

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
 31 MARCH 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 MARCH 2014**

	<b>31-Mar-14 RM'000</b>	<b>31-Dec-13 RM'000</b>	<b>1-Jan-13 RM'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1,325	1,423	1,628
Development expenditure	6,816	6,816	6,816
Fixed deposits with licensed banks	1,955	2,710	2,837
	<u>10,096</u>	<u>10,949</u>	<u>11,281</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4,285	7,076	8,686
Current tax assets	841	576	255
Cash and cash equivalents	658	354	1,747
	<u>5,784</u>	<u>7,997</u>	<u>10,688</u>
<b>TOTAL ASSETS</b>	<u>15,879</u>	<u>18,946</u>	<u>21,969</u>
<b>EQUITY</b>			
Share capital	20,000	20,000	20,000
Share premium	18,160	18,160	18,160
Foreign currency translation reserves	(236)	(66)	(580)
Accumulated Loss	(26,930)	24,810	(22,231)
	<u>10,994</u>	<u>13,174</u>	<u>15,349</u>
Non-controlling interests	(74)	(70)	(59)
	<u>10,920</u>	<u>13,192</u>	<u>15,289</u>
<b>Equity attributable to Owners of the company</b>	10,920	13,192	15,289
<b>Non-controlling interests</b>	-	-	-
<b>TOTAL EQUITY</b>	<u>10,920</u>	<u>13,192</u>	<u>15,289</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	544	604	1,954
	<u>544</u>	<u>604</u>	<u>1,954</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,799	4,554	3,257
Borrowings	235	235	1,230
Provision Loss from Discontinued Operations	261	261	-
Provision for taxation	26	24	28
Current tax payable	94	62	209
	<u>4,415</u>	<u>5,153</u>	<u>4,725</u>
<b>TOTAL LIABILITIES</b>	<u>4,959</u>	<u>5,754</u>	<u>6,679</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>15,879</u>	<u>18,946</u>	<u>21,969</u>
<b>NET ASSETS PER SHARE (SEN)</b>	<u>0.05</u>	<u>0.07</u>	<u>0.08</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 2013.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
 31 MARCH 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  31-Mar-14 RM'000	Preceding Year Corresponding Quarter 31-Mar-13 RM'000	Current Year To Date 31-Mar-14 RM'000	Preceding Year Year To Date Ended 31-Mar-13 RM'000
Revenue	1,620	4,405	1,620	4,405
Cost of sales	(2,249)	(3,443)	(2,249)	(3,443)
Operating expenses	(1,825)	(1,751)	(1,825)	(1,751)
Other operating income	148	11	148	11
Finance costs	184	(263)	184	(263)
<b>Profit/(Loss) before tax</b>	<u>(2,122)</u>	<u>(1,041)</u>	<u>(2,122)</u>	<u>(1,041)</u>
Income tax expense	2	(0)	2	(0)
<b>Profit/(loss) from continuing operations, net of tax</b>	(2,124)	(1,041)	(2,124)	(1,041)
<b>DISCONTINUED OPERATIONS</b>				
Provision Loss from Discontinued Operations	-	-	-	-
<b>Net profit/(loss) for the financial period</b>	(2,124)	(1,041)	(2,124)	(1,041)
<b>Profit/(loss) attributable to :</b>				
Owner of the Company	(2,120)	(1,041)	(2,120)	(1,041)
Non-controlling interests	(4)	-	(4)	-
	<u>(2,124)</u>	<u>(1,041)</u>	<u>(2,124)</u>	<u>(1,041)</u>
Basic earnings per ordinary share of RM0.10 each (sen)	<u>(0.11)</u>	<u>(0.05)</u>	<u>(0.11)</u>	<u>(0.05)</u>
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A	N/A	N/A

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
 31 MARCH 2014**

---

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  31-Mar-14 RM'000	Preceding Year Corresponding Quarter 31-Mar-13 RM'000	Current Year To Date 31-Mar-14 RM'000	Preceding Year Year To Date Ended 31-Mar-13 RM'000
<b>Profit/(Loss) for the period</b>	(2,124)	(1,041)	(2,124)	(1,041)
<b>Other comprehensive profit/(loss):</b>				
Foreign currency translations	353	(250)	353	(250)
<b>Other comprehensive profit/(loss) for the period</b>	353	(250)	353	(250)
<b>Total comprehensive profit/(loss) for the period</b>	<u>(1,771)</u>	<u>(1,291)</u>	<u>(1,771)</u>	<u>(1,291)</u>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company	(1,767)	(1,041)	(1,767)	(1,041)
Non-controlling interests	(4)	-	(4)	-
	<u>(1,771)</u>	<u>(1,041)</u>	<u>(1,771)</u>	<u>(1,041)</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 2013.*

**SCAN ASSOCIATES BERHAD**

Company No. 525669-P

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014**

	← 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 2014</b>	20,000	18,160	(589)	(23,271)	14,299	(51)	14,248
Total comprehensive gain for the period	-	-	353	(3,659)	(3,305)	(22)	(3,328)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	<u>20,000</u>	<u>18,160</u>	<u>(236)</u>	<u>(26,930)</u>	<u>10,994</u>	<u>(74)</u>	<u>10,920</u>
<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	-	-	(9)	(1,040)	(1,049)	8	(1,041)
Disposal of a subsidiary	-	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	<u>20,000</u>	<u>18,160</u>	<u>(589)</u>	<u>(23,271)</u>	<u>14,299</u>	<u>(51)</u>	<u>14,248</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 2013.

**SCAN ASSOCIATES BERHAD**

Company No. 525669-P

(Incorporated in Malaysia)

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2014**

---

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
PERIOD ENDED 31 MARCH 2014**

	<b>31-Mar-14 RM'000</b>	<b>31-Mar-13 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	5,181	5,853
Cash payments to suppliers expenses	(2,548)	(3,212)
	(3,724)	(3,697)
	(1,091)	(1,056)
Cash generated from/(used in) operations	(1,091)	(1,056)
Tax paid	483	-
Other income received	-	94
Interest received	87	1
	(521)	(961)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(16)	(60)
Placement/(Withdrawal) of fixed deposit activities	755	(22)
	739	(81)
Net cash (used in)/from investing activities	739	(81)
Drawdown of term loan	146	3,707
Repayment of hire purchase liabilities	(60)	(60)
Repayment of term loan	-	(3,531)
	86	116
Net used in financing activities	86	116
<b>Net decrease in cash and cash equivalents</b>	304	(926)
<b>Cash and cash equivalents brought forward</b>	354	1,747
<b>Cash and cash equivalents carried forward</b>	658	821
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	658	821
	658	821

**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 2013.

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

(Incorporated in Malaysia)

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

---

#### **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 2013. 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 2013.

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 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 2013 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	1,336	1,336
Overseas	284	284
	1,620	1,620
<b><u>Segment loss before tax</u></b>		
Malaysia	(1,721)	(1,721)
Overseas	(401)	(401)
	(2,122)	(2,122)

**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 RM1.620 million and RM2.122 million respectively.

**B2 Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM1.620 million in the current financial quarter under review. This represents decrease of approximately RM2.785 million or 63% from the revenue of RM4.405 million recorded in the preceding financial quarter.

The Group recorded a loss before tax of RM2.122 million. The loss was attributed to a lower revenue contribution mainly from overseas revenue segment. Higher operating expenses were 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 utilization 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	-	(704)	91
Working capital	5,000	-	(5,000)	-
<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>	
Hire purchase	<u>235</u>
	<u>235</u>
<b><u>Non-current</u></b>	
Hire purchase	<u>544</u>
	<u>544</u>
<b>Total</b>	<u>779</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 Claimant was the last witness on the stand and the last hearing concluded on 28 February 2014.

The Court ordered the Claimant to submit the case's written submission on 30 March 2014, which both parties agreed.

- 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 date which was scheduled on the 17 and 18 April 2014 has been vacated and reschedule to May 29 & 30, 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 had served a Writ of Summons dated 11 September 2013 to the Defendant. A sealed copy was extracted from the Court and was served on the Defendant on 19 September 2013.

The Defendant was adjudged a bankrupt on 31 October 2012 by the Kuala Lumpur High Court and on 22 July 2013, the Plaintiff obtained leave from the Kuala Lumpur High Court to issue the proceedings against the Defendant.

The Defendant caused or procured the Plaintiff to make payment of RM1.7 million to one of its service providers, which sum was subsequently transferred to the Defendant and his nominee. The Plaintiff is seeking a claim of RM1.7 million, damages and/or equitable compensation and all court and legal related costs and the interest on the sums payable.

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

The Plaintiff received a letter from Defendant's lawyer 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 case Management on 25 February 2014 mentioned that the Court has scheduled the matter for Trial on 16<sup>th</sup> to 18<sup>th</sup> of June 2014 and for final case management on 7.4.2014 to ensure that the matter is ready for trial.

The last case management was held on 7 April 2014. The Learned Judge has directed that the witness statement of the proposed witnesses to be filed on 9 June 2014.

**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)	<u>(2,120)</u>	<u>(2,120)</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)	(0.11)	(0.11)
Diluted earnings per share (Sen)	<u>N/A</u>	<u>N/A</u>

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 losses and losses**

The breakdown of the accumulated losses of the Group as at 31 December 2013, into realised and unrealised gain/losses and losses is as follows:

	<b>31 March 2014</b>	<b>31 December 2013 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised gain/(losses)	(26,934)	(24,814)
- Unrealised gain	4	4
Total	<u>(26,930)</u>	<u>(24,810)</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-Mar-14 (RM)</b>	<b>Current Year To Date 31-Mar-14 (RM)</b>
Depreciation	(125,859)	(125,859)
Gain / (Loss) on foreign exchange	462,987	462,987
Interest expense	(7,291)	(7,291)
Interest income	85,663	85,663
	<u>415,501</u>	<u>415,501</u>

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

**B12 Discontinued Operations and Disposal Subsidiary Company**

One of the subsidiaries, PT SCAN Nusantara is presented as a disposal group held for sale as at the audited financial statement 2013. On 30 April 2014, the company announced that it had signed a sale and purchase agreement with Flexcomm Limited (HK) to dispose its 85% equity interest in PT Scan Nusantara for total cash consideration of USD100,000/-. Efforts to finalize the transaction has commenced and the sale of share expected to be completed within next 12 months.