i) The development of a front-end CRM solution;
- (ii) The establishment of an internal Intranet;
- (iii) The development of e-learning initiatives;
- (iv) Development of client specific Knowledge Bases; and
- (v) Continuous development and enhancement of Scicom's Management Information Systems ("MIS") dashboards.

To date, Scicom Group has a total of five (5) professionals dedicated to R&D at Menara TA One within the IT department. During the last three (3) financial years ended 30 June 2005, the Scicom Group have expended the following cost for its R&D efforts:-

	FYE 2003 RM'000	FYE 2004 RM'000	FYE 2005 RM'000
R&D Cost	385	445	595

4.3.8 Interruptions in the Business During the Past Twelve (12) Months

There has been no interruption to the Group's business or operations in the past twelve (12) months.

4.3.9 Employees

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the Group has a total of 744 employees of which 645 employees are on contractual basis employed in the following capacities:-

Department	Total number of employees	Number of contractual employees	Average years of service
Executive Director	1	-	8.0
Operations	677	637	2.2
R&D	5	-	3.2
Corporate planning	2	-	1.9
Finance, HR, Administration IT	45	6	2.6
Training	14	2	2.3
Total	744	645	

Having attained MSC status and with sufficient funds to be raised from the Public Issue, the Company will be able to strengthen the management team and increase the number of knowledge workers employed by the Group.

Scicom recognises that there will be instances where either the need to provide employees with client specific knowledge or when costs, time or labour market restrictions may require it, developmental programs are an alternate method of providing employees the skills to perform roles.

4. INFORMATION ON THE COMPANY (Cont'd)

With this objective in mind, the Training and Development function of the Company has developed several training courses, workshops and self learning programmes that enable new employees who may not have all the skills required to perform the job to upgrade their skills within specific time frames. The training function works closely with the client, the operations team and the recruitment function to develop and evaluate the effectiveness of these programs with the view to developing a module that could support the recruitment processes in the event of a tight labour market scenario.

In addition to developing new recruits, programs are also developed and run in line with the changing requirements of both the client and the Company. These programs are developed on the basis of detailed training needs analysis that identify the gaps between the Company's current and required capabilities, as well as individual development needs. These programs are again evaluated and reviewed periodically to ensure that they continue to remain effective. Employees are also given the opportunity to work on projects outside of their immediate scope of work to widen their knowledge and experience base.

The Company is currently developing a career development model for every position within the organisation, which will provide employees with a road map of courses and experiences that employees can follow to develop the skills required in line with their career aspirations. It is also the intention of the Company to develop an online training centre that will serve as a knowledge hub and provide employees the opportunity to learn at their own pace.

The Company endeavours to provide all employees with the opportunity to develop their skills and experiences in line with the needs of the business as well as their own personal needs.

4.3.10 Key Milestones

The key milestones of the Scicom Group are as follows:-

Year	Events
April 1997	Recognising there is a significant potential of Malaysia as a regional centre for BPO, Scicom (Malaysia) was incorporated and commenced business activities in November 1997.
August 1997	Secured then Malaysia's largest mobile phone operator Celcom, to implement the Celcom Netcare project, an Insourced Contact Centre.
December 1997	Secured 2 more short-term projects from Celcom, Save-A-Customer and R97 (anti SIM-cloning).
July 1998	Secured contract with Nokia to provide outsourced services for the Nokia Careline Malaysia, as a pilot program.
September 1998	Nokia Careline expanded to include Singapore, Philippines, Thailand and Indonesia.
January 2000	Began Nokia Careline Australia.
October 2000	Secured Petronas to operate and manage their Insourced 'MesraLink' Contact Centre in Petronas Tower Two.
January 2001	Secured Nokia to manage Nokia Careline Korea in Malaysia.
January 2002	Launched a contact centre in Seoul, South Korea to re-locate the Nokia Careline Korea.
October 2002	Nokia Careline APAC Contact Center moves to new facility on 12 th floor, Menara TA One.

4. INFORMATION ON THE COMPANY (Cont'd)

Year	Events
October 2002	Scicom was incorporated to spearhead Group's business expansion in BPO specialising in outsourced contact centre management.
November 2002	Awarded MSC Status by the MDC in recognition of contributions to local IT arena. Awarded pioneer status under Section 14A of the Promotion of Investments (Amendment) Act 1986 for five (5) year period commencing from 7 November 2002.
January 2003	Secured the Celcom Prepaid Insourced Contact Centre project.
February 2003	Obtained SCP certification for the Nokia Careline APAC Contact Centre, a US-based certification awarded by the SSC which is endorsed by the SSPA.
March 2003	Secured the Celcom Careline Contact Centre project.
September 2003	Secured the Nokia Careline India project.
October 2003	Obtained ISO 9001:2000 certification for Scicom (Malaysia) from Moody International Certification (Malaysia) Sdn Bhd.
October 2003	Secured Ladbrokes to conduct their Outsourced Far East Contact Centre in Cyberjaya, Malaysia.
October 2003	Launched scicomacademy SM for contact centre training and consulting.
December 2003	Secured EdExcel, a unit of Pearson Plc, to conduct their examination marks capture from the UK.
January 2004	Secured HSBC to receive inbound telemarketing contacts.
April 2004	Nokia Careline India begins operations in Bangalore, India.
July 2004	Secured HP to manage their Asia Pacific Contact Centre covering 13 countries.
August 2004	Filed an application for the registration of the relevant trademarks pertaining to the Scicom brand in Malaysia with the Registrar of Trademarks.
August 2004	Scicom (Malaysia) re-certified as ISO compliant by Moody's. Scicom obtained ISO certification.
August 2004	Scicom Nokia Careline APAC re-certified as SCP compliant by SSC and which certification is endorsed by SSPA.
September 2004	Scicom (MSC) Sdn Bhd converted into a public company limited by shares and adopted its present name i.e. Scicom (MSC) Berhad.
October 2004	Insourced HP Service Desk for APAC began operations.
November 2004	JetStar Asia Call Centre began operations in Cyberjaya, Malaysia.
April 2005	Nokia Careline MENA began operations in Kuala Lumpur, Malaysia.
June 2005	Scicom won the Frost & Sullivan Malaysia Telecoms Award 2005 Best Call Centre Service Provider

4.3.11 Operating Capacities and Output

As the Group is a contact centre services company within the BPO space, its operating capacity is determined by the number of physical workstations that it has. Within the scicompartnerSM module, the Group currently has 744 physical workstations out of which, approximately 86% are being utilised.

4. INFORMATION ON THE COMPANY (Cont'd)

4.3.12 Marketing Strategies

Scicom wishes to implement a structured and forward-thinking marketing strategy to expand and develop its market-leading position as a premium, multi-lingual provider of international, regional and domestic contact centre outsourcing services. To achieve this goal, Scicom adopts the following marketing strategies to achieve growth in sales:-

(i) MARKET PENETRATION

(a) Increase market profile

Scicom intends to augment its profile in the market in an effort to create a strong brand and corporate image, as well as increase its market awareness.

To this end, the Group will take a 3-prong strategy. These strategies are as follows:-

(i) Participation in industry and publicity events

Scicom aims to continue participating in industry-related events like:

- (a) Contact Centre and CRM conferences;
- (b) Industry award and recognition functions;
- (c) Domestic and international roadshows; and
- (d) Contact Centre and CRM associations.

In addition, Scicom also plans to participate in non-industry-related events that attract corporate publicity such as:-

- (a) Charity events;
- (b) Government sponsored initiatives; and
- (c) Educational exhibitions.

Participating in these events will increase Scicom's profile and presence as well as contribute towards building the Scicom brand through market awareness and a beneficial corporate image. Exposure to the market and a stronger brand will result in Scicom being a preferred vendor brand as well as an employer of choice.

(ii) Increased media coverage

Scicom intends to deploy selective and targeted advertisements to target key decision-makers within corporations that might be interested in outsourcing. Careful selection of the type of media used as well as the quality of the advertising can build a very strong and powerful brand image. The types of media that may be selected include the following:-

- (i) Magazines with a predominantly corporate readership such as contact centre industry specific magazines and online resources;
- (ii) business magazines;
- (iii) airline magazines; and
- (iv) news magazines.

(iii) Listing on the MESDAQ Market

The listing process will result in the shares of Scicom being traded on the stock exchange, which will increase its market profile significantly. In general, companies that are listed on a stock exchange tend to have a

4. INFORMATION ON THE COMPANY (Cont'd)

stronger brand image and provide Scicom's clients the benefit of added transparency and corporate governance coupled with Scicom's ability to tap the capital market for expansion.

(b) Cross-selling and Up-Selling to existing clients

Besides Scicom's existing clientele, new clients will consist mostly of local conglomerates and MNCs that have large operations globally. However, in addition to this group of potential clients, Scicom is able to leverage on its domain knowledge and experience in its existing clients' industries. This together with its multi-lingual expertise, Scicom has significant potential in securing businesses from their existing clients that have a global presence.

Scicom's highly modular BPO model which comprised of four (4) modules are able to serve the client's different business processes, namely, contact centre and human capital consulting, training and development, strategic business consulting and contact centre management. Due to the fact that all of these services are highly integrated, there is a large potential for Scicom to secure business from the existing clients by offering other services that is currently not used by the client.

Scicom intends to work closely with key decision-makers within each of its clients to upsell services. These services include other BPO activities such as finance, R&D, HR, integrated marketing and other back office services. In short, Scicom intends to position itself as the supplier of choice to its strategic clients. This will lead to increased barriers to exit, longer-term contracts, increased expertise and understanding of its clients business and protection of its margins.

Scicom's Nokia contact centre is SCP certified. The SCP Certification program establishes the service quality benchmark for all IT service support centres and help desks. The criteria and elements represented in the program were developed through the joint efforts of twenty-four leading companies that provided sponsorship to the program. These companies added insight and perspective into what really matters in delivering world-class service to IT customers. The attainment of SCP Certification will further capture the core elements of Scicom business operations to deliver exceptional service and will communicate to its target market its commitment to provide excellence in its service to the Company's clients, client's customers and Scicom's employees.

The Board is of the opinion that Scicom is the first outsourced contact centre in South East Asia to be awarded the ISO 9000 in 1998 and has recently been re-certified as being ISO 9001:2000 compliant for its Quality Management System by Moody International Certification (Malaysia) Sdn Bhd in 2004. These awards and certifications testify to the quality of services provided by Scicom which, besides world class IT and telecommunications facilities, include strategic input, consultancy services, in-depth knowledge of local markets, and future-ready contact centres.

Scicom intends to continue to invest in and enhance Scicom's premium brand image to attract new and retain current clients while maintaining premium pricing. Scicom has made substantial investment in the development of its brand in order to achieve brand awareness and preference on the basis of network quality and client service. Scicom intends to launch additional targeted advertising and image building campaigns to achieve improved brand presence and preference. Scicom intends to continue to refine its branding strategy to capture additional customers within target market segments.

In addition, Scicom intends to continue to focus the greater part of its network investment towards improving its network quality and capacity.

4. INFORMATION ON THE COMPANY (Cont'd)

(c) Promotional activities

Tradeshows

To create awareness and elevate the Scicom Group's profile, Scicom participates in international, regional and national trade shows. To-date, the Group participated in the following trade shows relating to the contact centre and BPO industry:

Trade Shows	Year
Call Centre Net	2000
e-oil & Petrochemical Business	2000
Asia Conference and Exhibition	2001
Best Practice in Managing Your Call Centre	2001
CRM for Telecoms	2001
eCRM 2001	2001
Increasing Profitability & Customer Satisfaction through Effective Contact Centre Management	2001
Customer Contact Management Excellence	2001
CRM At The Speed of Light in The New Economy	2001
2nd Annual Customer Relationship Management	2001
Psychology in Contact Centres	2002
NASSCOM – Infocom 2003 (Mumbai, India)	2003
CEBIT 2003 (Hanover, Germany)	2003
Asia Pacific Outsourcing Plus Forum	2003
Marketing of Shared Services – MDC	2003
'Shared Services' – Engine of Growth Seminar	2004
Customer Contact World – CRM & contact centres	2004
National Innovator Summit	2004
Asia's New Revenue Stream – BPO Conference	2004
8 th MSC – International Advisory Panel Business Summit	2004

Following Scicom's IPO, Scicom intends to increase its market presence by attending trade shows across North America, Europe, Asia and the Middle East.

Web-Site

The Group's web-site will be constantly updated to present accurate information on the Company, its products and services. Scicom intends to enhance its website by providing information in multiple languages to cater to its multi-lingual client base.

Scicom also intends to use the web-site as a recruitment portal to attract the best of talent available from the labour pool. The website will also be used to allow its

4. INFORMATION ON THE COMPANY (Cont'd)

clients to access selected MIS reports and project specific financial data by linking the web-site to Scicom's ERP systems.

Marketing Materials

Marketing materials in various languages will be printed. These include DVD, brochure and technical literature.

(d) Maintain and expand existing client base

Recognising that Scicom's clients consist mostly of local conglomerates and MNCs that have large operations globally and based on Scicom's domain knowledge and experience in the client's industry coupled with its multi-lingual capability, Scicom has a significant potential of securing businesses from the existing clients that have a global presence. For example, serving Nokia globally instead of Asia Pacific alone.

Furthermore, Scicom's highly modular BPO model which comprised of four (4) modules are able to serve the client's different business processes in different angles, namely, contact centre and human capital consulting, training and development, strategic business consulting and contact management centre. Due to the fact that all of these services are highly integrated, there is a large potential for Scicom to secure business from the existing clients by offering other services that are currently not used by the client. For example, Scicom may introduce *scicompartner*SM to *scicomacademy*SM's clients and vice-versa.

(e) New overseas markets

The Group aims to be a leading global integrated BPO service provider, establishing itself in the local market initially, using Malaysia as the platform for future growth and expansion in the region.

The Group will explore various options to decide on the forms of its presence in new overseas markets. The presence of the Group in new overseas markets in the future may include, inter-alia, the following:

- (i) Setting up of wholly owned subsidiaries;
- (ii) Acquisitions; and
- (iii) Joint ventures or strategic partnerships, where the business imperative requires.

(ii) SERVICE DEVELOPMENT

Increased service development and client-customisation

Scicom's current service offering is a highly modular contact centre solution called *scicom outsourcing*SM. While this service has served Scicom well in securing such prestigious clients like Nokia, Ladbrokes and HP, Scicom realises that a greater amount of service development needs to be undertaken in order to remain ahead of the competition.

Areas where Scicom is looking at further developing their service offering include:-

- (i) Increasing Scicom's multi-lingual capability through *scicompartner*SM,
- (ii) Broadening the range of training and development courses offered by *scicomacademy*SM,

4. INFORMATION ON THE COMPANY (Cont'd)

- (iii) Greater focus on up-selling advisory and consulting services to existing and new clients through scicomconsultingSM and scicommarketingSM;
- (iv) Increasing adherence to process control, leading to high service levels and meeting of key performance index;
- (v) Better management of the human resource aspect leading to lower attrition and higher productivity, through enhanced training programs and human resource intelligence;
- (vi) Developing new competencies in training and development to be able to handle clients that have a scope of work, which demands greater technical skills. Examples of this include technical help-desks and network monitoring;
- (vii) Striving for new certifications and benchmarking to provide confidence to the client that Scicom's service offering is certified by international independent bodies. An example of this would be the BS17799 certification (security standard) for contact centres; and
- (viii) Dedicating resources and manpower towards acquiring greater industry and market intelligence to increase knowledge of its client's industries.

In addition to service development, Scicom also intends to further enhance its operational flexibility to be able to continue its customisation capability for its clients. By frequent process audits and reengineering, Scicom hopes to continuously be able to deliver innovations and productivity increases back to its clients.

By focusing on service development and continued client customisation, Scicom aims to remain competitive with regard to retaining its existing clients and being able to attract and secure new clients.

4.3.13 Principal Place of Business

The Scicom Group's operations in Malaysia are currently situated at Level 25, Level 12 and Level 31 Menara TA One, 22 Jalan P. Ramlee, 50250 Kuala Lumpur. Scicom Group also maintains an office at 2nd Floor, West Wing, FSBM Plaza 3539, Jalan Teknokrat 7, 63000 Cyberjaya, Selangor.

In addition, the Scicom Group has a regional business centre in India which is located at Unit 02, Level 10, Innovator Building, International Tech Park, White Field Road, Bangalore 560066, Karnataka, India.

4.3.14 Exceptional Factors Affecting the Business

Save for the risk factors highlighted in Section 3 of this Prospectus, the Company does not foresee any exceptional factors, which may affect its business.