



**SCICOM (MSC) BERHAD**  
 (Company No. 597426-H)  
 (Incorporated in Malaysia)  
**FOURTH QUARTER REPORT ENDED 30 JUNE 2019**

**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 2019.

**UNAUDITED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Year Ended	Preceding Financial Year Ended	Changes
	30.6.2019	30.6.2018		30.6.2019	30.6.2018	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>	42,230	37,636	12%	161,160	165,289	-2%
Operating expenses	(33,716)	(28,598)	18%	(128,095)	(119,787)	7%
Depreciation and amortisation	(1,528)	(1,773)	-14%	(6,289)	(7,854)	-20%
<b>Operating profit</b>	6,986	7,265	-4%	26,776	37,648	-29%
Share of (loss)/profit of joint venture (net of tax)	-	(3)	-100%	(3)	5	-160%
Gain/(Loss) on foreign exchange	219	(869)	-125%	(277)	(1,250)	-78%
Bad debts written off	-	(368)	-100%	(306)	(368)	-17%
Finance income	196	255	-23%	871	994	-12%
<b>Profit before taxation</b>	7,401	6,280	18%	27,061	37,029	-27%
Taxation	(2,661)	(2,210)	20%	(7,039)	(5,113)	38%
<b>Profit for the financial year</b>	4,740	4,070	16%	20,022	31,916	-37%

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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Year Ended	Preceding Financial Year Ended	Changes
	30.6.2019	30.6.2018	%	30.6.2019	30.6.2018	%
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Other comprehensive (loss)/ income, net of tax</b>						
Foreign currency translation differences for foreign operations	12	1,909	-99%	(726)	(568)	28%
<b>Total comprehensive income for the financial year</b>	<b>4,752</b>	<b>5,979</b>	<b>-21%</b>	<b>19,296</b>	<b>31,348</b>	<b>-38%</b>
Profit attributable to:						
- Owners of the Company	4,788	4,135	16%	20,209	32,220	-37%
- Non-controlling interest	(48)	(65)	-26%	(187)	(304)	-38%
Profit for the financial year	4,740	4,070	16%	20,022	31,916	-37%
Total comprehensive income attributable to:						
- Owners of the Company	4,800	6,044	-21%	19,483	31,652	-38%
- Non-controlling interest	(48)	(65)	-26%	(187)	(304)	-38%
Total comprehensive income for the financial year	4,752	5,979	-21%	19,296	31,348	-38%
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)*	1.35	1.16	16%	5.69	9.06	-37%
- Diluted (sen)	N/A	N/A	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 2018 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At Current Financial Year Ended 30.6.2019</b>	<b>As At Preceding Financial Year Ended 30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Plant and equipment	8,492	10,743
Software licences	9,283	7,302
Investment in jointly controlled entity	0	140
Deferred tax assets	700	0
	<b>18,475</b>	<b>18,185</b>
<b>Current Assets</b>		
Trade receivables	24,932	21,513
Unbilled receivables	19,247	16,665
Deposits, prepayments and other receivables	7,885	8,181
Tax recoverable	196	202
Investments in cash funds	14,969	13,485
Cash and bank balances	25,536	38,787
	<b>92,765</b>	<b>98,833</b>
<b>TOTAL ASSETS</b>	<b>111,240</b>	<b>117,018</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to Owners of the Company</b>		
Share capital	35,545	35,545
Retained earnings	66,730	73,179
Currency translation reserve	(3,389)	(2,663)
	<b>98,886</b>	<b>106,061</b>
Non-controlling interest	(1,610)	(1,423)
<b>TOTAL EQUITY</b>	<b>97,276</b>	<b>104,638</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	66	248
	<b>66</b>	<b>248</b>
<b>Current Liabilities</b>		
Trade and other payables	12,450	11,398
Current tax liabilities	1,448	734
	<b>13,898</b>	<b>12,132</b>
<b>TOTAL LIABILITIES</b>	<b>13,964</b>	<b>12,380</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111,240</b>	<b>117,018</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>	<b>0.28</b>	<b>0.30</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued and fully paid ordinary shares		Non-distributable	Distributable	Non-controlling interest	Total Equity
	Number of shares	Share capital	Currency translation reserve	Retained earnings		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 months ended 30.6.2018</b>						
As at 1 July 2017	355,453	35,545	(2,095)	72,950	(1,119)	105,281
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(568)	0	0	(568)
Net profit for the financial year	0	0	0	32,220	(304)	31,916
Total comprehensive (loss)/income	0	0	(568)	32,220	(304)	31,348
Dividends paid for the financial year ended:						
- 30 June 2017	0	0	0	(10,664)	0	(10,664)
- 30 June 2018	0	0	0	(21,327)	0	(21,327)
As at 30 June 2018	355,453	35,545	(2,663)	73,179	(1,423)	104,638
<b>12 months ended 30.6.2019</b>						
As at 1 July 2018	355,453	35,545	(2,663)	73,179	(1,423)	104,638
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(726)	0	0	(726)
Net profit for the financial year	0	0	0	20,209	(187)	20,022
Total comprehensive (loss)/income	0	0	(726)	20,209	(187)	19,296
Dividends paid for the financial year ended:						
- 30 June 2018	0	0	0	(10,664)	0	(10,664)
- 30 June 2019	0	0	0	(15,994)	0	(15,994)
As at 30 June 2019	355,453	35,545	(3,389)	66,730	(1,610)	97,276

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 2018 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Current Financial Year Ended 30.6.2019 RM'000</b>	<b>Preceding Financial Year Ended 30.6.2018 RM'000</b>
<b>Operating Activities</b>		
<b>Net profit for the financial year</b>	20,022	31,916
<b>Adjustments:</b>		
Depreciation of plant and equipment	4,500	6,125
Amortisation of software licenses	1,789	1,729
Bad debts written off	306	368
Gain on acquisition of joint venture to subsidiary	4	0
Unrealised foreign exchange loss	737	1,178
Plant and equipment written off	1	0
Taxation	7,039	5,113
Interest income	(871)	(994)
Loss on disposal of plant and equipment	-	1
Share of loss/(profit) of joint venture	3	(5)
<b>Operating profit before changes in working capital</b>	<b>33,530</b>	<b>45,431</b>
Receivables	(5,987)	12,041
Payables	1,028	2,317
<b>Cash flow from operations</b>	<b>28,571</b>	<b>59,789</b>
Interest received	871	994
Taxation paid	(7,201)	(4,741)
<b>Net cash flow generated from operating activities</b>	<b>22,241</b>	<b>56,042</b>
<b>Investing Activities</b>		
Distribution received from joint venture	134	0
Proceeds from disposal of plant and equipment	4	15
Purchases of plant and equipment	(2,255)	(2,906)
Purchases of software licences	(3,770)	(4,643)
Investment in cash funds	(1,484)	(5,422)
(Increase)/Decrease in fixed deposits with maturity of more than 3 months	(4,000)	5,000
<b>Net cash flow used in investing activities</b>	<b>(11,371)</b>	<b>(7,956)</b>
<b>Financing Activities</b>		
Payment of dividends	(26,658)	(31,991)
<b>Net cash flow used in financing activities</b>	<b>(26,658)</b>	<b>(31,991)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,788)</b>	<b>16,095</b>
Effect of foreign exchange on cash and cash equivalents	(1,463)	(1,374)
Cash and cash equivalents at beginning of financial year	35,787	21,066
<b>Cash and cash equivalents at end of financial year</b>	<b>18,536</b>	<b>35,787</b>
Deposits with maturity of more than 3 months	7,000	3,000
<b>Cash and bank balances at the end of the financial year</b>	<b>25,536</b>	<b>38,787</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.



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**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 2018.

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 2018.

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 July 2018:

- MFRS 9 ‘Financial Instruments’
- MFRS 15 ‘Revenue from Contracts with Customers’
- IC Interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 ‘Investments in Associates and Joint Ventures’

The Group has adopted MFRS 9 and MFRS 15 for the first time in the 2018 financial statements, which resulted in changes in accounting policies. The adoption of these standards and amendments had no significant effect on the financial performance or position of the Group.

Standards and amendments that have been issued but not yet effective

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 ‘Leases’ (effective from 1 January 2019) supersedes MFRS 117 ‘Leases’ and the related interpretations.
- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRS 112 “Income Taxes” (effective 1 January 2019)
- Amendments to MFRS 128 ‘Long-term Interests in Associates and Joint Ventures’ (effective from 1 January 2019)



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**1. BASIS OF PREPARATION (cont'd)**

- Annual improvements to MFRSs 2015 – 2017 cycle:
  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019)
  - Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019)
  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019)

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

**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 2018 except for accounting policies changes resulting from adoption of MFRS 9 and MFRS 15 effective 1 July 2018.

**3. AUDITORS' REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 30 June 2018 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.

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**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	Dividend	Date of dividend payment	Amount paid
2018	Interim dividend of 3.0 sen per ordinary share	28 September 2018	RM10,633,607
2019	Interim dividend of 2.0 sen per ordinary share	21 December 2018	RM7,109,071
2019	Interim dividend of 1.5 sen per ordinary share	26 March 2019	RM5,331,803
2019	Interim dividend of 1.0 sen per ordinary share	25 June 2019	RM3,554,536

**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. Business Process Outsourcing (BPO)'s suite of services include integrated solutions in Customer Lifecycle Management, e-Commerce Solutions and e-Government Solutions.
- b. Education includes educational and industrial training services primarily focused on customer care in the service industry, English Language Testing/ Assessments and also internal training for the Group.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**9. SEGMENT RESULTS AND REPORTING (cont'd)**

Segmental analysis by geographical areas:

	<b>Current Year Quarter 30.6.2019</b>	<b>Preceding Year Corresponding Quarter 30.6.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>		
Malaysia	22,789	18,723
Singapore	2,585	2,058
Philippines	5,848	9,405
United States of America	1,354	1,252
Sri Lanka	1,378	1,287
China	5,380	2,285
Others	2,896	2,626
	42,230	37,636

Segmental analysis by business segment is as follows:

For the financial year ended 30 June 2019

FY 2019	Current Financial Year Ended 30.6.2019			
	<b>Outsourcing services</b>	<b>Education</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	160,642	518	-	161,160
Inter-segment revenue	-	4,604	(4,604)	-
<b>Total revenue</b>	<b>160,642</b>	<b>5,122</b>	<b>(4,604)</b>	<b>161,160</b>
Segment results	31,336	1,146		32,482
Unallocated income/ other gains				-
Depreciation of plant and equipment				(4,500)
Amortisation of software licences				(1,789)
Share of profit of joint venture				(3)
Finance income				871
Finance cost				-
<b>Profit before taxation</b>				<b>27,061</b>
Taxation				(7,039)
<b>Net profit for the financial year</b>				<b>20,022</b>

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**9. SEGMENT RESULTS AND REPORTING (cont'd)**

Segmental analysis by business segment is as follows (cont'd):

For the financial year ended 30 June 2018

FY 2018	Current Financial Year Ended 30.6.2018			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	165,041	248	-	165,289
Inter-segment revenue	-	1,607	(1,607)	-
<b>Total revenue</b>	<b>165,041</b>	<b>1,855</b>	<b>(1,607)</b>	<b>165,289</b>
Segment results	45,766	(1,882)		43,884
Unallocated income/ other gains				-
Depreciation of plant and equipment				(6,125)
Amortisation of software licences				(1,729)
Share of profit of joint venture				5
Finance income				994
<b>Profit before taxation</b>				<b>37,029</b>
Taxation				(5,113)
<b>Net profit for the financial year</b>				<b>31,916</b>

**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 2019, 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.

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**NOTES TO THE UNAUDITED 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 2018.

**14. COMMITMENTS**

Commitments for the Group not provided for as at 30 June 2019 are as follows:

(a) Capital commitments

In respect of plant and equipment  
- Authorised and contracted

<b>Current Financial Year Ended 30.6.2019</b>	
RM'000	
1,843	

(b) Non-cancellable operating leases

Future minimum lease payments  
- not later than 1 year  
- later than 1 year and not later than 5 years

<b>Current Financial Year Ended 30.6.2019</b>	
RM'000	
10,062	
6,759	
<b>16,821</b>	

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**16. REVIEW OF PERFORMANCE**

**PERFORMANCE BY QUARTER**

Financial quarter ended	30 Jun 2019	30 Jun 2018	Increase/ (decrease)
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	42,166	37,518	4,648
Education	64	118	(54)
<b>Total revenue</b>	<b>42,230</b>	<b>37,636</b>	<b>4,594</b>
<b>Profit before taxation</b>	<b>7,401</b>	<b>6,280</b>	<b>1,121</b>

**a. Revenue**

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. However, the Group also secures clients that requires ad-hoc short term services. For the financial quarter under review, revenue from existing BPO projects and newly secured projects increased by RM2.34 million and RM2.31 million, respectively as compared to the preceding year corresponding quarter.

Education

The revenue from Group's Education during the financial quarter under review comprises of corporate trainings and English Language Testing/ Assessments.

**b. Profit before taxation**

The higher profit before tax for the financial quarter under review as compared to the preceding year corresponding quarter is due mainly to a gain on foreign exchange position for the financial quarter under review as compared to a loss in the preceding year corresponding quarter.



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**16. REVIEW OF PERFORMANCE (cont'd)**

**PERFORMANCE BY FINANCIAL YEAR TO DATE**

Financial year ended	30 Jun 2019	30 Jun 2018	Increase/ (decrease)
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	160,642	165,041	(4,399)
Education	518	248	270
<b>Total revenue</b>	<b>161,160</b>	<b>165,289</b>	<b>(4,129)</b>
<b>Profit before taxation</b>	<b>27,061</b>	<b>37,029</b>	<b>(9,968)</b>

**a. Revenue**

BPO

The Group's BPO business principally comprises services provided to clients on long term contracts. However, the Group also secures clients that requires ad-hoc short term services. Revenue from existing projects has decreased by RM9.27 million for the financial year under review as compared to the preceding financial year due to changes in clients' service requirements. The decrease in revenue is mitigated by revenue from newly secured projects amounted to RM4.87 million.

The net decrease in the Group's BPO revenue for the financial year under review is RM4.40 million as compared to the preceding financial year.

Education

The increase in the Education business's revenue for the financial year under review is primarily attributable to the full year revenue contribution of its new business stream, the English Language Testing/Assessments.

**b. Profit before taxation**

The lower profit before tax for the financial year under review as compared to the preceding year corresponding period is due mainly to change in composition of revenue for BPO business and its associated profit margin and accompanying cost has resulted in a decrease in operating profit.

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**17. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

Financial quarter ended	30 Jun 2019	31 Mar 2019	Increase/ (decrease)
<b>Revenue</b>	RM'000	RM'000	RM'000
BPO	42,166	40,460	1,706
Education	64	102	(38)
<b>Total revenue</b>	<b>42,230</b>	<b>40,562</b>	<b>1,668</b>
<b>Profit before taxation</b>	<b>7,401</b>	<b>5,419</b>	<b>1,982</b>

**a. Revenue**

BPO

The Group's BPO 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 the financial quarter under review by RM1.70 million as compared to the preceding financial quarter is attributable to a net increase in existing BPO projects and revenue from newly secured projects amounted to RM436K and RM1.27million, respectively.

Education

The lower revenue from Group's Education during the financial quarter under review is due to lower intake for the English Language Test Assessment.

**b. Profit before taxation**

The higher profit before taxation for the current financial quarter under review as compared to the preceding quarter is in tandem with the increase in revenue.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**18. CURRENT YEAR REVIEW**

The Group registered a decrease in revenue and profit before taxation of 2.5% and 26.9% respectively, for the current financial year under review as compared to the preceding year financial year due to the reduction in transactional volume for BPO's major clients. The Group's profit margin is impacted by the change in composition of the BPO's revenue with the reduction in billings based on transactional volume and increase in billings based on headcount.

**Prospects for financial year 2020**

The Group continues to aggressively enhance its pipeline of prospects locally and has made inroads in its business development efforts for its suite of products globally. For the financial year ended 30 June 2019, the Group has increased its BPO business client base by 22% as compared to the preceding financial year. Contribution to the Group's revenue and profitability from these clients is expected to increase in the financial year 2020.

The Outsourcing division has a healthy pipeline and is expected to secure some of these major contracts in the pipeline during the financial year 2020. The Group is experiencing an increase in interest from companies from Mainland China. As Chinese companies exert their influence and gain global market share, there is a need to provide both a mandarin speaking workforce for the mainland Chinese market and a multi lingual workforce for an increasingly global consumer base. Malaysia due to its large pool of Mandarin speakers coupled with an innate advantage for multilingual support is well placed to take advantage of China's emergence as a global consumer of BPO services.

With an eye to the future of the outsourcing industry, the Group has also taken steps in forming strategic partnerships with internationally well-known AI companies to develop a new suite of services using advanced robotic process automation technology ("RPA") that will be able to reduce cost significantly for existing and potential clients. Scicom has invested in Scicom Digital which will provide a consulting led approach to an implementation from a digital marketing and RPA perspective. The Group expects these new services to roll out by the second quarter of the financial year 2020.

The Gov-tech division is currently participating in several tenders from both local and international governments. With the Group's experience, good track record, strong financial standing and our ability to offer innovative solutions to our potential clients, the Group is confident to be shortlisted for the next phase of the tender process.



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**18. CURRENT YEAR REVIEW (cont'd)**

Education

The Education division's focus is on developing the skills of the Group's workforce to enhance their capability and better serve its clients. The Group is expecting revenue from English Language Testing/Assessments to increase with the usage of digital marketing in promoting its services.

Overall the Group expects to achieve growth in terms of revenue and pre-tax profitability for the financial year 2020.

**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 ending 30 June 2019.

**20. TAXATION**

	<b>Current Financial Quarter Ended 30.6.2019 RM '000</b>	<b>Current Financial Year Ended 30.6.2019 RM '000</b>
<u>Group</u>		
Current tax	2,870	7,920
Deferred tax	(209)	(881)
	2,661	7,039
Effective tax rate	36%	26%

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at rates prevailing in the respective jurisdictions.





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**20. TAXATION (cont'd)**

The Group's effective tax rate for the current financial quarter is higher than the statutory tax rate due to under provision of taxation in the previous quarters.

A subsidiary of the Company has received tax assessment notices of RM1.4 million INR23.8 million (2018: 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 crystallize from these assessments.

**21. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced but not completed as at 28 August 2019, 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 2019.

**23. UPDATE ON LITIGATION**

On 24 July 2019, the Company received an Originating Summons ("OS") filed by the Education Malaysia Global Services ("EMGS"). The Originating Summons was filed by EMGS pursuant to an agreement dated 1 November 2012 entered into between the Company and EMGS wherein EMGS is seeking to enforce a right under the said agreement to access the data captured in the Company's proprietary system.

Although the OS sought general damages and costs to be assessed by the Court, the Company sees no merit or basis for such claims and even if any such claim were to succeed, it would not have a material financial impact on the Company.

On the 15th August 2019 an application to stay proceedings ("Stay Application") was filed on behalf of Scicom in the High Court. The court has hold the Summons temporarily to enable the Stay Application to be heard. The Stay Application is listed for a case management hearing on 15th October 2019 and a substantive hearing date will be set on 15th October 2019.

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**23. UPDATE ON LITIGATION (cont'd)**

Other than the above, there were no material litigation matters dealt with during the financial year to date or pending as at 28 August 2019, being the date of this report.

**24. DIVIDENDS**

The Board of Directors has approved and declared a fourth interim dividend of 1.0 sen, tax exempt, per ordinary share, amounting to RM3,554,536 which is payable on 30 September 2019.

	<b>Current Financial Year Ended 30.6.2019</b>	<b>Preceding Financial Year Ended 30.6.2018</b>
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>Fourth interim</u>		
Approved and declared on	28-Aug-19	27-Aug-18
Date payable/paid	30-Sep-19	28-Sep-18
Based on register members dated	13-Sep-19	13-Sep-18
Amount per share	1.0 sen tax exempt	3.0 sen tax exempt
Net dividend payable/paid(RM)	3,554,536	10,633,607
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>3rd interim</u>		
Approved and declared on	23-May-19	21-May-18
Date paid	25-Jun-19	21-Jun-18
Based on register members dated	10-Jun-19	06-Jun-18
Amount per share	1.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	3,554,536	7,109,071
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>2nd interim</u>		
Approved and declared on	26-Feb-19	07-Feb-18
Date paid	26-Mar-19	08-Mar-18
Based on register members dated	12-Mar-19	22-Feb-18
Amount per share	1.5 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	5,331,803	7,109,071
<b>Interim dividend for the financial year ended 30 June</b>	<b>2019</b>	<b>2018</b>
<u>1st interim</u>		
Approved and declared on	22-Nov-18	13-Nov-17
Date paid	21-Dec-18	12-Dec-17
Based on register members dated	07-Dec-18	27-Nov-17
Amount per share	2.0 sen tax exempt	2.0 sen tax exempt
Net dividend paid (RM)	7,109,071	7,109,071

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**25. EARNINGS PER SHARE (“EPS”)**

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

	<b>Current Financial Quarter Ended 30.6.2019</b>	<b>Current Financial Year Ended 30.6.2019</b>
Profit attributable to the Owners of the Company for the financial year (RM'000)	4,788	20,209
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	1.35	5.69

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

**26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

(a) Fair value measurement

The Group measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- (i) Level 1 - quoted price (unadjusted) in active market for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) Level 3 - inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).



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**26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)**

(b) Financial instruments carried at fair value:

The carrying value of the financial assets and liabilities of the Group as at 30 June 2019 disclosed in the report approximate their fair values.

The following table represents the assets measured at fair value:

	<b>Current Financial Year Ended 30.6.2019 RM'000</b>	<b>As at Preceding Financial Year Ended 30.6.2018 RM'000</b>
<u>Available-for-sale financial assets</u>		
Investments in cash funds		
- Recurring fair value measurement at Level 1 of the fair value hierarchy	14,969	13,485

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM  
 DIRECTOR  
 28 AUGUST 2019