

**SCAN ASSOCIATES BERHAD**Company No. 525669-P  
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2013****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	31-Dec-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	1,423	1,644	921
Development expenditure	6,816	6,816	6,816
Fixed deposits with licensed banks	2,710	2,837	3,113
	<u>10,949</u>	<u>11,297</u>	<u>10,850</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7,068	10,899	4,855
Current tax assets	576	-	-
Cash and cash equivalents	354	1,747	6,588
	<u>7,997</u>	<u>12,646</u>	<u>11,442</u>
<b>TOTAL ASSETS</b>	<u>18,946</u>	<u>23,943</u>	<u>22,292</u>
<b>EQUITY</b>			
Share capital	20,000	20,000	20,000
Share premium	18,160	18,160	18,160
Foreign currency translation reserves	(98)	(784)	(534)
Accumulated Loss	(24,887)	(22,241)	(22,121)
	<u>13,174</u>	<u>15,134</u>	<u>15,504</u>
Non-controlling interests	17	-	(346)
	<u>13,192</u>	<u>15,134</u>	<u>15,158</u>
<b>Equity attributable to Owners of the company</b>	13,192	15,134	15,158
<b>Non-controlling interests</b>	-	-	-
<b>TOTAL EQUITY</b>	<u>13,192</u>	<u>15,134</u>	<u>15,158</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	601	1,341	554
	<u>601</u>	<u>1,350</u>	<u>554</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4,546	5,395	4,221
Borrowings	238	1,860	2,327
Provision Loss from Discontinued Operations	283	-	-
Provision for taxation	24	28	31
Current tax payable	62	176	-
	<u>5,153</u>	<u>7,458</u>	<u>6,580</u>
<b>TOTAL LIABILITIES</b>	<u>5,754</u>	<u>8,809</u>	<u>7,134</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>18,946</u>	<u>23,943</u>	<u>22,292</u>
<b>NET ASSETS PER SHARE (SEN)</b>	<u>6.60</u>	<u>7.57</u>	<u>7.58</u>

**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 FOURTH QUARTER ENDED  
 31 DECEMBER 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  31-Dec-13 RM'000	Preceding Year Corresponding Quarter 31-Dec-12 RM'000	Current Year To Date 31-Dec-13 RM'000	Preceding Year Year To Date Ended 31-Dec-12 RM'000
Revenue	7,494	8,859	25,143	27,250
Cost of sales	(4,432)	(5,853)	(18,599)	(16,775)
Operating expenses	(3,258)	(3,719)	(10,091)	(10,565)
Other operating income	671	526	2,416	600
Finance costs	(246)	(506)	(1,193)	(617)
<b>Profit/(Loss) before tax</b>	<b>230</b>	<b>(693)</b>	<b>(2,323)</b>	<b>(107)</b>
Income tax expense	7	(22)	5	(22)
<b>Profit/(loss) from continuing operations, net of tax</b>	<b>223</b>	<b>(715)</b>	<b>(2,328)</b>	<b>(129)</b>
<b>DISCONTINUED OPERATIONS</b>				
Provision Loss from Discontinued Operations	(283)	-	(283)	-
<b>Net profit/(loss) for the financial year</b>	<b>(60)</b>	<b>(715)</b>	<b>(2,612)</b>	<b>(129)</b>
<b>Profit/(loss) attributable to :</b>				
Owner of the Company	(69)	(715)	(2,629)	(129)
Non-controlling interests	9	9.40	17	9.40
	<b>(60)</b>	<b>(705)</b>	<b>(2,612)</b>	<b>(120)</b>
Basic earnings per ordinary share of RM0.10 each (sen)	(0.003)	(0.036)	(0.130)	(0.006)
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A	N/A	N/A

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED  
 31 DECEMBER 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  31-Dec-13 RM'000	Preceding Year Corresponding Quarter 31-Dec-12 RM'000	Current Year To Date 31-Dec-13 RM'000	Preceding Year Year To Date Ended 31-Dec-12 RM'000
<b>Profit/(Loss) for the period</b>	(60)	(705)	(2,612)	(120)
<b>Other comprehensive profit/(loss):</b>				
Foreign currency translations	686	(250)	(98)	(784)
<b>Other comprehensive profit/(loss) for the period</b>	<u>686</u>	<u>(250)</u>	<u>(98)</u>	<u>(784)</u>
<b>Total comprehensive profit/(loss) for the period</b>	<u>626</u>	<u>(955)</u>	<u>(2,710)</u>	<u>(904)</u>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company	617	(965)	(2,727)	(913)
Non-controlling interests	9	9	17	9
	<u>626</u>	<u>(955)</u>	<u>(2,710)</u>	<u>(904)</u>

**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)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**


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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	(784)	(22,241)	15,134	(346)	14,788
Total comprehensive gain for the period	(0)	-	686	(2,646)	(1,960)	363	(1,597)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	<u>20,000</u>	<u>18,160</u>	<u>(98)</u>	<u>(24,887)</u>	<u>13,174</u>	<u>17</u>	<u>13,192</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	-	-	(250)	(120)	(370)	-	(370)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2012</b>	<u>20,000</u>	<u>18,160</u>	<u>(784)</u>	<u>(22,241)</u>	<u>15,134</u>	<u>(346)</u>	<u>14,788</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 FOURTH QUARTER ENDED  
31 DECEMBER 2013****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
PERIOD ENDED 31 DECEMBER 2013**

	31-Dec-13 RM'000	31-Dec-12 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	26,228	22,408
Cash payments to suppliers	(13,582)	(12,550)
Cash payments to employees and for administrative expenses	-	-
Provision Loss before taxation from discontinued operation	(283)	-
	<u>(202)</u>	<u>(4,890)</u>
Cash generated from/(used in) operations	(202)	(4,890)
Tax paid	-	9
Other income received	3,738	598
Interest received	9	1
Interest paid	(1,172)	-
Net cash from/(used in) operating activities	<u>2,373</u>	<u>(4,281)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(929)	(1,278)
Proceed from disposal of property, plant and equipment	590	45
Placement/(Withdrawal) of fixed deposit activities	128	276
Net cash (used in)/from investing activities	<u>(212)</u>	<u>(957)</u>
Drawdown of term loan	2,416	3,707
Repayment of hire purchase liabilities	(1,416)	573
Repayment of term loan	(4,554)	(1,976)
Advance to Subsidiaries Companies	-	(2,357)
Net used in financing activities	<u>(3,554)</u>	<u>(52)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,393)	(5,291)
<b>ADJUSTMENT</b>		
Write off property, plant and equipment	-	450
<b>Cash and cash equivalents brought forward</b>	1,747	6,588
<b>Cash and cash equivalents carried forward</b>	<u>354</u>	<u>1,747</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	354	1,747
Fixed deposits with licensed banks	-	-
	<u>354</u>	<u>1,747</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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 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 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	6,979	23,824
Overseas	515	1,319
	<u>7,494</u>	<u>25,143</u>
<b><u>Segment profit/loss before tax</u></b>		
Malaysia	316	(3,358)
Overseas	(86)	(1,035)
	<u>230</u>	<u>(2,323)</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 31 December 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 loss before taxation of RM25.143 million and RM2.323 million respectively.

**B2 Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM7.494 million in the current financial quarter under review. This represents decrease of approximately RM1.365 million or 15% from the revenue of RM8.859 million recorded in the preceding financial quarter.

The Group recorded a loss before tax of RM2.323 million. The loss was attributed to a lower revenue contribution mainly from overseas revenue segment. Higher operating expenses was attributed to the provision of bad debts.

**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</b>		<b>Amount unutilised</b>
	<b>RM'000</b>	<b>Current quarter</b>	<b>Total to Date</b>	<b>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>	<b>5,795</b>	<b>-</b>	<b>(5,704)</b>	<b>91</b>

**B6 Group Borrowings and Debt Securities**

	<b>Secured RM'000</b>
<b><u>Current</u></b>	
Hire purchase	238
	<u>238</u>
<b><u>Non-current</u></b>	
Hire purchase	601
	<u>601</u>
<b>Total</b>	<u><u>839</u></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 13 December 2013 continuing with Claimant as the last witness.

The hearing is to be continued on 28 February 2014.

- b) Court Suit No B5@NCVC-73-09/2013 SCAN Associates Berhad Vs Liaw Man Cheon & Abdul Razak bin Abdul Jalil –

The "Writ Saman and Penyataan tuntutan" dated 26.9.2013 was filed to the Court and the suit is set for the Case Management on 29.10.2013.

The first trial took place on 22 and 23 January 2014 in Kuala Lumpur Session Court of the Kuala Lumpur Court Complex. On behalf of the plaintiff, four (4) witnesses have testified.

The hearing was adjourned to 17 and 18 April 2014.

- c) Civil suit No. 22NCC-570-09/2013 SCAN Associates Berhad ("The Plaintiff") Vs former CEO (Dato' Aminuddin Baki' @ Sabtu bin Esa ("The Defendant"))

The Plaintiff received a letter from Messrs. Thomas Wong & Co on 22 October 2013 informing the plaintiff that The Defendant has obtained a sanction from the Director General of Insolvency ("DGI") to appoint solicitors and defend himself in this suit.

The Court directed the Plaintiff to file and serve his defense by 6 November 2013 and for the Defendant to file and serve its Reply (if any) by 20 November 2013. The Court further directed that all interlocutory applications (if any) are to be filed before the next case management dated 28 November 2013.

The Registrar directed that the Plaintiff file its Reply and Defence to Counterclaim by 5 December 2013 and the Defendant file his Reply to the Plaintiff's Defence to Counterclaim by 19 December 2013.

The Registrar then scheduled the matter for further case management before the learned Judge on 16 January 2014.

The case is scheduled for further case management on 25 February 2014 before the High Court Judge.

**B8 Dividends**

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

**B9 Earnings per Share**

	<u>Current financial quarter</u>	<u>Financial period to date</u>
Profit/(Loss) attributable to ordinary shareholders (RM'000)	230	(2,323)
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)	(0.003)	(0.130)
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 31 December 2013, into realised and unrealized gain/losses and losses is as follows:

	<b>31 December 2013</b>	<b>31 December 2012 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised gain/losses	(24,891)	(22,245)
- Unrealised gain	4	4
Total	<u>(24,887)</u>	<u>(22,241)</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 31-Dec-13 (RM)</b>	<b>Current Year To Date 31-Dec-13 (RM)</b>
Depreciation	(134,087)	(556,981)
Gain / (Loss) on foreign exchange	(72,290)	(96,098)
Interest expense	(78,671)	(319,308)
Interest income	10,083	515,747
Recovery allowance for doubtful debts	325,536	501,036
Provision for Bad Debts	(182,028)	(182,028)
	<u>(131,457)</u>	<u>(137,633)</u>

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