

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
 30 JUNE 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2013**

	30-Jun-13 RM'000	31-Dec-12 RM'000	1-Jan-12 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1,440	1,628	921
Development expenditure	6,816	6,816	6,816
Fixed deposits with licensed banks	3,352	2,837	3,113
	11,608	11,281	10,850
<b>CURRENT ASSETS</b>			
Trade and other receivables	8,758	8,686	4,855
Current tax assets	156	17	-
Fixed deposits with licensed banks	-	-	-
Cash and cash equivalents	408	1,747	6,588
	9,322	10,450	11,442
<b>TOTAL ASSETS</b>	20,930	21,731	22,292
<b>EQUITY</b>			
Share capital	20,000	20,000	20,000
Share premium	18,160	18,160	18,160
Foreign currency translation reserves	(545)	(580)	(534)
Accumulated Loss	(23,038)	(22,231)	(22,121)
	14,577	15,349	15,504
Non-controlling interests	(54)	(59)	(346)
	14,523	15,289	15,158
<b>Equity attributable to Owners of the company</b>	14,523	15,289	15,158
<b>Non-controlling interests</b>	-	-	-
<b>TOTAL EQUITY</b>	14,523	15,289	15,158
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	718	1,954	554
Deferred tax liabilities	-	-	-
	718	1,954	554
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,333	3,257	4,221
Borrowings	2,205	1,230	2,327
Provision for taxation	32	-	31
Current tax payable	119	-	-
	5,689	4,487	6,580
<b>TOTAL LIABILITIES</b>	6,407	6,442	7,134
<b>TOTAL EQUITY AND LIABILITIES</b>	20,930	21,731	22,292
<b>NET ASSETS PER SHARE (SEN)</b>	0.07	0.08	0.08

**Notes:**

*The Condensed Consolidated Statements of Financial Position 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 2012.*

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
 30 JUNE 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  30-Jun-13 RM'000	Preceding Year Corresponding Quarter 30-Jun-12 RM'000	Current Year To Date 30-Jun-13 RM'000	Preceding Year Year To Date Ended 30-Jun-12 RM'000
Revenue	5,894	5,900	10,299	10,451
Cost of sales	(3,918)	(3,356)	(7,361)	(6,653)
Operating expenses	(1,900)	(2,284)	(3,650)	(4,196)
Other operating income	200	26	211	33
Finance costs	(45)	(52)	(308)	(61)
<b>Profit/(Loss) before tax</b>	<b>232</b>	<b>234</b>	<b>(809)</b>	<b>(427)</b>
Income tax expense	(0)	-	(0)	-
<b>Profit/(Loss) for the period</b>	<b>232</b>	<b>234</b>	<b>(809)</b>	<b>(427)</b>
<b>Loss attributable to :</b>				
Owner of the Company	232	234	(809)	(427)
Non-controlling interests	-	-	-	-
	<b>232</b>	<b>234</b>	<b>(809)</b>	<b>(427)</b>
Basic earnings per ordinary share of RM0.10 each (sen)	0.01	0.01	(0.04)	(0.02)
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A	N/A	N/A

**SCAN ASSOCIATES BERHAD**Company No. 525669-P  
(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2013**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter 30-Jun-13 RM'000	Preceding Year Corresponding Quarter 30-Jun-12 RM'000	Current Year To Date 30-Jun-13 RM'000	Preceding Year Year To Date Ended 30-Jun-12 RM'000
<b>Profit/(Loss) for the period</b>	232	234	(809)	(427)
<b>Other comprehensive loss:</b>				
Foreign currency translations	45	(261)	36	(577)
<b>Other comprehensive loss for the period</b>	45	(261)	36	(577)
<b>Total comprehensive loss for the period</b>	277	(28)	(773)	(1,004)
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	277	(28)	(773)	(1,004)
Non-controlling interests	-	-	-	-
	277	(28)	(773)	(1,004)

**Notes:**

*The Condensed Consolidated Statement of Comprehensive Income 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 2012.*

**SCAN ASSOCIATES BERHAD**

Company No. 525669-P

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013**

	← Attributable to owners of the Company →						
	Share capital	Share premium	Foreign exchange reserves	Accumulated losses	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2013</b>	20,000	18,160	(580)	(22,231)	15,349	(59)	15,289
Total comprehensive loss for the period	-	-	36	(807)	(771)	5	(766)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	<u>20,000</u>	<u>18,160</u>	<u>(545)</u>	<u>(23,038)</u>	<u>14,577</u>	<u>(54)</u>	<u>14,523</u>
<b>Balance as at 1 January 2012</b>	20,000	18,160	(534)	(22,121)	15,504	(346)	15,158
Total comprehensive loss for the period	-	-	(47)	(109)	(156)	(10)	(165)
Disposal of a subsidiary	-	-	-	-	-	297	297
<b>Balance as at 31 December 2012</b>	<u>20,000</u>	<u>18,160</u>	<u>(580)</u>	<u>(22,231)</u>	<u>15,349</u>	<u>(59)</u>	<u>15,289</u>

**Notes:**

The Condensed Consolidated Statements 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 2012.

**SCAN ASSOCIATES BERHAD**

Company No. 525669-P  
(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2013**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
PERIOD ENDED 30 JUNE 2013**

	<b>30-Jun-13 RM'000</b>	<b>30-Jun-12 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	10,560	7,550
Cash payments to suppliers	(7,150)	(3,454)
Cash payments to employees and for administrative expenses	-	-
	(4,576)	(7,370)
	<hr/>	<hr/>
Cash generated from/(used in) operations	(1,165)	(3,274)
Tax paid	-	-
Other income received	342	29
Interest received	43	3
Interest paid	-	(7)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	(780)	(3,250)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(105)	(536)
Proceed from disposal of property, plant and equipment	5	-
Placement/(Withdrawal) of fixed deposit activities	(515)	767
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(615)	231
Drawdown of term loan	3,707	801
Repayment of hire purchase liabilities	(120)	346
Repayment of term loan	(3,531)	-
Advance to Subsidiaries Companies	-	(490)
	<hr/>	<hr/>
Net used in financing activities	57	657
<b>Net decrease in cash and cash equivalents</b>	<b>(1,339)</b>	<b>(2,361)</b>
<b>Cash and cash equivalents brought forward</b>	<b>1,747</b>	<b>6,588</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>	<b>408</b>	<b>4,226</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	408	4,226
Fixed deposits with licensed banks	-	-
	<hr/>	<hr/>
	408	4,226

**Notes:**

The Condensed consolidated Statements of Cash Flows 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 2012.

## **SCAN ASSOCIATES BERHAD (525669-P)**

(Incorporated in Malaysia)

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

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

##### **A1 Basis of Preparation**

This interim financial statements of the Group is unaudited and has been prepared in accordance with FRS 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa").

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements 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 2012.

The Group has adopted MFRS framework issued by MASB with effect from 1 January 2012. The MFRS framework was introduced by MASB in order to fully converged Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standard Board. These condensed interim financial statements are the Group first MFRS condensed interim financial statements for part of the period covered by the Group first MFRS annual financial statements for the year ending 31 March 2013. The Group has applied MFRS 1: First-Time adoption Malaysia Financial Reporting Standards with effect from 1 January 2012. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

The Group has consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

##### **A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2012 was not subject to any audit qualification.

##### **A3 Seasonal or Cyclical Factors**

The Group's core business is in Information Technology, where the revenue streams are mainly project driven, subject to the numbers of secured projects. The Group has initiated a strategic move to increase its recurring income and continuously embarking into cost rationalization initiatives.

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

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

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 during the current financial quarter under review.

**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.

**A7 Dividends**

No dividends were declared and paid during the financial quarter under review.

**A8 Segmental Information**

	<b>Current financial quarter RM'000</b>	<b>Financial year to date RM'000</b>
<b><u>Segment revenue</u></b>		
Malaysia	5,553	9,640
Overseas	341	659
	<u>5,894</u>	<u>10,299</u>
<b><u>Segment loss before tax</u></b>		
Malaysia	361	(593)
Overseas	(129)	(216)
	<u>232</u>	<u>(809)</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 Subsequent To the Financial Quarter**

There were no material events between 30 June 2013 and the date of this report that have not been reflected in the interim financial statements for the financial quarter under review.

**A11 Changes in the Composition of the Group**

No changes in the composition of the Group during the quarter under review.

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

**A12 Contingent Liability**

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

**A13 Significant Related Party Transactions**

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

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

**B1 Performance Analysis**

The Group recorded revenue and profit before taxation of RM5.894 million and RM0.232 million respectively.

**B2 Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM5.894 million and profit before tax of RM0.232 million.

Revenue increase by RM1.489 million or 25% contributed by SDV for MAMPU gPKI project followed by TSS for Prima Saudi and Celcom projects compared to 31 March 2013.

The profit attributed lower Cost of Sales by RM0.475 million and higher in other income due to write-back of provision for doubtful debts RM0.189 million compared to immediate preceding quarter.

**B3 Business Prospects**

The Group has continuously tendering for various ICT Security projects both locally and overseas. Barring any unforeseen circumstances, the Group expects and has actively positioned ourselves strategically, to secure more contracts in the future.

It also intends to diversify its business by increasing its existing range of ICT solutions and services which are more resilient to economic cycles.

**B4 Variance of Actual Loss from Forecast Loss**

This note is not applicable for the current financial quarter.



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

**B5 Corporate Proposals**

- a) The timeframe to utilise the balance proceeds expired on 5 April 2011. On 22 March 2011, M&A Securities Sdn Bhd, on behalf of the Board of Directors of the Group, announced that an application for the Proposed Extension of 6 months up to 5 October 2011 and variation for the utilisation of the balance proceeds from the Initial Public Offering initially earmarked for the development expenditure to working capital has been submitted to Securities Commission.

As at to date, the Group has yet to received the response from Securities Commission.

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

	<b>Approved Amount Unutilised as at 31.8.2009</b>	<b>Amount Utilised Current quarter</b>	<b>Amount Utilised Total to Date</b>	<b>Amount unutilised Total to date</b>	<b>Time frame for utilisation</b>
	RM'000	RM'000	RM'000	RM'000	
Development expenditure	795	-	(404)	391	5 April 2011
Working capital	5,000	-	(5,000)	-	5 April 2011
<b>Total</b>	<b>5,795</b>	<b>-</b>	<b>(5,404)</b>	<b>391</b>	

**B6 Group Borrowings and Debt Securities**

	<b>Secured RM'000</b>
<b><u>Current</u></b>	
Term Loan	1,996
Hire purchase	209
	<u>2,205</u>
<b><u>Non-current</u></b>	
Term Loan	-
Hire purchase	718
	<u>718</u>
<b>Total</b>	<u>2,923</u>

**B7 Material Litigations**

**Material Litigations**

The Group has not been involved in any material litigation in Malaysia either as plaintiff or defendant as at the date of this Report except:

- a) Industrial Court Case No: 19/4-643/11 between Dato' Aminuddin Baki @ Sabtu bin Esa ("the Claimant") and the Company.

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

The Claimant's suit against the Defendant is with regards to the dismissal of the Claimant with effect from 9 January 2009, allegedly without just cause or excuse. The Claimant is seeking reinstatement to his former position as Chief Executive Officer (CEO) of the Company.

The Claimant joined the Company on 14 January 2005 and his last drawn salary was RM30,000.00 per month. His service was terminated, after a domestic inquiry which was concluded in favour of the Company.

The case was mentioned on 9 February 2012 in the Industrial Court.

The first hearing was held on 6 August 2012. Six witnesses were identified from the Company to give their statements.

The most recent hearing was on 26 July 2013 in which the company completed the presentation of its evidence.

The court has fixed 6 September 2013 for the Claimant side to present their evidence with the following witnesses:

- 1) Former SAB Chairman – Lt. Gen. (R) Raja Dato' Abdul Rashid bin Raja Badiozaman
- 2) Claimant - Former SAB CEO – Dato Aminuddin Baki Sabtu @Esa

**B8 Dividends**

There is no dividend declared and paid as at the date of this announcement.

**B9 Earnings per Share**

	<b><u>Current financial quarter</u></b>	<b><u>Financial period to date</u></b>
Profit/(Loss) attributable to ordinary shareholders (RM'000)	232	(809)
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)	0.01	(0.04)
Diluted earnings per share (Sen)	N/A	N/A

The calculation of the basic earnings per share is based on the loss 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.

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

**B10 Disclosure of realised and unrealised loss and losses**

The breakdown of the accumulated losses of the Group as at 30 June 2013, into realised and unrealised loss and losses is as follows:

	<b>30 June 2013</b>	<b>31 December 2012 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised losses	(23,042)	(22,235)
- Unrealised gain	4	4
Total	<u>(23,038)</u>	<u>(22,231)</u>

The disclosure of realised and unrealised loss above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**B11 Additional Disclosures**

	<b>Current Quarter Ended 30-Jun-13 (RM)</b>	<b>Current Year To Date 30-Jun-13 (RM)</b>
Recovery allowance for doubtful debts	175,500	175,500
Depreciation	148,160	289,305
Gain / (Loss) on foreign exchange	(1,828)	32,765
Interest expense	6,350	212,694
Interest income	18,190	19,203
	<u>346,372</u>	<u>729,467</u>

Other disclosure items pursuant to Appending 9B Note 16 of the listing requirements of Bursa Malaysia Securities Berhad are not applicable.