Company No. 525669-P (Incorporated in Malaysia)

# INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2016

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	31-Oct-16 RM'000	30-June-15 (Audited) RM'000
ASSETS NON-CURRENT ASSETS		
Property, plant and equipment Fixed deposits with licensed banks	225 208 433	637 987 1,624
CURRENT ASSETS		
Trade and other receivables Current tax assets Cash and cash equivalents	1,064 54 227 1,345	5,490 493 490 6,473
TOTAL ASSETS	1,778	8,097
EQUITY		
Share capital Share premium Accumulated Loss	20,000 18,160 (46,471) (8,311)	20,000 18,160 (44,002) (5,842)
Equity attributable to Owners of the company Non-controlling interests TOTAL EQUITY	(8,311) 0 (8,311)	(5,842) 0 (5,842)
NON-CURRENT LIABILITIES		
Borrowings CURRENT LIABILITIES	167	245
Trade and other payables Borrowings	9,889 33 9,922	11,571 2,123 13,694
TOTAL LIABILITIES	10,089	13,939
TOTAL EQUITY AND LIABILITIES	1,778	8,097
NET ASSETS PER SHARE (SEN)	(4.16)	(2.92)

#### 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 period ended 30 June 2015.

# INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD		
	Current Period	Preceding Year Corresponding Period	Current Year To Date	Preceding Year	
	31-Oct-16 RM'000	31-Oct-15 RM'000	31-Oct-16 RM'000	31-Oct-15 RM'000	
Revenue Cost of sales	767 (155)	668 (264)	8,010 (5,058)	19,518 (13,457)	
Operating expenses	(493)	(204)	(5,177)	(20,202)	
Other operating income	0	56	128	342	
Finance costs	(1)	(4)	(443)	(53)	
Profit/(Loss) before tax	118	252	(2,540)	(13,852)	
Income tax expense		0	71	433	
Profit/(loss) from continuing operations, net of tax	118	252	(2,469)	(13,419)	
DISCONTINUED OPERATIONS Loss from Discontinued Operations					
Net profit/(loss) for the financial period	118	252	(2,469)	(13,419)	
Profit/(loss) attributable to: Owner of the Company Non-controlling interests	118 -	252 -	(2,469)	(13,419) 0	
G	118	252	(2,469)	(13,419)	
Basic earnings / (loss) per ordinary share of RM0.10 each (sen)	0.059	0.126	(1.23)	(6.70)	
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A_	N/A	N/A	

Company No. 525669-P (Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD		
	Current Period 31-Oct-16	Preceding Year Corresponding Period 31-Oct-15	Current Year To Date 31-Oct-16	Preceding Year 31-Oct-15	
	RM'000	RM'000	RM'000	RM'000	
Profit/(Loss) for the period	118	252	(2,469)	(13,419)	
Other comprehensive profit/(loss): Foreign currency translations	_	0	-	(403)	
Other comprehensive profit/(loss) for the period		0		(403)	
Total comprehensive profit/(loss) for the period	118	252	(2,469)	(13,822)	
Total comprehensive profit/(loss) attributable to:					
Owners of the Company	118	252	(2,469)	(13,822)	
Non-controlling interests	118	252	(2,469)	(13,822)	

#### 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 period ended 30 June 2015.

#### INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2016

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 OCTOBER 2016

	Attributable to owners of the Company							
	Share capital	Share premium	Foreign exchange reserves	Reserve of disposal group classified as held for sale	Accumulated losses	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2015 Total comprehensive income for the period	20,000	18,160	-	<u>-</u>	(44,002) (2,469)	(5,842) (2,469)	<u>-</u>	(5,842) (2,469)
Balance as at 31 Oct 2016	20,000	18,160			(46,471)	(8,311)		(8,311)
Balance as at 1 January 2014  Net loss for the financial period  Disposal of a subsidiary	20,000 - -	18,160 - -	- - -	(66) - -	(24,810) (19,122) (4)	13,284 (19,122) (4)	(70) - 70	13,214 (19,122) 66
Reclassification adjustment upon disposal of subsidiary	-	-	-	66	(66)			
Balance as at 30 June 2015 (Audited)	20,000	18,160	_		(44,002)	(5,842)		(5,842)

### 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 period ended 30 June 2015.

Company No. 525669-P (Incorporated in Malaysia)

# INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2016

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 OCTOBER 2016

	31-Oct-16 RM'000	31-Oct-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers Cash payments to suppliers Cash payments to employees and for administrative	13,933 (4,098)	21,693 (9,403)
expenses	(7,858)	(14,829)
Cash generated from/(used in) operations	1,977	(2,539)
Tax paid	-	483
Other income received	140	256
Interest received	0	55
Net cash generated / (used) from operating activities	2,117	(1,745)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(443)
Proceed from disposal of property, plant and equipment	666	116
Placement of fixed deposit	(821)	1,813
Net cash generated / (used) from investing activities	(155)	1,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(1,843)	(2,211)
Repayment of hire purchase liabilities	(382)	(486)
Drawdown of loan	-	2,910
Net cash generated / (used) in financing activities	(2,225)	213
Net decrease in cash and cash equivalents	(263)	(46)
Cash and cash equivalents brought forward	490	354
Cash and cash equivalents carried forward	227	308
CASH AND CASH EQUIVALENTS		
Cash and bank balances	227	308
Fixed deposits with licensed banks	-	-
	227	308
••		306

### 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 period ended 30 June 2015.

### SCAN ASSOCIATES BERHAD (525669-P)

(Incorporated in Malaysia)

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2016

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

#### A1 Basis of Preparation

This interim financial statements of the Company and its subsidiaries ("Group") are unaudited and has been prepared in accordance with MFRS 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 Securities").

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 period ended 30 June 2015. 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 period ended 30 June 2015.

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

The auditors of the Company had issued a disclaimer of opinion report on the Company's and Group's financial statements for the financial period ended 30 June 2015.

#### A3 Seasonal or Cyclical Factors

The Group's core business is in Information Technology, where the revenue streams are mainly project driven.

### 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 period 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 period under review.

#### A6 Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

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

### A7 Valuation of Property, Plant and Equipment

The Group did not carry out any valuation of its property, plant and equipment.

#### A8 Material Events Subsequent To the Financial Period

There were no material events subsequent to this financial period other than those disclosed in Note B8.

### A9 Changes in the Composition of the Group

There were no changes in the composition of the Group for the period under review.

### **A10** Contingent Liability

The Group does not have any contingent liability as at the date of the announcement other than those disclosed in Note B8.

### A11 Significant Related Party Transactions

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

### B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

#### **B1** Performance Analysis

The Group recorded revenue and profit before taxation of RM0.767 million and RM0.118 million respectively. The Group is facing difficulties securing new revenue streams due to its classification as a Guidance Note 3 Company by Bursa Securities.

#### B2 Comparison with Immediate Preceding Quarter

The Group recorded revenue of RM0.767 million in the current financial period under review (from 1 October 2016 to 31 October 2016). This represents an increase of approximately RM0.253 million or 49% from the revenue of RM RM0.514 million recorded in the preceding financial quarter (from 1 July 2016 to 30 September 2016)

The Group recorded a profit before tax of RM0.118 million (from 1 October 2016 to 31 October 2016) as compared to loss before tax of RM1.022 million in the preceding financial quarter (from 1 July 2016 to 30 September 2016).

### **B3** Business Prospects

The classification of the Company as a Guidance Note 3 Company has significantly affected the Group's ability to secure new projects. In view of this, the Group has taken steps to reduce cost and streamline the operations of the Group. The Company is also in the midst of exploring various corporate options as part of its plan to regularize the business operations and financial position of the Group.

#### B4 Variance of Actual Loss from Forecast Loss

The Group has not issued any profit forecast or profit estimate for the current financial period under review.

### **B5** Taxation

There is no tax charge for the current period.

### **B6** Corporate Proposals

The gross proceeds of approximately RM27.345 million from the Public Issue and Rights Issues has been fully utilized as at date of this report.

### B7 Group Borrowings and Debt Securities

	<u>Secured</u> RM'000
<u>Current</u>	
Hire purchase	33
Non-current	
Hire purchase	167_
Total	200

#### **B8** Material Litigations

## (a) <u>Mamuza Bin Muhammad ("WNP Marketing and Distribution" or "Plaintiff") Vs SCAN</u> Associates Berhad ("the Company or Defendant")

The Company had on 21 September 2016 received a Writ of Summon and Statement of Claim dated 20 September 2016 from Messrs Farid Wong & Wee, the solicitors for the Plaintiff claiming that the Defendant has failed to settle outstanding sum of RM45,500.00 for the services and/or products provided by the Plaintiff to the Defendant.

On 2 November 2016, the Company had received a Notice of Demand dated 2 November 2016 ("the Notice") from Messrs. Farid, Wong & Wee, acting on behalf of the Plaintiff demanding for a payment of RM46,100.20 being the sum due and payable vide Kuala Lumpur Magistrate Court Summons No. WA-A72NCC-58313-09/2016 dated 6 October 2016.

In accordance with the Notice, if the Company fails and/or refuse to pay aforesaid amount due and owing to the Plaintiff within twenty-one (21) days from the date of service of the Notice, the Company shall be deemed to be unable to pay its debts and appropriate action will be taken for winding up the Company.

The Company is seeking legal advice to contest this.

# (b) <u>Databridge ICT Network (M) Sdn. Bhd. ("Plaintiff) Vs Scan Associates Berhad ("Company or Defendant")</u>

The Company had on 21 September 2016 received a Notice of Demand dated 22 August 2016 from Messrs. Sugu K. & Partners, the solicitors for the Plaintiff demanding the Defendant to pay the Plaintiff RM43,921.57, being the judgement sum payable pursuant to Judgement of the Magistrate Court Civil Suit No. WA-A72NCvC-140-01/2016 dated 20 April 2016.

The Company concluded an agreement with the Plaintiff to settle the amount outstanding via monthly installment and it was mutually agreed.

### B8 Material Litigations (Cont'd)

### (c) AmMetLife Insurance Berhad ("Plaintiff") Vs Scan Associates Berhad ("Defendant")

The Company had on 8 November 2016 received a Writ of Summon and Statement of Claim both dated 4 November 2016 from Messrs Wong Lu Peen & Tunku Alina, the solicitors for the Plaintiff claiming that the Defendant has failed to settle outstanding payment sum of RM97,475.95 for the insurance premium coverage provided by the Plaintiff to the Defendant.

The judgement from Kuala Lumpur Magistrates Court Suit No. WA-A72NCvC-4991-11/2016 held that the Company need to pay the following judgement debt:

i)Total outstanding payment sum of RM97,475.95;

ii)Interest at the rate of 5% per annum on the total sum of RM97,475.95 calculated from 20 January 2016 until the date of full settlement; and

iii)Cost of RM780.00.

The Company is seeking legal advice on the matter.

# (d) <u>Shah Alam Sessions Court Suit No. BA-B52NCVC-422-08/2016 Toshiba Tec Malaysia Sdn Bhd.</u> (the Plaintiff) v Scan Associates Berhad (the Defendant)

On 17 August 2016, received a sealed copy of the Writ of Summons and Statement of Claim both dated 9 August 2016 for:-

- a) A sum of RM266,909.00 ("the Sum") being the claim for outstanding amount due for monthly rental and service charge of photocopy machine which was rented by the Defendant from the Plaintiff along with contractual damages of loss of profit as stipulated in the agreements between the Plaintiff and Defendant.
- b) Interest of 1.75% per month based on the Sum of RM266,909.00 from 10 September 2015 up to date of judgement.
- c) Interest of 4.00% per annum based on the Sum of RM266,909.00 from date of judgement up to date of full settlement.
- d) Costs.
- e) Any other relief that the Honourable Court deems fit and proper.

The Company concluded an agreement with Toshiba Tech to settle the amount outstanding via monthly installment and it was mutually agreed.

### (e) <u>Letters of Demand from Certain Creditors</u>

As at 29 December 2016, the Company has received letters of demand from certain creditors demanding payments totaling RM4.999 million. This amount has been provided for in the accounts of the Company as at 31 October 2016.

#### B8 Material Litigations (Cont'd)

(f) <u>KL High Court Origination Summons No. 24NCC-343-09/2015 Between Dato'Dr. Norbik Bashah Bin Idris ("the Plaintiff") Vs. SCAN Associates Berhad ("the Company") & 4 Others ("Collectively the Defendants").</u>

On 6 October 2015, the Company was served with an Originating Summons ("OS") which was filed by the Plaintiff.

The OS by the Plaintiff is to seek the following court orders and/or relief: -

- (a) that the Defendants do immediately furnish to the Plaintiff with a copy of the Record of Depositors and the Register and Index of Members;
- (b) that the Plaintiff upon being provided the Record of Depositors and the Register and Index of Members be granted with such enlargement of time of six months to convene an extraordinary general meeting;
- (c) that the costs of and occasioned by this application be paid by the Defendants to the Plaintiff; and
- (d) such further order and/or relief as this Honourable Court deems fit or just.

The application for consolidation was filed in Suit (i) 22NCC-347-10/2015. In any event, that application had been withdrawn before the Judge on 13 January 2016 with no order as to costs.

On 24 April 2016, upon the application of the Plaintiff to discontinue the OS and after hearing submissions by the parties, the Court had made the following orders –

- (1) that the OS be discontinued;
- (2) that the Plaintiff undertakes not to take any proceedings based on the same facts in respect of notice of requisition dated 23 July 2015 as alleged in the OS; and
- (3) that the Plaintiff pays RM7,500 to each Defendant as costs.

The proceedings of the OS are no longer subsisting. The Company has as at the date of this report yet to receive the payment of costs (per item (3) above) from the Plaintiff. The Company is actively seeking legal opinion on recovery of the legal costs from the Plaintiff as ordered by the Court.

### B8 Material Litigations (Cont'd)

(g) KL High Court Suit No. 22NCC-347-10-2015 between SCAN Associates Berhad ("the Plaintiff")

Vs. Dato'Dr Norbik Bashah Bin Idris ("ex CEO"), Nurul Huda Binti Zaharol Natrar ("ex CFO")

and SCAN Consulting Services Sdn Bhd ("SCSSB")

On 30 October 2015, the Plaintiff had filed a statement of claim in the High Court of Kuala Lumpur against ex CEO, ex CFO and SCSSB (Collectively Defendants).

The ex CEO was a former director and shareholder of SCSSB who controlled and is still controlling SCSSB at all material times.

The Suit has been withdrawn with liberty to file afresh and with no order as to costs ("Discontinuance"). The Discontinuance was filed on 26 September 2016.

### B8 Material Litigations (Cont'd)

### (h) Notice of Forfeiture of Down Payment from Afiintra Technologies Sdn Bhd ("Afiintra")

On 9 May 2014, SCAN Associates Berhad ("the Company") had purchased servers and related software for Broadband Power Line Project amounting to RM1,657,276.00 from Afiintra. The Company had paid RM828,638.00 as 50% down payment but as at the date of this report, no equipment was delivered. Furthermore, the Company did not receive any official notification on delivery or request of delivery instruction ("DI") from Afiintra ever since the down payment was paid on 12 May 2014 until 8 November 2015. The remaining balance of 50% (i.e. RM828,638.00) is accounted in the Company's accounts as trade creditor.

On 9 November 2015, the Company received a Notice of Down Payment Forfeiture from Afiintra with regards to down payment paid on 12 May 2014, stating that numerous attempts were made to request for DI. Hence Afiintra gave the Company a final notice to provide the DI before 20 November 2015, failure to do so, they will proceed with the following actions: -

- 1) 50% down payment will be forfeited (RM828,638.00).
- 2) Afiintra will re-sell part or all of the goods stated in the agreement without prior notification to the Company.
- 3) Afiintra reserves the right to charge the Company for any storage fee incurred.

On 25 November 2015, the Company received a Notice of Down Payment Forfeiture ("the notice") from Afiintra's solicitor, Messrs. Abdul Malik & Lawrence Tan ("the Solicitor") with regards to the same subject since the Company did not respond to Afiintra's request via it's notice dated 9 November 2015. The Solicitor stated in the notice as follows: -

- 1) Despite Afiintra's notice dated 9 November 2015 requesting for the DI, the Company has failed, refused, ignored and/or omitted to do so by 20 November 2015. The goods are duly ready for delivery has been stored for more than 1 year despite repeated request for the DI from the Company.
- 2) The Solicitor has been instructed by Afiintra to notify the Company that 50% down payment amounting to RM828,638.00 shall be forfeited and the goods ordered disposed off upon expiry of 7 days from the date of the notice unless the sum RM828,638.00 (excluding GST) is paid to Afiintra.
- In the event the goods are disposed off, the sum recovered shall be utilized to cover the losses incurred by Afiintra and to defray storage charges for the goods since the date of order.
- 4) Affintra reserve their rights to commence legal proceeding without any further notice to the Company for any damages or losses after the above mentioned exercise.

The Company in the midst of negotiation with Afiintra to resolve this matter.

### B8 Material Litigations (Cont'd)

(i) <u>KL High Court Suit No. WA-22NCC-175-05/2016 between Yeoh Eng Kong ("the Plaintiff") Vs. SCAN Associates Berhad ("the Company") and 9 others ("Collectively the Defendants").</u>

On 13 May 2016, the Company was served with a Writ and Statement of Claim filed by Yeoh Eng Kong in the High Court of Kuala Lumpur, Suit Number: WA-22NCC-175-05/2016 ("Suit"). No specific relief is sought against the Company by the Plaintiff via the Suit.

At the same time, the Plaintiff had also served a Notice of Application on the Company ("Application"). The Plaintiff is seeking Ex-Parte Order from the Court to appoint a Receiver and Manager over the Company.

During the hearing on 17 May 2016, the Plaintiff had applied for an Ad Interim Injunction before the Learned Judicial Commissioner ("JC") of the High Court. The Ad Interim Injunction sought by the Plaintiff was to:

- (a) Compel the Company to hold an Extraordinary General Meeting for the shareholders to discuss Restructuring Plan ("RP") of the Company; and
- (b) Seek an Extension of Time from Bursa Securities to submit the RP.

At the end of the hearing, the Learned JC had decided that there is no strong evidence justifying the grant of any Ad Interim Injunction, hence the Plaintiff's application for Ad Interim Injunction was dismissed.

On 25 May 2016, the solicitors of the Plaintiff had served an Application on the Company's solicitors, Messrs. Lim, Chong, Phang & Amy. The Application was fixed for hearing on 26 May 2016.

Through the Application, the Plaintiff applies to appoint Receiver and Manager over the Company and to seek any extension of time from Bursa Securities or to exercise any such necessary steps to preserve the listing status of the Company and to avoid and/or prevent the Company's shares from being delisted.

At the end of the hearing, the Learned JC dismissed the Plaintiff's Application with costs of RM15,500-00 to be awarded to the Company.

### B8 Material Litigations (Cont'd)

(j) <u>KL High Court Suit No. WA-22NCC-175-05/2016 between Yeoh Eng Kong ("the Plaintiff") Vs. SCAN Associates Berhad ("the Company") and 9 others ("Collectively the Defendants").</u> (Cont'd)

On 27 May 2016 the solicitors of the Plaintiff had served the following cause papers on the Company's solicitors, Messrs. Lim, Chong, Phang & Amy:

- a. A sealed Notice of Appeal ("Appeal") filed by the Plaintiff against the High Court's decision which was made on 18th May 2016; and
- b. An unsealed Notice of Motion ("Motion") filed by the Plaintiff to appoint ad interim Receiver and Manager over the Company and to seek any extension of time from Bursa Malaysia Securities Berhad or to exercise any such necessary steps to preserve the listing status of the Company and to avoid and/or prevent the Company's shares from being delisted. The Motion was fixed for hearing on 31 May 2016.

On 4th August 2016, the learned Judicial Commissioner held that (inter alia) –

- (a) There is insufficient evidence to support the Plaintiff's allegation on mismanagement of the Company; and
- (b) The decision of the Company on whether to appeal against the "de-listing" of the Company is a business judgment.

In dismissing the Application, the Learned Judicial Commissioner also ordered costs of RM60,000-00 to be paid by the Plaintiff to the Defendants in the following breakdown:

- (a) RM20,000-00 to the Company;
- (b) RM20,000-00 to the 2nd, 6th and 7th Defendant; and
- (c) RM20,000-00 to Mak Siew Wei.

Even though the Receiver & Manager Application has been dismissed but the Suit still alive and ongoing, therefore trial is fixed on 11, 12 and 13 of April 2017 and 29, 30 and 31 May 2017.

### B8 Material Litigations (Cont'd)

## (k) <u>KL High Court Commercial No: 22NCC-283-09/2015 between a director and shareholder</u> ("the Plaintiff") Vs. Dato'Dr Norbik Bashah Bin Idris & 7 Ors.

On 17 September 2015, the Company was served with a writ and statement of claim filed by the Plaintiff.

The Plaintiff alleges that 7 individuals acting in concert had through an agreement, arrangement and/or understanding acquired and held in aggregate 36.03% of the total issued shares of the Company and have breached Section 218(2) of the Capital Markets and Services Act ("CMSA") and Section 9(1) of the Take-over and Mergers Code ("the Code") by failing to make a mandatory offer ("MO") to the remaining shareholders of the Company.

The Plaintiff is claiming the following relief: -

- (i) A declaration that the 7 individuals are acting in concert to obtain control of the Company.
- (ii) A declaration that the 7 individuals had breached Section 218(2) of the CMSA and Section 9(1) of the Code.
- (iii) A declaration that the requisition by certain individuals, who are part of the 7 individuals, for an Extraordinary General Meeting to remove the existing directors and appoint certain new directors is null and void.
- (iv) An order for the 7 individuals or any one of them to undertake a MO or alternatively all the shares of the Company held by the 7 individuals be vested with the Securities Commission Malaysia.
- (v) Damages and cost.

There was no relief being sought by the Plaintiff against the Company.

The case management was held on 26 February 2016 and a further case management date was fixed on 6 April 2016 for parties to update the Court on the status of appeal by the Defendants (except 8<sup>th</sup> Defendant) against the learned High Court Judge's decision in dismissing their striking out application.

The Plaintiff has discontinued the matter against the Company on 26 September 2016.

#### (I) KSCORP Sdn Bhd ("the Plaintiff") vs Scan Associates Berhad ("SCAN")

The Company had on 7 December 2016 received a Notice pursuant to Section 218 of the Companies Act, 1965 ("the Notice") dated 5 December 2016 from Messrs. Vaasan Chan & Chandran, acting on behalf of the Plaintiff demanding for a payment of RM180,000.00 being the security deposit together with RM115,650.00 being the amount of Progress Claim that is due and owing to the Plaintiff.

In accordance with the Notice, if Scan fails and/or refuse to pay the aforesaid amount due and owing to the Plaintiff within twenty-one (21) days from the date of service of the Notice, SCAN shall be deemed to be unable to pay its debts and appropriate action will be taken for winding up of SCAN.

The Company is seeking the necessary legal advice in relation this matter.

### B8 Material Litigations (Cont'd)

## (m) <u>Industrial Court case no: 4/4-1144/16 between Nurul Huda Binti Zaharol Natrar ("the Plaintiff") vs SCAN Associates Berhad ("the Company")</u>

On 8<sup>th</sup> September 2016, the Company had received a notice of mention of case from Industrial Court Kuala Lumpur. The case is for dismissal of former Chief Financial Officer, Nurul Huda Binti Zaharol Natrar on 12 October 2015. The notice stated that the case will be mentioned before the President of the Industrial Court Kuala Lumpur, Court 4 on 6 October 2016, 8.30 am.

On 6 October 2016, during the mention of the case, the Company received the Statement of Case from the Plaintiff via her lawyer. The Plaintiff had claimed for reinstatement to her former position without loss of seniority, wages or benefits, monetary or otherwise, together with arrears of salary, from the date of dismissal to the date of reinstatement and/such other or alternative relief as the Court deem fit and proper. The Court also instructed the Company to file the Statement of Reply by 21 December 2016 and fixed the date for the 1st hearing of the case on 4 January 2017, 8.30 am.

On 21 December 2016, the Company had written to the Court to seek an extension of time to submit the Statement of Reply.

The Company is in the midst of appointing a lawyer to submit the Statement of Reply and to represent the Company for the case.

#### **B9** Dividends

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

#### B10 Earnings / (Loss) per Share

Editings / (1933) per differ	Current financial period	Financial year <u>to date</u>
Profit / (Loss) attributable to ordinary shareholders (RM'000)	0.118	(2.469)
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 Earning /(Loss) per share (Sen) Diluted earnings per share (Sen)	0.059 N/A	(1.23) N/A

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders for the financial period 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.

### B11 Disclosure of realised and unrealised losses

The breakdown of the accumulated losses of the Group as at 31 October 2016, into realised and unrealised losses are as follows:

	31 October 2016	30 June 2015 (Audited)	
	RM'000	RM'000	
Total accumulated losses of the Group: - Realised losses - Unrealised gain	(46,473) 2	(44,466) 464	
Total	(46,471)	(44,002)	

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

### **B12** Additional Disclosures

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Other disclosure items pursuant to Appendix 9B Note 16 of the ACE Market listing requirements of Bursa Securities are not applicable.