

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 31/03/2018 RM	PRECEDING YEAR QUARTER ENDED 31/03/2017 RM	CURRENT YEAR TO DATE 31/03/2018 RM	PRECEDING YEAR TO DATE 31/03/2017 RM
REVENUE	A8	6,679,090	6,644,618	6,679,090	6,644,618
COST OF SALES		<u>(6,508,397)</u>	<u>(7,393,747)</u>	<u>(6,508,397)</u>	<u>(7,393,747)</u>
GROSS PROFIT/(LOSS)		170,693	(749,129)	170,693	(749,129)
OTHER OPERATING INCOME		617,548	28,545	617,548	28,545
OPERATING EXPENSES		<u>(5,041,323)</u>	<u>(3,786,371)</u>	<u>(5,041,323)</u>	<u>(3,786,371)</u>
LOSS FROM OPERATIONS		(4,253,082)	(4,506,955)	(4,253,082)	(4,506,955)
FINANCE COSTS		<u>(127,596)</u>	<u>(13,017)</u>	<u>(127,596)</u>	<u>(13,017)</u>
LOSS BEFORE TAXATION		(4,380,678)	(4,519,972)	(4,380,678)	(4,519,972)
TAXATION	B4	<u>-</u>	<u>387</u>	<u>-</u>	<u>387</u>
NET LOSS FOR THE PERIOD		(4,380,678)	(4,519,585)	(4,380,678)	(4,519,585)
OTHER COMPREHENSIVE INCOME					
- FOREIGN CURRENCY TRANSLATION		(348,961)	370,303	(348,961)	370,303
- OTHER RESERVE		<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u>(1,529,639)</u>	<u>(4,149,282)</u>	<u>(1,529,639)</u>	<u>(4,149,282)</u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(4,380,678)</u>	<u>(4,519,585)</u>	<u>(4,380,678)</u>	<u>(4,519,585)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(1,529,639)</u>	<u>(4,149,282)</u>	<u>(1,529,639)</u>	<u>(4,149,282)</u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(0.79)	(1.04)	(0.79)	(1.04)
- Diluted (sen)	B12	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018
(The figures have not been audited)**

	(UNAUDITED) AS AT 31/03/2018 RM	(AUDITED) AS AT 31/12/2017 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	10,764,179	11,453,177
Goodwill	2,521,726	2,521,726
Development Costs	3,656,777	3,767,002
Other Investments	35,294	-
Deferred Tax Assets	564,383	608,605
Trade Receivable	-	-
	<u>17,542,359</u>	<u>18,350,510</u>
Current Assets		
Inventories	18,510,305	17,812,199
Trade & other receivables	10,762,207	12,302,481
Current tax assets	824,667	773,538
Bank Deposits	29,673,129	568,514
Cash and bank balances	33,473,301	1,989,396
	<u>93,243,609</u>	<u>33,446,128</u>
TOTAL ASSETS	<u>110,785,968</u>	<u>51,796,638</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	148,226,080	72,846,301
Reserves	(61,844,309)	(54,002,929)
	<u>86,381,771</u>	<u>18,843,372</u>
Total equity	<u>86,381,771</u>	<u>18,843,372</u>
Non-current liabilities		
Trade & other payables	7,062,186	8,352,813
Deferred Tax Liabilities	5,991	5,991
	<u>7,068,177</u>	<u>8,358,804</u>
Current Liabilities		
Trade & other payables	17,334,244	24,121,068
Short Term Borrowings	-	473,394
	<u>17,336,020</u>	<u>24,594,462</u>
Total Liabilities	<u>24,404,197</u>	<u>32,953,266</u>
TOTAL EQUITY AND LIABILITIES	<u>110,785,968</u>	<u>51,796,638</u>
Net assets per share attributable to owners of the parent (RM)	0.16	0.04

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)

	Attributable to Owners of the Parent				Distributable	
	Share Capital RM	Share Premium RM	Other Reserve RM	Translation Reserve RM	Accumulated Loss RM	Total RM
As at 1 January 2018	72,846,301	-	11,503,282	10,922,350	(76,428,560)	18,843,373
Net loss for the period	-	-	-	-	(4,380,678)	(4,380,678)
Other comprehensive income/(expenses)						
- Foreign currency translation	-	-	-	(348,961)	-	(348,961)
- New warrants Issued	-	-	3,200,000	-	-	3,200,000
- warrant conversion	6,311,742	-	(6,311,742)	-	-	-
	6,311,742	-	(3,111,742)	(348,961)	(4,380,678)	(1,529,639)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	50,000,000	-	-	-	-	50,000,000
-ESOS	340,891	-	-	-	-	340,891
-warrant conversion	18,727,146	-	-	-	-	18,727,146
Share issuance expenses	-	-	-	-	-	-
As at 31 MARCH 2018	148,226,080	-	8,391,540	10,573,389	(80,809,238)	86,381,771
As at 1 January 2017	43,553,338	14,305,266	11,809,364	9,861,546	(51,918,618)	27,610,896
Net loss for the period	-	-	-	-	(4,519,585)	(4,519,585)
Other comprehensive income/(expenses)						
- Foreign currency translation	-	-	-	370,303	-	370,303
- New warrants Issued	-	-	-	-	-	-
- warrant conversion	-	-	-	-	-	-
	-	-	-	370,303	(4,519,585)	(4,149,282)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	9,700,500	-	-	-	-	9,700,500
-ESOS	-	-	-	-	-	-
-warrant conversion	-	-	-	-	-	-
Share issuance expenses	-	(85,858)	-	-	-	(85,858)
As at 31 MARCH 2017	53,253,838	14,219,408	11,809,364	10,231,849	(56,438,203)	33,076,256

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)**

	(UNAUDITED) 31/03/2018 RM	(UNAUDITED) 31/03/2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,380,678)	(4,519,971)
Adjustments for :-		
Non-cash items	3,560,751	735,543
Non-operating items	70,784	11,093
Operating loss before changes in working capital	<u>(749,143)</u>	<u>(3,773,335)</u>
Net changes in current assets	755,742	(10,590,686)
Net changes in current liabilities	<u>(8,077,450)</u>	<u>11,199,585</u>
	(8,070,851)	(3,164,436)
Taxation	45,998	14,586
Net cash used in operating activities	<u><u>(8,024,853)</u></u>	<u><u>(3,149,850)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(58,671)	(17,500)
Interest received	56,813	1,924
Proceeds on disposal of property, plant and equipment	148,184	-
Fixed deposit held as security value	<u>(50,000)</u>	<u>-</u>
Net cash generated from/(used in) investing activities	<u><u>96,326</u></u>	<u><u>(15,576)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(127,596)	(13,017)
Share issuance expenses	-	(85,859)
Net proceeds from issuance of shares pursuant to:		
-private placement	50,000,000	9,700,500
-ESOS	340,891	-
-warrant conversion	18,727,146	-
Net cash generated from financing activities	<u><u>68,940,441</u></u>	<u><u>9,601,624</u></u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	61,011,914	6,436,198
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>1,534,729</u>	<u>3,503,272</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>62,546,643</u></u>	<u><u>9,939,470</u></u>
Cash and cash equivalents comprises:-		
Short-term deposits placed with licensed bank	29,673,129	-
Fixed deposits held as security value	(599,787)	(533,493)
Cash and bank balances	<u>33,473,301</u>	<u>10,472,963</u>
	<u><u>62,546,643</u></u>	<u><u>9,939,470</u></u>

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

A1. Basis of Preparation

The condensed consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

This Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the Condensed Report 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 2017.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2017 except for the adoption of the following:-

New MFRS, amendments/improvement to MFRSs and new IC Interpretation ("IC Int") with effect from or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments/improvements to MFRSs did not have any significant effects on the interim financial statements and did not result in significant changes to the Group's existing accounting policies.

New MFRS, amendments/improvement to MFRSs and new IC Interpretation with effect from or after 1 January 2019

New MFRSs

MFRS 16	Leases
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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

The Group plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective.

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2017 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The business operations of the Group during the financial quarter under review are not affected by any significant seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items during the current financial quarter under review.

A5. Changes in Estimates

There were no material changes in the estimates of amounts that have a material effect on the results for the current financial quarter under review.

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial quarter under review save for the following:

- (a) during the current financial quarter, a total of 1,247,714 new ordinary shares amounting to RM340,891 and 69,359,800 new ordinary shares amounting to RM18,727,146 were allotted and issued pursuant to the Company's Employees' Share Option Scheme ("ESOS") and conversion of Warrants respectively; and
- (b) on 20 March 2018, the Company has completed the listing of and quotation for 200,000,000 Subscription Shares and 40,000,000 Subscription Warrants amounting to RM50,000,000 and RM3,200,000 respectively on the Main Market of Bursa Securities.

Save for the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial quarter under review.

A7. Dividends Paid

No dividend has been paid during the current financial quarter under review.

A8. Segmental Reporting

The Group is primarily engaged in a single business segment of information technology (“IT”) and IT related services. The geographical segmental revenue by region and results during the financial year ended 31 March 2018 is as follows:-

31 MARCH 2018	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	6,776	729	(826)	6,679
Segment Results	(595)	(2,842)	-	(3,437)
Finance Cost	(127)	-	-	(127)
Depreciation and Amortisation	(624)	(193)	-	(817)
Consolidated Loss Before Tax				(4,381)
ASSETS				
Segment Assets	106,725	4,061	-	110,786
LIABILITIES				
Segment Liabilities	21,716	2,688	-	24,404
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	59	-	-	59
Development costs	-	-	-	-
Depreciation and Amortisation	624	193	-	817

A8. Segmental Reporting (Cont'd)

31 MARCH 2017	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	7,049	848	(1,253)	6,644
Segment Results	(1,144)	(2,328)	-	(3,472)
Finance Cost	(12)	(1)	-	(13)
Depreciation and Amortisation	(567)	(467)	-	(1,034)
Consolidated Loss Before Tax				(4,519)
ASSETS				
Segment Assets	49,288	8,442	-	57,730
LIABILITIES				
Segment Liabilities	21,726	2,927	-	24,653
OTHER INFORMATION				
<i>Capital Expenditure on:-</i>				
<i>property, plant and equipment</i>	11	6	-	17
<i>Development costs</i>	-	669	-	669
<i>Depreciation and Amortisation</i>	567	467	-	1,034

A9. Revaluation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the current financial quarter under review.

A10. Subsequent Events

Save for the following, there were no material events subsequent to the end of the date of this announcement, which will have a material effect on the financial results of the Group for the current financial quarter under review:-

- (a) a total of 92,216,551 new ordinary shares amounting to RM24,898,469 were allotted and issued pursuant to the conversion of Warrants.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A12 Contingent Liabilities

	Company	
	As at	As at
	31/03/2018	31/03/2017
	RM	RM
Corporate guarantees extended:		
- to financial institutions for credit facilities	700,000	700,000
- to a supplier for purchases made by a subsidiary	15,398,280	28,658,645
	<u>15,398,280</u>	<u>28,658,645</u>

A13. Capital Commitment

The Company has no material capital commitment in respect of property, plant and equipment as at the date of this report.

A14. Significant Related Party Transactions

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

CUSCAPI BERHAD
(Company No: 43190-H)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

B.1.1 Financial Review for Current Quarter and Current Year To Date

	Individual Quarter			Cumulative Quarter		
	31/03/2018	31/03/2017	Changes %	31/03/2018	31/03/2017	Changes %
	RM'000	RM'000		RM'000	RM'000	
REVENUE	6,679	6,645	0.52	6,679	6,645	0.52
COST OF SALES	(6,508)	(7,394)	-12	(6,470)	(7,394)	-12
OTHER OPERATING INCOME	618	29	2,063	618	29	2,063
OPERATING EXPENSES	(5,041)	(3,786)	33	(5,041)	(3,786)	33
LOSS BEFORE TAXATION	(4,381)	(4,520)	-3	(4,381)	(4,520)	-3

For the current quarter under review, the Group recorded revenue of RM6.7mil and loss before taxation of RM4.4mil compared to corresponding quarter ended 31 March 2017 of RM6.6mil and RM4.5mil respectively mainly due to:-

- a) Cost of sales reduced mainly due to lower amortisation of development cost incurred;
- b) Other operating income increased mainly due to realised exchange gain and sundry interest income; and
- c) Operating expenses increased mainly due to non-capitalisation of salary cost to development cost, professional fee, late payment interest charges and compensation expenses.

B.1.2 Current Year Quarter Versus Immediate Preceding Quarter

	Individual Quarter		Changes %
	31/03/2018	31/12/2017	
	RM (‘000)	RM (‘000)	
REVENUE	6,679	9,607	-30
COST OF SALES	(6,508)	(11,155)	-42
OTHER OPERATING INCOME	618	172	259
OPERATING EXPENSES	(5,041)	(8,407)	-40
LOSS BEFORE TAXATION	(4,381)	(10,615)	-59

The Group recorded revenue of RM6.7mil and loss before taxation of RM4.4mil for current quarter under review as compared to immediate preceding quarter ended 31 December 2017 of RM9.6mil and RM10.6mil respectively mainly due to:-

- Lower revenue in hardware, software, professional services and management services by RM2.9mil;
- Cost of sales reduced due to reason above;
- Other operating income increased mainly due to realised exchange gain and sundry interest income; and
- Operating expenses reduced mainly due to impairment loss on goodwill and intangible assets of RM1.6mil and RM0.6mil respectively and unrealised loss on foreign exchange differences of RM1.0mil in the immediate preceding quarter.

B2. Prospects

The operating environment of the Group still remain challenging and competitive. However, with the new management and shareholders on board, the Group will focus on deploying new strategies and develop new products to maintain and enhance our existing offering for our current market and to proceed with its future plans so as to strive to improve performance in coming years.

B3. Profit Forecast

No financial forecast was announced or made hence there was no comparison between actual results and forecast.

B4. Taxation

	Individual Quarter Ended		Cumulative Period Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM	RM	RM	RM
Current income tax:				
-current year provision	-	(14,586)	-	(14,586)
-(under)/over provision in prior year	-	-	-	-
Deferred taxation	-	14,199	-	14,199
	-	387	-	387

B5. Profit on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the current financial quarter under review.

B6. Purchase or Disposal of Quoted Securities

There were no purchases and disposals of quoted securities during the current financial quarter under review.

B7. Corporate Proposals**(a) Status of Corporate Proposals**

There were no corporate proposals announced but not completed at the reporting date.

(b) Status of Utilisation of Proceeds

The details of the utilisation of the proceeds from the Private Placement for the quarter under review are as follows:-

Description	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM
Working capital	6,000,000	3,220,000	2,780,000
Business expansion	46,500,000	332,385	46,167,615
Estimated expenses for the Proposals	700,000	-	700,000
Total	53,200,000	3,552,385	49,647,615

B8. Group Borrowings and Debt Securities

There were no borrowings and debt securities as at 31 March 2018.

B9. Off Balance Sheet Financial Instruments

The Company does not have any financial instruments with off balance sheet risk during the current financial quarter.

B10. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries which might materially and adversely affect the position or business of the Group.

B11. Dividends

The Board has not recommended any dividend for the financial quarter ended 31 March 2018.

B12. Earnings Per Share**Basic earnings per share**

The earnings per share are calculated by dividing the net profit attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Net loss attributable to owners of the parent (RM)	(4,380,678)	(4,519,585)	(4,380,678)	(4,519,585)
Weighted average number of ordinary shares in issue	553,943,599	436,016,710	553,943,599	436,016,710
Basic loss per share (sen)	(0.79)	(1.04)	(0.79)	(1.04)

The profit/(loss) for the period attributable to ordinary equity holders of the parent is not subjected to any dilutive elements.

B13. Realised/Unrealised Retained Profits/Losses

	Cumulative Period ended 31/03/18
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(80,724,073)
- Unrealised	(84,535)
Total retained losses c/f	(80,809,238)

B14. Loss for the Year

Cumulative Period Ended
31/03/2018
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	720,827
- Amortisation of development costs	96,498
- Interest paid	127,596

By Order of the Board

TAN TONG LANG
Secretary
Kuala Lumpur
28th May 2018