

SCAN ASSOCIATES BERHAD (525669-P)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	As At End Of Current Quarter 30.6.07 RM'000	(Audited) As at 31.12.06 RM'000
Financed by :-		
Share capital	20,000	20,000
Reserves	39,623	36,350
Shareholders' equity	<u>59,623</u>	<u>56,350</u>
Non-current liability		
Borrowings	<u>2,039</u>	2,718
	<u>61,662</u>	<u>59,068</u>
Non-Current Assets		
Property, plant and equipment	6,033	5,896
Fixed deposits with licensed banks	5,309	6,316
Other assets	302	307
Total non-current assets	<u>11,644</u>	<u>12,519</u>
Current Assets		
Trade receivables	26,460	22,013
Work-in-progress	2,103	392
Other receivables	4,015	2,546
Fixed deposits with licensed banks	21,034	25,680
Cash and bank balances	648	2,680
Total current assets	<u>54,260</u>	<u>53,311</u>
Current Liabilities		
Trade payables	705	1,109
Other payables	1,369	2,977
Amount due to Directors	138	34
Borrowings	1,947	2,559
Tax payable	83	83
Total current liabilities	<u>4,242</u>	<u>6,762</u>
Net Current Assets	<u>50,018</u>	46,549
	<u>61,662</u>	<u>59,068</u>

Note:

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Notes to Interim Financial Reports and the audited financial statements of the Company for the financial year ended 31 December 2006.

The unaudited condensed consolidated results as at 30 June 2007 announced by the Company is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in conjunction with the admission of the Company to the MESDAQ Market of Bursa Securities.

As the Company was listed on 6 October 2006, there are no comparative figures for the preceding year's corresponding quarter.

SCAN ASSOCIATES BERHAD (525669-P)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.07 RM'000	Preceding Year Corresponding Quarter 30.6.06 RM'000	Current Year To Date 30.6.07 RM'000	Preceding Year Corresponding Period 30.6.06 RM'000
CONTINUING OPERATIONS				
Revenue	8,055	N/A	14,011	N/A
Cost of sales	(2,917)	N/A	(7,439)	N/A
Gross profit	<u>5,138</u>	<u>N/A</u>	<u>6,572</u>	<u>N/A</u>
Other operating income	310	N/A	701	N/A
Administration expenses	(2,051)	N/A	(3,814)	N/A
Other operating expenses	-	N/A	-	N/A
Operating Profit	<u>3,397</u>	<u>N/A</u>	<u>3,459</u>	<u>N/A</u>
Finance cost	(39)	N/A	(138)	N/A
Profit before tax	<u>3,358</u>	<u>N/A</u>	<u>3,321</u>	<u>N/A</u>
Income tax expenses	-	N/A	-	N/A
Profit for the financial period	<u><u>3,358</u></u>	<u><u>N/A</u></u>	<u><u>3,321</u></u>	<u><u>N/A</u></u>
Attributable to:				
Equity holders of the Company	3,358	N/A	3,321	N/A
Minority interest	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
Profit per share attributable to equity holders of the Company (sen):				
Basic	1.68	N/A	1.66	N/A
Diluted	<u>1.68</u>	<u>N/A</u>	<u>1.66</u>	<u>N/A</u>

Notes:

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Notes to Interim Financial Reports and the audited financial statements of the Company for the financial year ended 31 December 2006.

The unaudited condensed consolidated results for the financial period ended 30 June 2007 announced by the Company is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in conjunction with the admission of the Company to the MESDAQ Market of Bursa Securities.

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SCAN ASSOCIATES BERHAD (525669-P)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007

	Non Distributable			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profit RM'000		
At 1 January 2007	20,000	18,182	(92)	18,260		56,350
Listing expenses	-	(22)	-	-		(22)
Currency translation differences arising in the period	-	-	(26)	-		(26)
Profit for the financial period	-	-	-	3,321		3,321
At 30 June 2007	<u>20,000</u>	<u>18,160</u>	<u>(118)</u>	<u>21,581</u>		<u>59,623</u>

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to Interim Financial Reports and the audited financial statements of the Company for the financial year ended 31 December 2006.

The unaudited condensed consolidated results for the financial period ended 30 June 2007 announced by the Company is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in conjunction with the admission of the Company to the MESDAQ Market of Bursa Securities.

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SCAN ASSOCIATES BERHAD (525669-P)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007

	Current Year To Date 30.6.07 RM'000	Preceding Year Corresponding Period 30.6.06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	9,564	N/A
Cash payments to suppliers	(5,831)	N/A
Cash payments to employees and for administrative expenses	(9,729)	N/A
	<u>(5,996)</u>	<u>N/A</u>
Cash used in operations	(5,996)	N/A
Interest received	415	N/A
Other income received	288	N/A
Interest paid	(221)	N/A
Withdrawal of fixed deposits	1,006	N/A
Net cash used in operating activities	<u>(4,508)</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(745)	N/A
Proceeds from disposal of property, plant and equipment	111	N/A
Advance from Directors	105	N/A
Net cash used in investing activities	<u>(529)</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase liabilities	(169)	N/A
Repayment of term loan	(1,472)	N/A
Net cash used in financing activities	<u>(1,641)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(6,678)	N/A
Cash and cash equivalents brought forward	28,360	N/A
Cash and cash equivalents carried forward	<u>21,682</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	648	N/A
Fixed deposits with licensed banks	21,034	N/A
	<u>21,682</u>	<u>N/A</u>

Notes:

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Notes to Interim Financial Reports and the audited Financial Statements of the Company for the financial year ended 31 December 2006.

The unaudited condensed consolidated results for the financial period ended 30 June 2007 announced by the Company is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in conjunction with the admission of the Company to the MESDAQ Market of Bursa Securities.

As the Company was listed on 6 October 2006, there are no comparative figures for the preceding year's corresponding quarter.

SCAN ASSOCIATES BERHAD (525669-P)

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007**

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 INTERIM FINANCIAL REPORTING

A1 Basis Of Preparation

This interim financial report of the Group is unaudited and have been prepared in accordance with FRS 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 Part K paragraph 9.22 and Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

The accounting policies, method of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2006.

A2 Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

A3 Seasonal Or Cyclical Factors

The Group's operations were not materially affected by any seasonal and cyclical factors.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

During the current financial quarter under review, there were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence.

A5 Material Changes In Estimates

There were no changes in estimates of amounts which may have a material effect in the current financial quarter under review.

A6 Debts And Equity Securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 INTERIM FINANCIAL REPORTING (CONT'D)

A7 Dividends

On 21 June 2007, during the Company's Sixth Annual General Meeting, the shareholders' have approved a tax exempt first and final dividend of 12.5% (1.25 sen per share) in respect of the financial year ended 31 December 2006. The dividend was fully paid on 10 August 2007.

A8 Segmental Information

Source	Current financial quarter RM'000	Financial period to date RM'000
<u>Segment revenue</u>		
Malaysia	3,415	9,298
Overseas	4,640	4,713
	<u>8,055</u>	<u>14,011</u>
<u>Segment profit before tax</u>		
Malaysia	1,511	1,533
Overseas	1,847	1,788
	<u>3,358</u>	<u>3,321</u>

A9 Valuation Of Property, Plant And Equipment

The Group did not carry out any valuation of its property, plant and equipment.

A10 Material Events During And Subsequent To the Financial Quarter

There were no material events during and subsequent to the financial quarter.

A11 Changes In The Composition Of The Group

There were no changes in the composition of the Group during the financial quarter under review.

A12 Contingent Liability

The Group does not have any contingent liability as at the date of the announcement.

A13 Significant Related Party Transaction

	Current financial quarter RM'000	Financial period to date RM'000
Interest income from investment in a Company in which a Director has interest	<u>17</u>	<u>46</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET

B1 Review Of Performance

For the financial period to date, the Group recorded a revenue of RM 14,011,360. This was mainly generated from ICT Security Consultancy section which contributed approximately 36% of the total revenue for the financial period to date. In addition to that, the Group has recorded a profit of RM 3,320,950 for the financial period to date.

B2 Comparison With Immediate Preceding Quarter

The Group generated revenue of RM 8,055,484 in the current financial quarter under review. This represents an increase of RM 2,099,608 or approximately 35% from the revenue of RM 5,955,876 recorded in the preceding financial quarter.

In line with the increase in the revenue, the Group recorded a profit before taxation amounted to RM3,358,416 in the current financial quarter, an increase of RM3,395,882 as compared to preceding financial quarter. This was mainly contributed by the higher gross profit margin of 64% during the financial quarter, as compared to 24% in the preceding quarter.

B3 Business Prospects

We believe that our presence in Middle East and Indonesia, will contribute positively to the Group earnings. We expect that the overseas market will continue to provide significant contribution in this financial year as what had been reflected in the second quarter of 2007. The Group is continuously bidding for various ICT Security projects both locally and overseas. Therefore, the Group expects to secure more contracts in the next financial quarters subject to unforeseen circumstances.

B4 Variance Of Actual Profit From Forecast Profit

This note is not applicable for the current financial quarter.

B5 Taxation

	Current financial quarter RM'000	Financial period to date RM'000
Income tax	-	-

There was no taxation during the financial quarter under review due to tax exempt income of the Company pursuant to its pioneer status granted under the Promotion of Investments Act, 1986 (Amendments) pursuant to its MSC status entitlement under the MSC Bill of Guarantees for five years commencing 24 December 2002.

B6 Sale of properties and unquoted investments

There were no purchases or disposals of unquoted investments and properties during the current financial quarter under review.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET (CONT'D)

B7 Purchase Or Disposal Of Quoted Securities

There were no acquisitions or disposals of quoted securities during the financial quarter under review.

B8 Corporate Proposals

There is no material corporate proposal for the Group for the financial quarter.

The status of utilisation of proceeds from the Rights Issue and Public Issue is as follows:

	<u>Total amount of proceeds</u>	<u>Amount Utilised</u>		<u>Amount unutilised</u>
		<u>Current quarter</u>	<u>Total to date</u>	
	RM'000	RM'000	RM'000	RM'000
Development expenditure	13,000	(271)	(1,235)	11,765
Overseas projects implementation	3,500	(675)	(2,037)	1,463
Overseas expansion	5,000	(465)	(1,232)	3,768
Working capital	3,970	-	(3,970)	-
Listing expenses	1,875	-	(1,875)*	-
Total	27,345	(1,411)	(10,349)	16,996

* The actual listing expenses amounted to RM2,040,488. The additional amount of RM165,488 was utilised from internally generated fund.

B9 Group Borrowings And Debt Securities

	<u>Secured</u> RM'000
<u>Current</u>	
Term Loan	1,797
Hire purchase	150
	<u>1,947</u>
<u>Non-current</u>	
Term loan	1,722
Hire purchase	317
	<u>2,039</u>
Total	<u><u>3,986</u></u>

B10 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this announcement.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET (CONT'D)

B11 Material Litigations

There were no material litigations or pending material litigations involving the Group as at the date of this announcement.

B12 Dividends

There is no dividend declared and paid as at the date of this announcement other than as disclosed in Note A7.

B13 Earnings Per Share

	<u>Current financial quarter</u>	<u>Financial period to date</u>
Profit attributable to ordinary shareholders (RM'000)	<u>3,358</u>	<u>3,321</u>
Number of ordinary shares of RM0.10 issued ('000)	200,000	200,000
Weighted average numbers of ordinary shares of RM0.10 issued ('000)	200,000	200,000
Basic earnings per share (sen)	1.68	1.66
Diluted earnings per share (sen)	<u>1.68</u>	<u>1.66</u>

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders for the financial quarter under review divided by the weighted average number of ordinary shares of RM0.10 issued.

The Company has no ordinary shares issued which have dilutive factors.