

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
 31 JANUARY 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION AS AT 31 JANUARY 2017**

	31-Jan-17 RM'000	31-Oct-2016 (Unaudited) RM'000	30-June-15 (Audited) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	171	225	637
Fixed deposits with licensed banks	208	208	987
	379	433	1,624
CURRENT ASSETS			
Trade and other receivables	620	1,064	5,490
Current tax assets	22	54	493
Cash and cash equivalents	126	227	490
	768	1,345	6,473
TOTAL ASSETS	1,147	1,778	8,097
EQUITY			
Share capital	20,000	20,000	20,000
Share premium	18,160	18,160	18,160
Accumulated Loss	(46,843)	(46,471)	(44,002)
	(8,683)	(8,311)	(5,842)
Equity attributable to Owners of the company	(8,683)	(8,311)	(5,842)
Non-controlling interests	0	0	0
TOTAL EQUITY	(8,683)	(8,311)	(5,842)
NON-CURRENT LIABILITIES			
Borrowings	1	167	245
CURRENT LIABILITIES			
Trade and other payables	9,662	9,889	11,571
Borrowings	167	33	2,123
	9,829	9,922	13,694
TOTAL LIABILITIES	9,830	10,089	13,939
TOTAL EQUITY AND LIABILITIES	1,147	1,778	8,097
NET ASSETS PER SHARE (SEN)	(4.34)	(4.16)	(2.92)

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Notes to Interim Financial Reports, the unaudited financial statements of the Company for the financial period ended 31 October 2016, as well as the audited financial statement of the Company for the financial period ended 30 June 2015.

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
 31 JANUARY 2017**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Period	Preceding Year Corresponding Period	Current Year To Date	Preceding Year
	31-Jan-17 RM'000	31-Jan-16 RM'000	31-Jan-17 RM'000	31-Jan-16 RM'000
Revenue	841	2,539	841	2,539
Cost of sales	(701)	(705)	(701)	(705)
Operating expenses	(521)	(1,360)	(521)	(1,360)
Other operating income	13	1	13	1
Finance costs	(4)	(6)	(4)	(6)
Profit/(Loss) before tax	<u>(372)</u>	<u>469</u>	<u>(372)</u>	<u>469</u>
Income tax expense	-	-	-	-
Profit/(loss) from continuing operations, net of tax	<u>(372)</u>	<u>469</u>	<u>(372)</u>	<u>469</u>
DISCONTINUED OPERATIONS				
Loss from Discontinued Operations	-	-	-	-
Net profit/(loss) for the financial period	<u>(372)</u>	<u>469</u>	<u>(372)</u>	<u>469</u>
Profit/(loss) attributable to :				
Owner of the Company	(372)	469	(372)	469
Non-controlling interests	-	-	-	-
	<u>(372)</u>	<u>469</u>	<u>(372)</u>	<u>469</u>
Basic earnings / (loss) per ordinary share of RM0.10 each (sen)	<u>(0.19)</u>	<u>0.23</u>	<u>(0.19)</u>	<u>0.23</u>
Diluted earnings per ordinary share of RM0.10 each (sen)	N/A	N/A	N/A	N/A

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
 31 JANUARY 2017**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Period 31-Jan-17 RM'000	Preceding Year Corresponding Period 31-Jan-16 RM'000	Current Year To Date 31-Jan-17 RM'000	Preceding Year 31-Jan-16 RM'000
Profit/(Loss) for the period	(372)	469	(372)	469
Other comprehensive profit/(loss):				
Foreign currency translations	-	-	-	-
Other comprehensive profit/(loss) for the period	-	-	-	-
Total comprehensive profit/(loss) for the period	(372)	469	(372)	469
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	(372)	469	(372)	469
Non-controlling interests	-	-	-	-
	(372)	469	(372)	469

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to Interim Financial Reports, the unaudited financial statements of the Company for the financial period ended 31 October 2016, as well as the audited financial statement of the Company for the financial period ended 30 June 2015.

SCAN ASSOCIATES BERHAD

Company No. 525669-P

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2017**

	← Attributable to owners of the Company →							Total equity RM'000
	Share capital	Share premium	Foreign exchange reserves	Reserve of disposal group classified as held for sale	Accumulated losses	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 November 2016	20,000	18,160	-	-	(46,471)	(8,311)	-	(8,311)
Total comprehensive income for the period	-	-	-	-	(372)	(372)	-	(372)
Balance as at 31 January 2017	<u>20,000</u>	<u>18,160</u>	<u>-</u>	<u>-</u>	<u>(46,843)</u>	<u>(8,683)</u>	<u>-</u>	<u>(8,683)</u>
Balance as at 1 July 2015	20,000	18,160	-	-	(44,002)	(5,842)	-	(5,842)
Net loss for the financial period	-	-	-	-	(2,469)	(2,469)	-	(2,469)
Disposal of a subsidiary	-	-	-	-	-	-	-	-
Reclassification adjustment upon disposal of subsidiary	-	-	-	-	-	-	-	-
Balance as at 31 October 2016 (Unaudited)	<u>20,000</u>	<u>18,160</u>	<u>-</u>	<u>-</u>	<u>(46,471)</u>	<u>(8,311)</u>	<u>-</u>	<u>(8,311)</u>

Notes:

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to Interim Financial Reports, the unaudited financial statements of the Company for the financial period ended 31 October 2016, as well as the audited financial statement of the Company for the financial period ended 30 June 2015

SCAN ASSOCIATES BERHAD

Company No. 525669-P

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 JANUARY 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2017**

	31-Jan-17 RM'000	31-Jan-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,733	2,635
Cash payments to suppliers	(526)	(943)
Cash payments to employees and for administrative expenses	(1,333)	(1,840)
	<hr/>	<hr/>
Cash generated from/(used in) operations	(125)	(147)
Other income received	13	100
	<hr/>	<hr/>
Net cash generated / (used) from operating activities	(112)	(48)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Proceed from disposal of property, plant and equipment	-	-
Placement of fixed deposit	-	-
	<hr/>	<hr/>
Net cash generated / (used) from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase liabilities	(32)	(39)
	<hr/>	<hr/>
Net cash generated / (used) in financing activities	(32)	(39)
Net decrease in cash and cash equivalents	(144)	(86)
Cash and cash equivalents brought forward	270	1,296
	<hr/>	<hr/>
Cash and cash equivalents carried forward	126	1,210

Notes:

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Notes to Interim Financial Reports, the unaudited financial statements of the Company for the financial period ended 31 October 2016, as well as the audited financial statement 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 JANUARY 2017

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 unaudited financial statements of the Company for the financial period ended 31 October 2016 as well as the audited financial statements of the Company 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 31 October 2016.

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 quarter under review other than as disclosed herein.

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 issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

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 Quarter

There were no material events subsequent to this financial quarter 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 quarter 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 quarter 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 of RM0.841 million in the current financial quarter under review.

The Group recorded a loss before tax of RM0.372 million in the current financial quarter under review.

B2 Comparison with Immediate Preceding Quarter

The Group recorded revenue of RM0.841 million in the current financial quarter under review. This represents an increase of approximately RM0.074 million or 9.6% from the revenue of RM0.767 million recorded in the preceding financial quarter.

The Group recorded a loss before tax of RM0.372 million as compared to profit before tax of RM0.118 million in the preceding financial quarter.

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

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 opportunities as part of its plan to regularize the business operations and financial position of the Group.

The Company had on 29 March 2017 entered into a Memorandum of Agreement ("MOA"), with the major shareholders of Ascendsys Holdings Sdn Bhd ("Ascendsys"), Datuk Mohd Noor Amin Bin Mohd Noor Khan, Mohamed Shihab Bin Dato' Kunhi Mohamed, Ramlee Bin Mohd Shariff for the purpose to discuss and develop the corporate restructuring plan to implement their business alliance. The propose regularization and corporate restructuring plan will be submitted to Bursa Malaysia Securities Berhad for consideration and approval.

B4 Variance of Actual Loss from Forecast Loss

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

B5 Taxation

There is no tax charge for the current quarter.

B6 Corporate Proposals

The gross proceeds of approximately RM27.345 million from the Public Issue and Rights Issues completed on June 2015 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	167
<u>Non-current</u>	
Hire purchase	1
Total	<u>168</u>

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

B8 Material Litigations

(a) Mamuza Bin Muhammad ("WNP Marketing and Distribution" or "Plaintiff") Vs SCAN 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) Databridge ICT Network (M) Sdn. Bhd. ("the Plaintiff) Vs Scan Associates Berhad ("the Company or Defendant")

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.

(c) AmMetLife Insurance Berhad ("the Plaintiff") Vs Scan Associates Berhad ("the 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:

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

B8 Material Litigations (Cont'd)

AmMetLife Insurance Berhad ("the Plaintiff") Vs Scan Associates Berhad ("the Defendant") (Cont'd)

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

(d) Shah Alam Sessions Court Suit No. BA-B52NCVC-422-08/2016 Toshiba Tec Malaysia Sdn Bhd. ("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 due for monthly rental and service charge of the photocopier 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 the Plaintiff to settle the amount outstanding via monthly installment and it was mutually agreed.

(e) Letters of Demand from Creditors

As at 29 March 2017 the Company has received letters of demand from certain creditors demanding payments totaling approximately RM5.0 million. The figures have already been provided in the accounts of the Company.

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

B8 Material Litigations (Cont'd)

(f) 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").

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 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 (j) 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 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 yet to receive payment of costs from the Plaintiff.

The Company is actively seeking legal opinion on the recovery of the legal cost from the Plaintiff.

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

B8 Material Litigations (Cont'd)

(g) Notice of Forfeiture 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 date of 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 balance 50% ie RM828,638.00 is recorded 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 earlier stating that numerous attempts were made to request for DI. Afiintra gave the Company a final notice to provide the DI before 20 November 2015, failure to do so, Afiintra 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 pursuant to its 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 which 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 the 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.
- 3) In 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) Afiintra 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 is seeking legal advice with regards to this matter.

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

B8 Material Litigations (Cont'd)

(h) 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").

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 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 & 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.

At the end of the hearing, the Learned Judicial Commissioner had dismissed the Application with costs of RM15,500-00 to be awarded to the Company.

On 27 May 2016 the solicitors of the Plaintiff had served the following cause papers on the Company's solicitors:

- a. A sealed Notice of Appeal ("Appeal") filed by the Plaintiff against the High Court's decision which was purportedly 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 is purportedly fixed for hearing on 31 May 2016.

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

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

B8 Material Litigations (Cont'd)

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"). (Cont'd)

- (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 order 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.

The case management is fixed for hearing on 11th, 12th and 13th of April 2017 and 29th, 30th and 31st May 2017.

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

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

(j) Industrial Court case no. 4/4-1144/16 between Nurul Huda Binti Zaharol Natrar (“the plaintiff”) vs SCAN Associates Berhad (“the Company”) (Cont’d)

On 8th 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 of 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 has appointed a lawyer for this case and the Industrial Court matter is now fixed for mediation on 12th and 13th April 2017.

B9 Dividends

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

B10 Earnings per Share

	<u>Current financial quarter</u>	<u>Financial year to date</u>
Loss attributable to ordinary shareholders (RM'000)	<u>(0.372)</u>	<u>(0.372)</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 Loss per share (Sen)	(0.19)	(0.19)
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 profit 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 SECURITIES (CONT'D)

B11 Disclosure of realised and unrealised losses

The breakdown of the accumulated losses of the Group as at 31 January 2017, into realised and unrealised losses are as follows:

	31 January 2017	31 October 2016 (Unaudited)
	RM'000	RM'000
Total accumulated losses of the Group:		
- Realised losses	(46,843)	(46,473)
- Unrealised gain	0	2
Total	<u>(46,843)</u>	<u>(46,471)</u>

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

	Current Period Ended 31-Jan-17 (RM)	Current Year To Date 31-Jan-17 (RM)
Depreciation	54,111	54,111
Interest expense	1,778	1,778
Other Income	<u>12,919</u>	<u>12,919</u>
	<u>68,807</u>	<u>68,807</u>

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