

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2014**

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

	31-Dec-14 RM'000	31-Dec-13 RM'000	1-Jan-13 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	887	1,423	1,628
Investment in PT SCAN	722	0	0
Development expenditure	6,816	6,816	6,816
Fixed deposits with licensed banks	902	2,710	2,837
	<u>9,326</u>	<u>10,949</u>	<u>11,281</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4,945	7,076	8,686
Current tax assets	1,010	576	255
Cash and cash equivalents	509	354	1,747
	<u>6,464</u>	<u>7,997</u>	<u>10,688</u>
<b>TOTAL ASSETS</b>	<u>15,790</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	0	(66)	(580)
Accumulated Loss	(31,912)	24,810	(22,231)
	<u>6,247</u>	<u>13,174</u>	<u>15,349</u>
Non-controlling interests	-	(70)	(59)
	<u>6,247</u>	<u>13,192</u>	<u>15,289</u>
<b>Equity attributable to Owners of the company</b>	6,247	13,192	15,289
<b>Non-controlling interests</b>	-	-	-
<b>TOTAL EQUITY</b>	<u>6,247</u>	<u>13,192</u>	<u>15,289</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	3,016	604	1,954
	<u>3,016</u>	<u>604</u>	<u>1,954</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5,765	4,554	3,257
Borrowings	235	235	1,230
Provision for taxation	526	24	28
Current tax payable	0	62	209
	<u>6,527</u>	<u>5,153</u>	<u>4,725</u>
<b>TOTAL LIABILITIES</b>	<u>9,543</u>	<u>5,754</u>	<u>6,679</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>15,790</u>	<u>18,946</u>	<u>21,969</u>
<b>NET ASSETS PER SHARE (SEN)</b>	<u>0.03</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 FOURTH QUARTER ENDED  
31 DECEMBER 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter 31-Dec-14 RM'000	Preceding Year Corresponding Quarter 31-Dec-13 RM'000	Current Year To Date 31-Dec-14 RM'000	Preceding Year Year To Date Ended 31-Dec-13 RM'000
Revenue	4,895	7,494	11,862	25,143
Cost of sales	(2,748)	(4,432)	(11,752)	(18,599)
Operating expenses	(3,702)	(3,258)	(7,734)	(10,092)
Other operating income	542	671	799	2,416
Finance costs	(86)	(246)	265	(1,193)
<b>Profit/(Loss) before tax</b>	<u>(1,099)</u>	<u>230</u>	<u>(6,560)</u>	<u>(2,323)</u>
Income tax expense	(4)	(7)	(542)	(5)
<b>Profit/(loss) from continuing operations, net of tax</b>	(1,103)	223	(7,102)	(2,328)
<b>DISCONTINUED OPERATIONS</b>				
Provision Loss from Discontinued Operations	-	(283)	-	(283)
<b>Net profit/(loss) for the financial period</b>	(1,103)	(60)	(7,102)	(2,612)
<b>Profit/(loss) attributable to :</b>				
Owner of the Company	(1,103)	(69)	(7,102)	(2,629)
Non-controlling interests	-	9	-	17
	<u>(1,103)</u>	<u>(60)</u>	<u>(7,102)</u>	<u>(2,612)</u>
Basic earnings per ordinary share of RM0.10 each (sen)	(0.055)	(0.00)	(0.36)	(0.13)
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 2014**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter  31-Dec-14 RM'000	Preceding Year Corresponding Quarter 31-Dec-13 RM'000	Current Year To Date 31-Dec-14 RM'000	Preceding Year Year To Date Ended 31-Dec-13 RM'000
<b>Profit/(Loss) for the period</b>	(1,103)	(60)	(2,612)	(2,543)
<b>Other comprehensive profit/(loss):</b>				
Foreign currency translations	(440)	686	(98)	(121)
<b>Other comprehensive profit/(loss) for the period</b>	(440)	686	(98)	(121)
<b>Total comprehensive profit/(loss) for the period</b>	(1,543)	626	(2,710)	(2,664)
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company	(1,543)	617	(2,727)	(2,672)
Non-controlling interests	-	9	17	8
	(1,543)	626	(2,710)	(2,664)

**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 DECEMBER 2014****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	(98)	(24,887)	13,174	17	13,191
Total comprehensive loss for the period	0	-	98	(6,130)	(6,033)	(17)	(6,050)
Disposal of a subsidiary	-	-	-	(894)	(894)		(894)
<b>Balance as at 31 DECEMBER 2014</b>	<u>20,000</u>	<u>18,160</u>	<u>-</u>	<u>(31,912)</u>	<u>6,247</u>	<u>-</u>	<u>6,247</u>
<b>Balance as at 1 January 2013</b>	20,000	18,160	(784)	(22,241)	15,134	(346)	14,788
Total comprehensive loss 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>

**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)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2014**

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

	<b>31-Dec-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	14,264	26,228
Cash payments to suppliers	(9,065)	(13,582)
Cash payments to employees and for administrative expenses	-	-
Provision Loss before taxation from discontinued operation	(10,590)	(12,564)
	-	(283)
	<hr/>	<hr/>
Cash generated from/(used in) operations	(5,391)	(202)
Tax paid	483	-
Other income received	420	3,738
Interest received	379	9
Interest paid	-	(1,172)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	(4,109)	2,373
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(25)	(929)
Proceed from disposal of property, plant and equipment	-	590
Placement/(Withdrawal) of fixed deposit activities	1,808	128
Issuance of shares	-	(0)
	<hr/>	<hr/>
Net cash (used in)/from investing activities	1,783	(212)
Drawdown of term loan	2,721	2,416
Repayment of hire purchase liabilities	(239)	(1,416)
Repayment of term loan	-	(4,554)
Advance to Related Company	-	-
	<hr/>	<hr/>
Net used in financing activities	2,482	(3,554)
<b>Net decrease in cash and cash equivalents</b>	156	(1,393)
<b>ADJUSTMENT</b>		
Write off property, plant and equipment	-	-
<b>Cash and cash equivalents brought forward</b>	354	1,747
	<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>	509	354

**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 DECEMBER 2014**

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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 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	4,895	11,862
Overseas	0	0
	<u>4,895</u>	<u>11,862</u>
<b><u>Segment Profit / (Loss) before tax</u></b>		
Malaysia	(1,099)	(6,560)
Overseas	0	0
	<u>(1,099)</u>	<u>(6,560)</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**

The disposal of 85% shares in PT SCAN Nusantara was completed on 26 August 2014.

**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 RM1.982 million and RM0.203 million respectively.

**B2 Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM4.895 million in the current financial quarter under review. This represents increase of approximately RM2.913 million or 147% from the revenue of RM1.982 million recorded in the preceding financial quarter.

The Group recorded a loss before tax of RM1.099 million. The loss was attributed due to higher operating expenses and impairment.

**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 proceeds from the Rights Issue and Public Issue are as follows:-

	<u>Proposed Utilization</u>	<u>Proposed Variation For Utilization As Per SC's Letter Dated 5.4.2010</u>	<u>Actual Utilization as at 31.12.2013</u>	<u>Variance</u>	<u>Balance as at 31.12.2013</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Development expenditure	13,000	8,000	7,609	(300)*	91
Overseas project implementation	3,500	3,500	3,500	-	-
Overseas expansion	5,000	5,000	5,000	-	-
Working capital	3,970	8,970	9,270	300*	-
Estimated listing expenses	1,875	1,875	1,875	-	-
<b>Total</b>	<b>27,345</b>	<b>27,345</b>	<b>27,254</b>	<b>-</b>	<b>91</b>

\* Note: The proceeds were used for Working Capital instead of Development Expenditure.

**B6 Group Borrowings and Debt Securities**

	<u>Secured RM'000</u>
<b><u>Current</u></b>	
Hire purchase	235
	<u>235</u>
<b><u>Non-current</u></b>	
Hire purchase	365
Term Loan	2,651
	<u>3,016</u>
<b>Total</b>	<u>3,251</u>

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

**B7 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 Trial sessions for Defendant's witness statement ("DWS") were held on 13 and 27 Oct 2014. The sessions continue on 3 Nov 2014, 8 Dec 2014 and 2 Jan 2015.

The next hearing for the last DWS scheduled on 20 Jan 2015 has been postponed and the Court has set 27 Feb 2015 for the continuation date.

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

The case is consider close as the Company decided not to pursue the case further after obtaining a second opinion from Mr Ravindran from Sreenevasan Young Solicitor firm.

- 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 who was at all material times a Director and the Chief Executive Officer (CEO) of the Plaintiff, a sealed copy of which 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.

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 Trial sessions for Plaintiff's witness statement were held on 11 and 14 July 2014 and continue on 13 to 14 August 2014 with Defendant's witness statement.

The next hearing which was scheduled on 15 August 2014 has been postponed to 13 October 2014 and 27 October 2014.

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

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.

The first case management has been scheduled on 7 October 2013. 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 case Management on 25 February 2014 mentioned that the Court has scheduled the matter for Trial on 16th to 18th of June 2014 and for final case management on 7th April 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.

The Court has yet to announce the verdict for the above case.

**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)	(1,103)	(7,102)
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)	(0.055)	(0.36)
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 losses and losses**

The breakdown of the accumulated losses of the Group as at 31 December 2014, into realised and unrealized gain/losses and losses is as follows:

	<b>31 December 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)	(1,103)	(25)
- Unrealised gain	(440)	0.004
Total	<u>(1,543)</u>	<u>(25)</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-14 (RM)</b>	<b>Current Year To Date 31-Dec-14 (RM)</b>
Depreciation	(1,596,659)	(1,252,743)
Gain / (Loss) on foreign exchange	1,745	468,399
Interest expense	7,516	31,163
Interest income	(3,997)	57,092
	<u>(1,591,395)</u>	<u>(696,089)</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**

The assets, liabilities and reserve related to PT Scan Nusantara have been presented in the statement of financial position. 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 have commenced and the sale of share is completed on 26 August 2014.