

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

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 2021.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period Quarter	Preceding Year Corresponding Quarter	Changes	Current Financial Year Ended	Preceding Financial Year Ended	Changes
	30.6.2021	30.6.2020		30.6.2021	30.6.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	55,722	42,483	31%	216,196	181,330	19%
Operating expenses	(42,341)	(33,301)	27%	(162,456)	(134,134)	21%
Depreciation and amortisation	(4,050)	(4,151)	-2%	(16,594)	(15,983)	4%
Operating profit	9,331	5,031	85%	37,146	31,213	19%
Share of loss of joint venture (net of tax)	(3)	-	100%	(3)	-	100%
Gain/(Loss) on foreign exchange	60	(150)	-140%	(495)	(329)	50%
Bad debts recovered/(written off)	213	-	-100%	213	(345)	-162%
Impairment loss on receivable	(2,365)	-	100%	(2,365)	-	100%
Finance income	168	196	-14%	614	972	-37%
Finance costs*	(1,054)	(162)	551%	(1,786)	(839)	100%
Profit before taxation	6,350	4,915	29%	33,324	30,672	9%
Taxation	(249)	(520)	-52%	(7,510)	(8,619)	-13%
Profit for the financial year	6,101	4,395	39%	25,814	22,053	17%

* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
	Current Period	Preceding Year	Changes	Current Financial	Preceding Financial	Changes
	Quarter	Corresponding Quarter		Year Ended	Year Ended	
	30.6.2021	30.6.2020		30.6.2021	30.6.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive (loss)/ income, net of tax						
Foreign currency translation differences for foreign operations	(88)	56	-257%	(632)	(196)	222%
Total comprehensive income for the financial year	6,013	4,451	35%	25,182	21,857	15%
Profit attributable to:						
- Owners of the Company	6,099	4,397	39%	25,818	22,052	17%
- Non-controlling interest	2	(2)	-200%	(4)	1	-500%
Profit for the financial year	6,101	4,395	39%	25,814	22,053	17%
Total comprehensive income attributable to:						
- Owners of the Company	6,011	4,453	35%	25,186	21,856	15%
- Non-controlling interest	2	(2)	-200%	(4)	1	-500%
Total comprehensive income for the financial year	6,013	4,451	35%	25,182	21,857	15%
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	1.72	1.24	38%	7.26	6.20	17%
- Diluted (sen)	1.72	1.24	38%	7.26	6.20	17%

* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office.

Other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At Current Financial Year Ended 30.6.2021 RM'000	As At Preceding Financial Year Ended 30.6.2020 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	18,133	10,031
Software licences	12,718	11,046
Right-of-use assets*	41,803	8,114
Investment in joint venture	2	-
Deferred tax assets	1,798	700
	74,454	29,891
Current Assets		
Trade receivables and contract assets	52,450	52,388
Other receivables, deposits and prepayments	7,489	10,033
Amount due from a joint venture	16	-
Tax recoverable	1,612	91
Investments in cash funds	25,373	23,409
Cash and bank balances	4,645	5,707
	91,585	91,628
TOTAL ASSETS	166,039	121,519
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	35,545	35,545
Retained earnings	77,278	71,010
Currency translation reserve	(4,217)	(3,585)
Total equity attributable to Owners of the Company	108,606	102,970
Non-controlling interest	(1,613)	(1,609)
TOTAL EQUITY	106,993	101,361
Non-Current Liabilities		
Lease liabilities*	34,195	2,032
Deferred tax liabilities	1,100	81
	35,295	2,113
Current Liabilities		
Trade and other payables	15,140	11,181
Lease liabilities*	8,611	6,283
Tax liabilities	-	581
	23,751	18,045
TOTAL LIABILITIES	59,046	20,158
TOTAL EQUITY AND LIABILITIES	166,039	121,519
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.31	0.29

* The increase is primarily due to the MFRS16 impact on the renewal of tenancy agreement for our KL office.

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	-----Attributable to Owners of the Company-----					
	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
12 months ended 30.6.2020						
As at 1 July 2019	355,453	35,545	(3,389)	66,730	(1,610)	97,276
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(196)	0	0	(196)
Net profit for the financial year	0	0	0	22,052	1	22,053
Total comprehensive (expense)/income	0	0	(196)	22,052	1	21,857
Dividends paid for the financial year ended:						
- 30 June 2019	0	0	0	(3,554)	0	(3,554)
- 30 June 2020	0	0	0	(14,218)	0	(14,218)
As at 30 June 2020	355,453	35,545	(3,585)	71,010	(1,609)	101,361
12 months ended 30.6.2021						
As at 1 July 2020	355,453	35,545	(3,585)	71,010	(1,609)	101,361
Currency translation differences, representing total income and expense recognised directly in equity	0	0	(632)	0	0	(632)
Net profit/(expense) for the financial year	0	0	0	25,818	(4)	25,814
Total comprehensive (expense)/income	0	0	(632)	25,818	(4)	25,182
Dividends paid for the financial year ended:						
- 30 June 2020	0	0	0	(3,554)	0	(3,554)
- 30 June 2021	0	0	0	(15,996)	0	(15,996)
As at 30 June 2021	355,453	35,545	(4,217)	77,278	(1,613)	106,993

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 2020 and the accompanying explanatory notes attached to the interim financial report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Year Ended 30.6.2021	Preceding Financial Year Ended 30.6.2020
	RM'000	RM'000
Operating Activities		
Net profit for the financial year	25,814	22,053
Adjustments:		
Depreciation of plant and equipment	4,618	4,206
Amortisation of software licenses	2,399	1,595
Depreciation of right-of-use assets	9,577	10,182
Impairment loss on receivable	2,365	-
Bad debts (recovered)/written off	(213)	345
Unrealised foreign exchange loss	205	356
Plant and equipment written off	1	-
Gain on disposal of plant and equipment	-	(1)
Gain on decognition of lease liability	-	(40)
Taxation	7,510	8,619
Finance income	(614)	(972)
Finance cost	1,786	839
Share of loss of joint venture	3	-
Operating profit before changes in working capital	53,451	47,182
Receivables	156	(10,683)
Payables	3,847	(1,957)
Cash flow from operations	57,454	34,542
Interest received	614	972
Net tax paid	(9,691)	(9,405)
Net cash flow generated from operating activities	48,377	26,109
Investing Activities		
Proceeds from disposal of plant and equipment	-	1
Disposal of a subsidiary, net of cash disposed	(1)	-
Purchase of plant and equipment	(12,832)	(5,762)
Purchase of software licences	(4,459)	(3,400)
Investment in cash funds	(1,964)	(8,439)
(Increase)/Decrease in fixed deposits with maturity of more than 3 months	(34)	6,000
Net cash flow used in from investing activities	(19,290)	(11,600)
Financing Activities		
Repayment of lease liabilities	(10,587)	(10,031)
Payment of dividends	(19,550)	(17,772)
Net cash flow used in financing activities	(30,137)	(27,803)
Net decrease in cash and cash equivalents	(1,050)	(13,294)
Effect of foreign exchange on cash and cash equivalents	(46)	(535)
Cash and cash equivalents at beginning of financial year	4,707	18,536
Cash and cash equivalents at end of financial year	3,611	4,707
Deposits with maturity of more than 3 months	1,034	1,000
Cash and bank balances at the end of the financial year	4,645	5,707

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.



SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” 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 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

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 2020. The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
- Amendments to MFRS 3 ‘Definition of a Business’
- Amendments to MFRS 9 and MFRS 7 ‘Interest Rate Benchmark Reform’

The adoption of these standards and amendments had no significant effect on the financial performance or position of the Group.

3. AUDITORS’ REPORT OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the financial year ended 30 June 2020 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.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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.

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
2020	Interim dividend of 1.0 sen per ordinary share	29 September 2020	RM3,554,536
2021	Interim dividend of 1.5 sen per ordinary share	29 December 2020	RM5,331,803
2021	Interim dividend of 1.5 sen per ordinary share	29 March 2021	RM5,331,803
2021	Interim dividend of 1.5 sen per ordinary share	29 June 2021	RM5,331,803

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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, Digital/ E-Commerce Solutions and E-Government (Gov-Tech) 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.

Segmental analysis by geographical areas:

	Current Period Quarter 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000
Revenue		
Malaysia	38,180	22,737
Singapore	2,165	2,362
Philippines	6,909	7,139
Sri Lanka	1,273	1,231
China	3,710	5,253
Hong Kong	2,391	2,357
Others	1,094	1,404
	55,722	42,483

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

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 2021

FY 2021	Current Financial Year Ended 30.6.2021			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	216,151	45	-	216,196
Inter-segment revenue	6,000	2,207	(8,207)	-
Total revenue	222,151	2,252	(8,207)	216,196
Segment results	50,046	1,047	-	51,093
Depreciation of plant and equipment				(4,618)
Amortisation of software licences				(2,399)
Amortisation of right-of-use assets				(9,577)
Share of loss of joint venture				(3)
Finance income				614
Finance cost				(1,786)
Profit before taxation				33,324
Taxation				(7,510)
Net profit for the financial year				25,814

For the financial year ended 30 June 2020

FY 2020	Preceding Financial Year Ended 30.6.2020			
	Outsourcing services	Education	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	181,160	170	-	181,330
Inter-segment revenue	613	1,864	(2,477)	-
Total revenue	181,773	2,034	(2,477)	181,330
Segment results	46,193	329	-	46,522
Depreciation of plant and equipment				(4,206)
Amortisation of software licences				(1,595)
Amortisation of right-of-use assets				(10,182)
Finance income				972
Finance cost				(839)
Profit before taxation				30,672
Taxation				(8,619)
Net profit for the financial year				22,053

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

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 2021, 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 2020.

14. COMMITMENTS

Commitments for the Group not provided for are as follows:

(a) Capital commitments

	Current Financial Year Ended 30.6.2021	Preceding Financial Year Ended 30.6.2020
	RM'000	RM'000
In respect of plant and equipment - Authorised and contracted	268	1,795

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE

PERFORMANCE BY QUARTER

Financial quarter ended	30 Jun 2021	30 Jun 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	55,720	42,483	13,237
Education	2	-	2
Total revenue	55,722	42,483	13,239
Profit before taxation	6,350	4,915	1,435

a. Revenue

BPO

The Group recorded a net increase in revenue of RM13.24 million for the current financial quarter under review as compared to the preceding year corresponding quarter. The increase is due mainly to organic growth for existing projects amounting to RM12.61 million and from new business secured amounting to RM2.12 million. BPO projects that have ceased operations due to changes in the client's customer service strategy has impacted the Group's revenue by RM1.49 million.

Education

For the current financial quarter under review, the Education business conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The Group's profit before taxation has shown an increase of 29.2% as compared to the preceding year corresponding quarter. The higher profit before taxation is primarily due to an increase in BPO revenue by 31.2%. The increase in profit before taxation for the current financial quarter under review is impacted by an impairment of the trade receivable of RM2.34 million which is pending collection.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. REVIEW OF PERFORMANCE (cont'd)

PERFORMANCE BY FINANCIAL YEAR TO DATE

Financial year ended	30 Jun 2021	30 Jun 2020	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	216,151	181,160	34,991
Education	45	170	(125)
Total revenue	216,196	181,330	34,866
Profit before taxation	33,324	30,672	2,652

a. Revenue

BPO

Revenue for the current financial year under review from the Group's existing clients and from new business secured increased by RM39.72 million and RM2.29 million, respectively as compared to the preceding financial year. Projects that have ceased operations during the current financial year under review has impacted the Group's revenue by RM7.02 million. The net increase in Group's revenue for the current financial year under review amounted to RM34.99 million as compared to the preceding financial year.

Education

For the current financial year under review, the Education business conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The Group's profit before tax for the current financial year under review is higher by 8.6% as compared to the preceding year. The increase in profit before taxation is primarily due to the following:

	RM' million
Higher operating profit due mainly to the corresponding higher revenue for the BPO business as compared with the preceding year	5.79
Higher cost of Work from Home ("WFH") implementation	(1.33)
Higher impairment of trade receivables	(1.81)
Total increase in profit before taxation	2.65

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financial quarter ended	30 Jun 2021	31 Mar 2021	Increase/ (decrease)
Revenue	RM'000	RM'000	RM'000
BPO	55,720	52,163	3,557
Education	2	9	(7)
Total revenue	55,722	52,172	3,550
Profit before taxation	6,350	8,007	(1,657)

a. Revenue

BPO

For the current financial quarter under review, the Group's BPO revenue increased by RM3.56 million as compared to the preceding quarter. The increase in revenue for the BPO business is due mainly to new business secured which contributed RM2.09 million.

Education

For the current financial quarter under review, the Education business conducted internal training for staff within the Group and development of training modules for the Group's eLMS (e Learning Management System).

b. Profit before taxation

The Group's lower profit before taxation for the current financial quarter under review as compared to the preceding quarter is due mainly to the impairment of the trade receivable of RM2.34 million which is pending collection.



SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. CURRENT YEAR REVIEW AND PROSPECT FOR THE FINANCIAL YEAR 2022

Current Year Review

For the current financial year under review, the Group registered an increase in revenue and profit before taxation of 19.2% and 8.6% respectively, as compared to the preceding year. The improved result is primarily due to higher transactional volume for the Group's existing BPO clients. New clients secured at the 2nd half of the current financial year contributed to 6.5% of the total growth in revenue for the Group as compared to the preceding year.

Prospects for financial year 2022

BPO

With the Government's continued efforts in its vaccination drive, the Group expects a gradual lifting of the MCO and travel ban by the end of the calendar year 2021 resulting in a increase in transactional volume for some of our key BPO clients. New clients that commenced operations during the final quarter of the current financial year under review will also contribute to the Group's growth in financial year 2022. The Group has also intensified its business development efforts and is optimistic in converting some of the prospects in the pipeline by this financial year 2022.

The Gov-tech division continue to be aggressive in its business development efforts in both local and international markets. With the Group's experience, good track record, strong financial standing and our ability to offer innovative solutions, we are in a strong position to convert some of our strategic government prospects in FY2022.

Education

The Group's Education business unit has been affected by the MCO as newly secured training contracts have been postponed to a later date. The Group has been developing online training and assessment programs that will be offered to both internal and external clients.



SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. CURRENT YEAR REVIEW AND PROSPECT FOR THE FINANCIAL YEAR 2022 (cont'd)

Overall

The Group remains vigilant of the challenges presented by the ongoing pandemic and the changing economic environment in Malaysia and across the world. The Group's focus is primarily to mitigate business risk in these uncertain times primarily through business diversification, prudent financial management and innovative product and service development. The Group's ability to change, innovate and adapt has resulted in the Group's products and services being relevant thus resulting in an increase in transactional volumes for existing BPO and Gov-Tech clients. This is expected to increase revenue and contribution from existing clients along with new projects in the current sales pipeline. The Group is confident in achieving growth in terms of revenue and profitability for the financial year 2022.

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 2021.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. TAXATION

	Current Financial Quarter Ended 30.6.2021 RM '000	Current Financial Year Ended 30.6.2021 RM '000
<u>Group</u>		
Current tax	328	7,589
Deferred tax	(79)	(79)
	249	7,510
Effective tax rate	4%	23%

The Malaysian current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. For the current financial quarter and financial year under review, the Group's effective tax rate is lower than the statutory tax rate due to recognition and utilisation of previously unrecognised temporary differences.

As reported in the previous financial year annual report, a wholly owned subsidiary of the Company, Scicom Contact Centre Services Private Limited (India) has received tax assessment notices of RM1.3 million, INR23.8 million (2020: 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 27 August 2021, 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 2021.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. UPDATE ON LITIGATION

(i) EMGS

On the 7th February 2020, a Writ was issued on the Company (Ref: Kuala Lumpur High Court Suit No. WA-22NCVC-88-02/2020). It was only served on the Company on 21st February 2020. The Company entered an appearance through its solicitors on 26th February 2020. No prior demands or discussions in relation to the matters on which the Writ is purportedly based took place between the parties prior to the service of the Writ.

The claim against the Company is for declaratory relief, general damages of approximately RM24.5 million and unliquidated damages. The Board, based on legal advice obtained, maintained that the claim is time barred, frivolous and has no merits and has assessed the potential liability to the Company as nil.

The breaches alleged against the Company are contravention of Section 12(1)(f) of the Passports Act 1966, Section 8(1)(e)(iii) of the Official Secrets Act and Section 40 of the Personal Data and Protection Act. The alleged breaches relate to the handling of foreign student passports and their personal data during the processing of their visas. The Company states that the system has been functioning seamlessly for over 7 years with all the requisite clearances from the authorities.

The Company took out an application to stay the proceedings and refer the dispute to arbitration. On 27th July 2020, the Kuala Lumpur High Court (“Court”) dismissed the Company’s application to stay the Court proceedings pending a reference to arbitration under the terms of the agreement between the parties. The Company appealed the Kuala Lumpur High Court decision to the Court of Appeal. On the 12th of August 2020, the Court of Appeal granted the Company a stay of proceedings pending disposal of its appeal against the decision of the High Court of 27th July 2020 (“the Arbitration Decision Appeal”).

The hearing of the Company's appeal was fixed for 9th December 2020. However, due to the Conditional Movement Control Order, this appeal was conducted through Zoom. Written submissions for the Company have been filed and served to the Court and the Respondent.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. UPDATE ON LITIGATION (cont'd)

(i) EMGS (cont'd)

On 17 December 2020, the Kuala Lumpur High Court (“High Court”) struck out the action by EMGS against the Company and 3 others in KL High Court Civil Suit No. WA-22NCVC-88-02/2020 (“Striking Out Decision”). The action against the Company was struck out on the Judge’s own motion. In his brief oral grounds, the Judge stated that the Statement of Claim was defective, that the action was time barred and that EMGS did not have locus standi to bring the action.

On the 12 January 2021 EMGS filed Notice of Appeal against the Striking Out Decision. Scicom has, with the leave of the Court of Appeal applied to stay the Arbitration Decision Appeal pending the outcome of the Striking Out Decision appeal.

The hearing date for the Striking Out Decision appeal was adjourned on 9th August 2021 and has been relisted for 3rd March 2022. The Arbitration Decision Appeal at the Court of Appeal is adjourned for a Case Management hearing date after the Striking Out Decision appeal.

(ii) Informatics International Limited

On 29th November 2019, the Company was served with an Application for an Interim Injunction against the Company and its wholly-owned subsidiary namely Scicom Lanka (Pvt) Ltd (“SLPL”) along with six (6) employees of SLPL which was fixed for hearing on the 9th of December 2019 at the Commercial High Court of Colombo, the Democratic Socialist Republic of Sri Lanka (“Sri Lanka”). The Application for the Interim Injunction was filed by Informatics International Limited (“IIL”), a company incorporated in Sri Lanka. IIL is seeking to restrain its ex-employees currently employed by SLPL, the Company and SLPL from engaging in the provision of certain consultancy and solution services. There is no monetary claim sought in this action.

The Company has appointed Counsel in Sri Lanka to represent its interests and that of its employees. The Company has sought and obtained legal advice that the Application for the Interim Injunction filed by IIL is frivolous and without merit. The Application for the Interim Injunction has no material financial or operational implications to the Company.



SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. UPDATE ON LITIGATION (cont'd)

(ii) Informatics International Limited (cont'd)

The original hearing was adjourned to 3rd September 2020 due to the restrictions on normal court service imposed by the COVID-19 crisis.

On the 8th September 2020, the Commercial High Court in Colombo (“the High Court”) gave its decision and granted four interim injunctions requested by IIL. As before, the granting of those injunctions has no material impact on the operation of the Company’s business in Sri Lanka and the Company has been advised there are very strong grounds for reversing the High Court ruling. An appeal against the orders of the High Court is in progress to the Supreme Court of the Democratic Socialist Republic of Sri Lanka (“the Supreme Court”). For various reasons, including unavailability of IIL counsel and issues with court documents, the initial application for leave to appeal was adjourned from 16th October 2020 to 17th December 2020.

The Supreme Court granted permission to appeal on the 29th March 2021 and at the same time ordered an interim stay on the injunctions pending determination of the appeal. The substantive appeal hearing is currently listed for 7th September 2021.

Other than the above, there were no material litigation matters dealt with during the financial period or pending as at 27 August 2021, being the date of this report.

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

24. DIVIDENDS

The Board of Directors has approved and declared a fourth interim dividend of 1.5 sen, tax exempt, per ordinary share, amounting to RM5,331,803 which is payable on 29 September 2021.

	Current Financial Year Ended 30.6.2021	Preceding Financial Year Ended 30.6.2020
Interim dividend for the financial year ended 30 June	2021	2020
<u>Fourth interim</u>		
Approved and declared on	27-Aug-21	28-Aug-20
Date payable/paid	29-Sep-21	29-Sep-20
Based on register members dated	14-Sep-21	14-Sep-20
Amount per share	1.5 sen tax exempt	1.0 sen tax exempt
Net dividend payable/paid(RM)	5,331,803	3,554,536
Interim dividend for the financial year ended 30 June	2021	2020
<u>Third interim</u>		
Approved and declared on	28-May-21	29-May-20
Date paid	29-Jun-21	29-Jun-20
Based on register members dated	15-Jun-21	16-Jun-20
Amount per share	1.5 sen tax exempt	1.0 sen tax exempt
Net dividend paid (RM)	5,331,803	3,554,536
Interim dividend for the financial year ended 30 June	2021	2020
<u>Second interim</u>		
Approved and declared on	26-Feb-21	21-Feb-20
Date paid	29-Mar-21	20-Mar-20
Based on register members dated	15-Mar-21	06-Mar-20
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803
Interim dividend for the financial year ended 30 June	2021	2020
<u>First interim</u>		
Approved and declared on	27-Nov-20	25-Nov-19
Date paid	29-Dec-20	24-Dec-19
Based on register members dated	14-Dec-20	10-Dec-19
Amount per share	1.5 sen tax exempt	1.5 sen tax exempt
Net dividend paid (RM)	5,331,803	5,331,803

SCICOM (MSC) BERHAD
(Company No. 200201029763 (597426-H))
(Incorporated in Malaysia)
FOURTH QUARTER REPORT ENDED 30 JUNE 2021

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 30.6.2021	Current Financial Year Ended 30.6.2021
Profit attributable to the Owners of the Company for the financial year (RM'000)	6,099	25,818
Weighted average number of ordinary shares in issue ('000)	355,454	355,454
Basic earnings per share (sen)	1.72	7.26

Diluted earnings per share is the same as basic earnings per share as the Company has no potential ordinary shares to be issued.

26. DERIVATIVE FINANCIAL INSTRUMENTS

There were no outstanding derivative financial instruments as at 30 June 2021.

27. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains/losses arising from fair value changes of financial liabilities for the financial year ended 30 June 2021.

By order of the Board of Directors

DATO' SRI LEO SURESH ARIYANAYAKAM
DIRECTOR
27 AUGUST 2021