

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
 30 SEPTEMBER 2013**

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

	30-Sep-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	1,393	1,628	921
Development expenditure	6,816	6,816	6,816
Fixed deposits with licensed banks	3,319	2,837	3,113
	11,528	11,281	10,850
<b>CURRENT ASSETS</b>			
Trade and other receivables	9,230	8,686	4,855
Current tax assets	122	17	-
Fixed deposits with licensed banks	-	-	-
Cash and cash equivalents	237	1,747	6,588
	9,589	10,450	11,442
<b>TOTAL ASSETS</b>	21,117	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	(121)	(580)	(534)
Accumulated Loss	(24,774)	(22,231)	(22,121)
	13,265	15,349	15,504
Non-controlling interests	(66)	(59)	(346)
	13,199	15,289	15,158
<b>Equity attributable to Owners of the company</b>	13,199	15,289	15,158
<b>Non-controlling interests</b>	-	-	-
<b>TOTAL EQUITY</b>	13,199	15,289	15,158
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	661	1,954	554
Deferred tax liabilities	-	-	-
	661	1,954	554
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,650	3,257	4,221
Borrowings	3,500	1,230	2,327
Provision for taxation	25	-	31
Current tax payable	83	-	-
	7,258	4,488	6,580
<b>TOTAL LIABILITIES</b>	7,918	6,442	7,134
<b>TOTAL EQUITY AND LIABILITIES</b>	21,117	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 THIRD QUARTER ENDED  
 30 SEPTEMBER 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  30-Sep-13 RM'000	Preceding Year Corresponding Quarter 30-Sep-12 RM'000	Current Year To Date 30-Sep-13 RM'000	Preceding Year Year To Date Ended 30-Sep-12 RM'000
Revenue	7,350	7,941	17,649	18,392
Cost of sales	(6,806)	(4,270)	(14,167)	(10,923)
Operating expenses	(3,182)	(2,650)	(6,833)	(6,846)
Other operating income	1,534	41	1,745	74
Finance costs	(639)	(49)	(947)	(110)
<b>Profit/(Loss) before tax</b>	<b>(1,744)</b>	<b>1,013</b>	<b>(2,553)</b>	<b>586</b>
Income tax expense	2	(6)	2	(6)
<b>Profit/(Loss) for the period</b>	<b>(1,742)</b>	<b>1,006</b>	<b>(2,551)</b>	<b>580</b>
<b>Loss attributable to :</b>				
Owner of the Company	(1,742)	1,006	(2,551)	580
Non-controlling interests	6	-	8	-
	<b>(1,736)</b>	<b>1,006</b>	<b>(2,543)</b>	<b>580</b>
Basic earnings per ordinary share of RM0.10 each (sen)	(0.09)	0.05	(0.13)	0.03
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A	N/A	N/A

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
 30 SEPTEMBER 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter 30-Sep-13 RM'000	Preceding Year Corresponding Quarter 30-Sep-12 RM'000	Current Year To Date 30-Sep-13 RM'000	Preceding Year Year To Date Ended 30-Sep-12 RM'000
<b>Profit/(Loss) for the period</b>	(1,736)	1,006	(2,543)	580
<b>Other comprehensive loss:</b>				
Foreign currency translations	423	(222)	(121)	(756)
<b>Other comprehensive loss for the period</b>	423	(222)	(121)	(756)
<b>Total comprehensive loss for the period</b>	(1,313)	784	(2,664)	(176)
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(1,319)	784	(2,672)	(176)
Non-controlling interests	6	-	8	-
	(1,313)	784	(2,664)	(176)

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2013****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	459	(2,543)	(2,084)	(6)	(2,090)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	<u>20,000</u>	<u>18,160</u>	<u>(121)</u>	<u>(24,774)</u>	<u>13,265</u>	<u>(66)</u>	<u>13,199</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)**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2013****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
PERIOD ENDED 30 SEPTEMBER 2013**

	30-Sep-13 RM'000	30-Sep-12 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	17,254	14,430
Cash payments to suppliers	(9,989)	(7,442)
Cash payments to employees and for administrative expenses	-	-
	(9,358)	(10,455)
	<u>(2,092)</u>	<u>(3,468)</u>
Cash generated from/(used in) operations	(2,092)	(3,468)
Tax paid	-	-
Other income received	494	73
Interest received	27	1
Interest paid	(241)	-
	<u>(1,811)</u>	<u>(3,394)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(409)	(803)
Proceed from disposal of property, plant and equipment	216	30
Placement/(Withdrawal) of fixed deposit activities	(482)	719
	<u>(674)</u>	<u>(54)</u>
Net cash (used in)/from investing activities	(674)	(54)
Drawdown of term loan	5,707	3,436
Repayment of hire purchase liabilities	(177)	316
Repayment of term loan	(4,554)	(1,976)
Advance to Subsidiaries Companies	-	(1,154)
	<u>976</u>	<u>623</u>
Net used in financing activities	976	623
<b>Net decrease in cash and cash equivalents</b>	(1,510)	(2,825)
<b>ADJUSTMENT</b>		
Write off property, plant and equipment	-	440
<b>Cash and cash equivalents brought forward</b>	1,747	6,588
<b>Cash and cash equivalents carried forward</b>	<u>237</u>	<u>4,202</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	237	4,202
Fixed deposits with licensed banks	-	-
	<u>237</u>	<u>4,202</u>

**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 SEPTEMBER 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 are unedited 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 December 2012. 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	7,073	9,640
Overseas	277	659
	<u>7,350</u>	<u>10,299</u>
<b><u>Segment loss before tax</u></b>		
Malaysia	(1,128)	(1,747)
Overseas	(616)	(806)
	<u>(1,744)</u>	<u>(2,553)</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 September 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 a loss before taxation of RM7.350 million and RM1.744 million respectively.

**B2 Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM7.350 million in the current financial quarter under review. This represents an increase of approximately RM1.456 million or 25% from the revenue of RM5.894 million recorded in the preceding financial quarter.

The Group recorded a loss before tax of RM1.744 million. The loss was attributed to a higher cost of sales by RM2.888 million followed by finance Cost by RM0.594 million. However, other operating income increase by RM0.110 million compared to the immediate preceding quarter.

**B3 Business Prospects**

The Group has continued tendered 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**

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>
	RM'000	RM'000	RM'000	RM'000
Development expenditure	795	-	(404)	91
Working capital	5,000	-	(5,300)	-
<b>Total</b>	<u>5,795</u>	<u>-</u>	<u>(5,704)</u>	<u>91</u>

**B6 Group Borrowings and Debt Securities**

	<b>Secured RM'000</b>
<b><u>Current</u></b>	
Term Loan	1,291
Overdraft	2,000
Hire purchase	209
	<u>3,500</u>
<b><u>Non-current</u></b>	
Term Loan	-
Hire purchase	661
	<u>661</u>
<b>Total</b>	<u>2,161</u>

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

**7 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 for the case of the former CEO vs SCAN as follows:-

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

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 case is still undergoing whereby the last hearing was mentioned on 25 October 2013 presenting the Claimant as the last witness.

The hearing is to be continued on 13 December 2013.

- b) Writ of Summon and Statement of Claim to Dato' Aminuddin Baki @ Sabtu bin Esa.

The Writ of Summon was served on 19 September 2013.

The Dependent was adjudged bankrupt on 31 October 2013 by the Kuala Lumpur High Court.

On 22 July 2013, the Company obtained leave from the Kuala Lumpur High Court to issue the proceedings against him.

The first case management has been scheduled on 7 October 2013.

**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)	(1,744)	(2,553)
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)	(0.09)	(0.13)
Diluted earnings per share (Sen)	N/A	N/A

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

**B9 Earnings per Share**

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.

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

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

	<b>30 September 2013</b>	<b>31 December 2012 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised losses	(24,778)	(22,235)
- Unrealised gain	4	4
Total	<u>(24,774)</u>	<u>(22,231)</u>

The disclosure of realised and unrealised losses 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-Sep-13 (RM)</b>	<b>Current Year To Date 30-Sep-13 (RM)</b>
Depreciation	141,145	422,895
Gain / (Loss) on foreign exchange	566,464	1,097,762
Interest expense	26,316	240,592
Interest income	770	21,269
	<u>734,695</u>	<u>1,782,519</u>

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