SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2017

ANNOUNCEMENT

The Board of Directors of Scicom (MSC) Berhad (hereinafter referred to as “Scicom” or “the Company”) is pleased to announce the following unaudited consolidated results for the fourth quarter ended 30 June 2017.

CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Period Quarter 30.6.2017	Preceding Year Corresponding Quarter 30.6.2016	Current Financial Year Ended 30.6.2017	Preceding Financial Year Ended 30.6.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	47,087	53,682	199,486	196,295
Operating expenses	(31,852)	(39,995)	(143,710)	(147,019)
Depreciation and amortisation	(1,985)	(1,690)	(7,920)	(6,310)
Operating profit	13,250	11,997	47,856	42,966
Share of profit/(loss) of jointly controlled entity, net of tax	13	(57)	64	(3)
(Loss)/Gain on foreign exchange	(1,936)	1,378	1,067	443
Reversal of impairment loss	0	733	0	733
Plant and equipment written off	(36)	(4)	(36)	(4)
Finance income	159	243	823	777
Finance costs	13	(4)	0	(4)
Profit before taxation	11,463	14,286	49,774	44,908
Taxation	(1,660)	(3,258)	(4,692)	(3,306)
Profit for the financial year	9,803	11,028	45,082	41,602

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Period Quarter 30.6.2017	Preceding Year Corresponding Quarter 30.6.2016	Current Financial Year Ended 30.6.2017	Preceding Financial Year Ended 30.6.2016
	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	980	(1,078)	(471)	(703)
Total comprehensive income for the financial year	10,783	9,950	44,611	40,899
Profit attributable to:				
- Owners of the Company	9,870	11,114	45,398	41,947
- Non-controlling interest	(67)	(86)	(316)	(345)
Profit for the financial year	9,803	11,028	45,082	41,602
Total comprehensive income attributable to:				
- Owners of the Company	10,850	10,036	44,927	41,244
- Non-controlling interest	(67)	(86)	(316)	(345)
Total comprehensive income for the financial year	10,783	9,950	44,611	40,899
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	2.78	3.13	12.77	11.80
- Diluted (sen)	N/A	N/A	N/A	N/A

Other disclosure items pursuant to Note 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Year Ended 30.6.2017	As At Preceding Financial Year Ended 30.06.2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	14,140	15,808
Software licences	4,423	4,372
Investment in joint venture	135	1,746
Deferred tax assets	0	120
	18,698	22,046
Current Assets		
Trade receivables	34,394	29,042
Unbilled receivables	15,609	14,120
Deposits, prepayments and other receivables	8,938	7,715
Tax recoverable	446	338
Cash and bank balances	29,066	29,189
Investments in cash funds	8,062	7,815
	96,515	88,219
TOTAL ASSETS	115,213	110,265
EQUITY AND LIABILITIES		
Capital and reserves attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	72,950	59,543
Currency translation reserve	(2,095)	(1,624)
	106,400	93,464
Non-controlling interest	(1,119)	(803)
TOTAL EQUITY	105,281	92,661
Non-Current Liabilities		
Deferred tax liabilities	683	31
	683	31
Current Liabilities		
Trade and other payables	9,142	14,854
Tax liabilities	107	2,719
	9,249	17,573
TOTAL LIABILITIES	9,932	17,604
TOTAL EQUITY AND LIABILITIES	115,213	110,265
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.30	0.26

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares		Non-distributable	Distributable		
	Number of shares	Share capital	Currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 30.6.2016						
As at 1 July 2015	355,453	35,545	(921)	46,032	(458)	80,198
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(703)	0	0	(703)
Net profit for the financial period	0	0	0	41,947	(345)	41,602
Total comprehensive income	0	0	(703)	41,947	(345)	40,899
Dividends paid for the financial year ended:						
- 30 June 2015	0	0	0	(7,109)	0	(7,109)
- 30 June 2016	0	0	0	(21,327)	0	(21,327)
As at 30 June 2016	355,453	35,545	(1,624)	59,543	(803)	92,661
12 months ended 30.6.2017						
As at 1 July 2016	355,453	35,545	(1,624)	59,543	(803)	92,661
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(471)	0	0	(471)
Net profit for the financial year	0	0	0	45,398	(316)	45,082
Total comprehensive income	0	0	(471)	45,398	(316)	44,611
Dividends paid for the financial year ended:						
- 30 June 2016	0	0	0	(10,664)	0	(10,664)
- 30 June 2017	0	0	0	(21,327)	0	(21,327)
As at 30 June 2017	355,453	35,545	(2,095)	72,950	(1,119)	105,281

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD

(Company No. 597426-H)

(Incorporated in Malaysia under the Companies Act, 1965)

FOURTH QUARTER REPORT ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Year Ended 30.6.2017	Preceding Financial Year Ended 30.6.2016
	RM'000	RM'000
Operating Activities		
Net profit for the financial year	**45,082**	**41,602**
Adjustments:		
Depreciation of plant and equipment	6,802	5,615
Amortisation of software licenses	1,118	695
Reversal of impairment loss	0	(733)
Bad debts written off	0	240
Unrealised foreign exchange gain	(581)	(419)
Interest expense	0	4
Plant and equipment written off	36	4
Taxation	4,692	3,306
Interest income	(823)	(777)
Gain on disposal of plant and equipment	35	(118)
Share of profit of jointly controlled entity	(64)	3
Operating profit before changes in working capital	**56,297**	**49,422**
Payables	(8,161)	391
Receivables	(5,786)	1,143
Cash flow from operations	**42,350**	**50,956**
Interest received	823	777
Taxation paid	(6,640)	(303)
Net cash flow generated from operating activities	**36,533**	**51,430**
Investing Activities		
Distribution received from joint venture	1,675	0
Proceeds from disposal of plant and equipment	19	118
Purchases of plant and equipment	(5,131)	(7,193)
Purchases of software licences	(1,156)	(2,795)
Investments in cash funds	(248)	(2,214)
Increase in fixed deposits with maturity of more than 3 months	(5,000)	(3,000)
Net cash flow used in investing activities	**(9,841)**	**(15,084)**
Financing Activities		
Interest paid	0	(4)
Payment of dividends	(31,991)	(28,436)
Net cash flow used in financing activities	**(31,991)**	**(28,440)**
Net (decrease)/increase in cash and cash equivalents	**(5,299)**	**7,906**
Effect of foreign exchange movement on cash and cash equivalents	176	(193)
Cash and cash equivalents at beginning of financial year	26,189	18,476
Cash and cash equivalents at end of financial year	**21,066**	**26,189**
Deposits with maturity of more than 3 months	8,000	3,000
Cash and bank balances at the end of the financial year	29,066	29,189

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 30 June 2016.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2016.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2016:

- Amendments to MFRS 11 'Joint arrangements' - Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Amendments to MFRS 127 "Equity method in separate financial statements"
- Annual Improvements to MFRSs 2012 – 2014 Cycle

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

Standards, amendments that have been issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017
Amendments to MFRS 107 Statement of Cash Flows – *Disclosure Initiative*
Amendments to MFRS112 Income Taxes- *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018
MFRS 15 Revenue from Contracts with Customers
MFRS 9 Financial Instruments

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION (cont'd)

Effective for financial periods beginning on or after 1 January 2019
MFRS 16 Leases

Management is currently assessing the impact arising from the initial application of these standards on the financial statements of the Group and Company.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these consolidated condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2016.

3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not qualified.

4. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal and cyclical factors during the financial quarter under review.

5. UNUSUAL ITEMS

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review and financial year to date.

6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no material changes in the basis of estimates of amounts previously reported which have a material effect in the financial quarter under review and financial year to date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial quarter and financial year to date, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities.

8. DIVIDENDS PAID

The following dividends were paid during the financial year to date :-

In respect of the financial year ended/ ending	Dividend	Date of dividend payment	Amount paid
2016	Interim dividend of 3.0 sen per ordinary share	28 September 2016	RM10,663,607
2017	Interim dividend of 2.0 sen per ordinary share	7 December 2016	RM7,109,071
2017	Interim dividend of 2.0 sen per ordinary share	28 March 2017	RM7,109,071
2017	Interim dividend of 2.0 sen per ordinary share	20 June 2017	RM7,109,071

9. SEGMENT RESULTS AND REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The two primary segments that are the focus of the management's internal financial and operational reporting structure are as follows:

a. Outsourcing services comprising of BPO services which offers multi-lingual, multi-channel customer care, technical support help desks, consultative sales and associated fulfillment.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. SEGMENT RESULTS AND REPORTING (cont'd)

Segmental analysis by business segment is as follows:

For the financial year ended 30 June 2017

FY 2017	Current Financial Year Ended 30.6.2017			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	199,455	31	-	199,486
Inter-segment revenue	-	1,959	(1,959)	-
Total revenue	199,455	1,990	(1,959)	199,486
Segment results	58,464	(1,657)		56,807
Unallocated income/ other gains				-
Depreciation of plant and equipment				(6,802)
Amortisation of software licences				(1,118)
Share of results of jointly controlled entity (net of tax)				64
Finance income				823
Finance cost				-
Profit before taxation				49,774
Taxation				(4,692)
Net profit for the financial year				45,082

For the financial year ended 30 June 2016

FY 2016	Preceding Financial Year Ended 30.6.2016			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	195,783	512	-	196,295
Inter-segment revenue	-	1,521	(1,521)	-
Total revenue	195,783	2,033	(1,521)	196,295
Segment results	52,614	(2,284)		50,330
Unallocated income/ other gains				118
Depreciation of plant and equipment				(5,615)
Amortisation of software licences				(695)
Share of results of jointly controlled entity (net of tax)				(3)
Finance income				777
Finance cost				(4)
Profit before taxation				44,908
Taxation				(3,306)
Net profit for the financial year				41,602

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. VALUATION OF PLANT AND EQUIPMENT

There was no revaluation of plant and equipment during the financial quarter under review and financial year to date. As at 30 June 2017, all plant and equipment were stated at cost less accumulated depreciation.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial quarter under review up to the date of the interim financial report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the financial quarter under review.

13. CONTINGENT LIABILITY OR CONTINGENT ASSET

There was no contingent liability or contingent asset arising since the last audited financial statement for the financial year ended 30 June 2016.

14. COMMITMENTS

Commitments for the Group not provided for as at 30 June 2017 are as follows:

(a) Capital commitments

	Current Financial Year Ended 30.6.2017
	RM'000
In respect of plant and equipment	
- Authorised and contracted	943

(b) Non-cancelable operating leases

	Current Financial Year Ended 30.6.2017
	RM'000
Future minimum lease payments	
- not later than 1 year	9,927
- later than 1 year and not later than 5 years	8,881
	18,808

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER

Financial quarter ended	30 Jun 2017	30 Jun 2016	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	47,087	53,547	(6,460)
Education	-	135	(135)
Total revenue	**47,087**	**53,682**	**(6,595)**
Profit before taxation	**11,463**	**14,286**	**(2,823)**

a. Revenue

Outsourcing

The Group's Outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM15.26 million for the financial quarter under review as compared to the preceding year corresponding quarter.

The decrease in revenue is mitigated by revenue from increase in existing projects which amounted to RM8.8 million, respectively.

The net decrease in the Group's outsourcing revenue for the financial quarter under review is RM6.46 million.

Education

The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY QUARTER (cont'd)

b. Profit before taxation

The lower profit before tax for the financial quarter under review as compared to the preceding year corresponding quarter is due primarily to the reversal of forex gain recognized in the previous financial quarters as compared to a forex gain position in the preceding year correspondence quarter.

PERFORMANCE BY FINANCIAL YEAR TO DATE

Financial year ended	30 Jun 2017	30 Jun 2016	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	199,455	195,783	3,672
Education	31	512	(481)
Total revenue	**199,486**	**196,295**	**3,191**
Profit before taxation	**49,774**	**44,908**	**4,866**

a. Revenue

<u>Outsourcing</u>

The Group's Outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services. The increase in revenue for existing projects and newly secured projects in the financial period under review as compared to the preceding year corresponding period amounted to RM2.89 million and RM22.44 million, respectively.

The reduction in billable headcount for certain projects as a result of a change in clients' requirements and/or strategies has also resulted in a reduction of billable revenue from these projects amounted to RM21.66 million for the financial period under review as compared to the preceding year corresponding period.

The net increase in the Group's outsourcing revenue for the financial period under review is RM3.67 million.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL PERIOD TO DATE (cont'd)

Education
The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

b. Profit before taxation

The higher profit before tax for the financial period under review as compared to the preceding year corresponding quarter is due primarily to the following:

a. Lower direct cost resulting in a higher contribution margin of 24.0% as compared to 21.9% in the preceding year corresponding period; and
b. Higher realized and unrealized forex gain recognized in the financial period under review amounted to RM0.64 million as compared to the preceding year correspondence period.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	30 Jun 2017	31 Mar 2017	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
Outsourcing	47,087	48,755	(1,668)
Education	-	31	(31)
Total revenue	**47,087**	**48,786**	**(1,699)**
Profit before taxation	**11,463**	**12,094**	**(631)**

a. Revenue

Outsourcing
The Group's outsourcing business principally comprises services provided to clients on long term contracts. Additionally, clients require the Group to provide ad-hoc short term services.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS (cont'd)

Revenue for the financial quarter under review decreased by RM5.08 million as compared to the preceding financial quarter due mainly to the reduction in billable transaction for certain projects as a result of a change in clients' requirements and/or strategies. The decrease is mitigated by organic growth in certain projects and revenue from ad-hoc project amounting to RM3.41 million during the financial quarter under review.

The net decrease in the Group's outsourcing revenue for the financial quarter under review is RM1.67 million.

Education
The Group's Education focus is predicated on both internal and external requirements. The external revenue aspect of the Education business for the period under review is insignificant. The Group's internal training requirements are managed completely by the Education division.

b. Profit before taxation

The lower profit before taxation for the current financial quarter under review as compared to the preceding quarter is primarily due to drop in revenue and the reversal of forex gain recognized in the previous financial quarter.

18. CURRENT YEAR REVIEW AND PROSPECT FOR FINANCIAL YEAR 2018

The Group continues to register growth for the current financial year as compared to the preceding financial year, with revenue and profit before taxation posting a growth rate of 1.63% and 10.84%, respectively. The Group's Outsourcing business recorded a 1.88% and 11.11% growth rate for revenue and direct contribution, respectively as compared to the preceding financial year. The increase in Outsourcing's revenue and direct contribution is attributable to organic growth in existing projects and new projects secured.

The external revenue aspect of the Education business division for the quarter under review is insignificant. The Education division has over the financial year successfully completed pilot and proof of concepts for several new training contracts. However, the sales cycle duration for securing these contracts has increased significantly which has impacted the Group's Education revenue for this financial year.

18. CURRENT YEAR REVIEW AND PROSPECT FOR FINANCIAL YEAR 2018 (cont'd)

Prospects for financial year 2018

Outsourcing
The Outsourcing division continues to grow in terms of capability, experience, track record and global coverage and is well positioned to secure and implement large and complex projects for both the private and public sector.

The Outsourcing division expects to achieve growth in terms of revenue and profit for the financial year 2018 in line with newly secured business and a healthy pipeline of projects.

Education
The Education division's traditional source of revenue has been in conducting large scale training contracts for conglomerates and governments. However, the division continues to face challenges in securing new training contracts during the financial year due to a significant reduction of training budgets available in both the public and private sector. The focus area moving forward is to leverage available resources to build new external revenue stream in computer based training and testing for English programmes and the services industry.

The Education division's resources are also being utilized effectively to provide training to employees of the Group. The Intellectual Property (IP), methodologies, track record and experience of the Education division augers well for the future as the economy improves and business development initiatives come to fruition.

Overall the Group expects to achieve growth in terms of revenue and pre-tax profitability for the financial year 2018.

19. EXPLANATORY NOTES FOR VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not publish any profit forecast in respect of the financial year ended 30 June 2017.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. TAXATION

	Current Financial Quarter Ended 30.6.2017 RM '000	Current Financial Year Ended 30.6.2017 RM '000
Group		
Current tax	889	3,921
Deferred tax	771	771
	1,660	4,692

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2016: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

Scicom (MSC) Berhad ("the Company") was granted Customised Incentive of 100% income tax exemption on statutory income derived from the outsourcing income ("tax incentive") for 5 years commencing 7 November 2012 to 6 November 2017. The recognition of the tax incentive is subject to fulfilment of certain conditions and Key Performance Indicators ('KPIs') and is to be assessed annually by the administrator of the Customised Incentive ("the administrator"). In August 2016, the administrator had revised the KPIs and the tax incentive was reduced from 100% to 70% which is applicable for the incentive period from 7 November 2015 to 6 November 2017.

During the financial year, the Company recognised a tax incentive representing 70% tax exemption on its statutory income from outsourcing services. The Company's achievement of the conditions and KPIs have been presented to the administrator, however the assessment by the administrator has not been completed as at 30 June 2017. The Directors have assessed that the Company is able to meet the requirements for the tax incentive after taking into consideration that the Company has substantially met the stipulated conditions and KPIs, and their historical experience where confirmations from the administrator were obtained to recognise the tax incentive when conditions and KPIs were substantially met.

Therefore, the Directors are of the view that there is reasonable basis for the Company to recognise the tax incentive during the financial year ended 30 June 2017.

Where the final outcome of the assessment of income tax exemption by the administrator is different from the Company's assessment, this will result in higher income tax expense on the statutory income from outsourcing services recognised during the financial year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. TAXATION (cont'd)

A subsidiary of the Company has received tax assessment notices of RM1.6 million, INR23.8 million (2016: RM1.4 million, INR23.8 million). These assessments are in respect to transfer pricing adjustments and the disallowance of certain expenses for tax purposes. Currently, the subsidiary is challenging the assessments in the Income Tax Appellate Tribunal, in India. The Board of Directors have received expert advice on this matter from a tax agent. Based on the advice received, the Board of Directors are of the view that no significant liability will crystallise from these assessments.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at 25 August 2017, being the date of this report.

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group does not have any borrowings and debt securities as at 30 June 2017.

23. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the financial year to date or pending as at 25 August 2017, being the date of this report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

24. DIVIDENDS

The Board of Directors has approved and declared a fourth interim dividend of 3 sen, tax exempt, per ordinary share, amounting to RM10,663,607 which is payable on 27 September 2017.

	Current Financial Year Ended 30.6.2017	Preceding Financial Year Ended 30.6.2016
Interim dividend for the financial year ended 30 June	**2017**	
4th interim		
Approved and declared on	25-Aug-17	
Date payable	27-Sep-17	
Based on register members dated	12-Sep-17	
Amount per share	3.0 sen tax exempt	
Net dividend payable (RM)	10,663,607	
Interim dividend for the financial year ended 30 June	**2017**	**2016**
3rd interim		
Approved and declared on	22-May-17	24-May-16
Date paid	20-Jun-17	21-Jun-16
Based on register members dated	05-Jun-17	07-Jun-16
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	**2017**	**2016**
2nd interim		
Approved and declared on	28-Feb-17	25-Feb-16
Date paid	28-Mar-17	24-Mar-16
Based on register members dated	14-Mar-17	10-Mar-16
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	**2017**	**2016**
1st interim		
Approved and declared on	07-Nov-16	30-Nov-15
Date paid	07-Dec-16	30-Dec-15
Based on register members dated	21-Nov-16	14-Dec-15
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071
Interim dividend for the financial year ended 30 June	**2016**	**2015**
4th interim		
Approved and declared on	26-Aug-16	21-Aug-15
Date paid	28-Sep-16	22-Sep-15
Based on register members dated	13-Sep-16	07-Sep-15
Amount per share	3.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	10,663,607	7,109,071

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

25. EARNINGS PER SHARE ("EPS")

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

	Current Financial Quarter Ended 30.6.2017	Current Financial Year Ended 30.6.2017
Profit attributable to the Owners of the Company for the financial period (RM'000)	9,870	45,398
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	2.78	12.77

Diluted earnings per share is not applicable as the Company has no potential ordinary shares to be issued.

26. COMPARATIVE BALANCES

Certain comparatives for the financial year ended 30 June 2016 were reclassified, to better reflect the underlying nature and classification of these balances. There is no impact to the Group's prior year profit or loss and net assets. The effect of these reclassifications to the statement of financial position as at 30 June 2016 are as follows:

	As previously reported RM'000	Reclassification RM'000	Restated RM'000
Statements of financial position:			
Cash and bank balances	37,004	(7,815)	29,189
Investments in cash funds	-	7,815	7,815
Statements of cash flows			
Net cash used in investing activities	(9,870)	(5,214)	(15,084)
Cash and cash equivalents balance	37,004	(10,815)	26,189

SCICOM

TOTAL CUSTOMER DELIGHT

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2017

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

27. REALISED AND UNREALISED PROFIT

The breakdown of the retained profit of the Group as at the reporting date, into realized and unrealized profits is as follows:

	As at Current Financial Year Ended 30.6.2017	As At Preceding Financial Year Ended 30.6.2016
	RM'000	RM'000
Total retained profit for Scicom and its subsidiaries :		
- Realised	26,147	22,460
- Unrealised	102	(507)
	26,249	21,953
Total share of retained profit from jointly controlled entity :		
- Realised	135	1,746
	26,384	23,699
Add : Consolidation adjustments	46,566	35,844
Total Group retained profits as per consolidated accounts	72,950	59,543

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
25 August 2017