

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 30/06/2017 RM	PRECEDING YEAR QUARTER ENDED 30/06/2016 RM	CURRENT YEAR TO DATE 30/06/2017 RM	PRECEDING YEAR TO DATE 30/06/2016 RM
REVENUE	A8	9,095,938	9,394,306	15,740,557	19,013,458
COST OF SALES		<u>(8,249,409)</u>	<u>(9,172,863)</u>	<u>(15,478,165)</u>	<u>(17,930,274)</u>
GROSS PROFIT		846,529	221,443	262,392	1,083,184
OTHER OPERATING INCOME		155,397	91,648	183,942	276,693
OPERATING EXPENSES		<u>(5,822,037)</u>	<u>(4,023,682)</u>	<u>(9,773,399)</u>	<u>(8,662,141)</u>
LOSS FROM OPERATIONS		(4,820,111)	(3,710,591)	(9,327,065)	(7,302,264)
FINANCE COSTS		<u>(9,548)</u>	<u>(83)</u>	<u>(22,566)</u>	<u>(672)</u>
LOSS BEFORE TAXATION		(4,829,659)	(3,710,674)	(9,349,631)	(7,302,936)
TAXATION	B4	<u>-</u>	<u>-</u>	<u>387</u>	<u>-</u>
NET LOSS FOR THE PERIOD		(4,829,659)	(3,710,674)	(9,349,244)	(7,302,936)
OTHER COMPREHENSIVE INCOME/(LOSS) - FOREIGN CURRENCY TRANSLATION		<u>(974,823)</u>	<u>(542,307)</u>	<u>(604,520)</u>	<u>(2,163,542)</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u><u>(5,804,482)</u></u>	<u><u>(4,252,981)</u></u>	<u><u>(9,953,764)</u></u>	<u><u>(9,466,478)</u></u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u><u>(4,829,659)</u></u>	<u><u>(3,710,674)</u></u>	<u><u>(9,349,244)</u></u>	<u><u>(7,302,936)</u></u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u><u>(5,804,482)</u></u>	<u><u>(4,252,981)</u></u>	<u><u>(9,953,764)</u></u>	<u><u>(9,466,478)</u></u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(1.01)	(0.85)	(2.04)	(1.68)
- 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 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017
(The figures have not been audited)**

	(UNAUDITED) AS AT 30/06/2017 RM	(AUDITED) AS AT 31/12/2016 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	29,220,865	4,766,024
Goodwill	4,730,349	4,730,349
Development Costs	6,559,149	6,784,483
Deferred Tax Assets	635,804	670,751
Trade Receivable	517,740	517,254
	<u>41,663,907</u>	<u>17,468,861</u>
Current Assets		
Inventories	3,618,026	4,965,655
Trade & other receivables	13,389,608	13,963,764
Current tax assets	932,154	1,163,249
Bank Deposits	1,417,885	483,142
Cash and bank balances	499,369	3,409,369
	<u>19,857,042</u>	<u>23,985,179</u>
TOTAL ASSETS	<u>61,520,949</u>	<u>41,454,040</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	53,326,288	43,553,338
Reserves	(25,982,112)	(15,942,442)
	<u>27,344,176</u>	<u>27,610,896</u>
Total equity	<u>27,344,176</u>	<u>27,610,896</u>
Non-current liabilities		
Trade & other payables	18,218,123	880,246
Deferred Tax Liabilities	459,053	459,053
	<u>18,677,176</u>	<u>1,339,299</u>
Current Liabilities		
Trade & other payables	15,499,597	12,114,606
Short Term Borrowings	-	389,239
	<u>15,499,597</u>	<u>12,503,845</u>
Total Liabilities	<u>34,176,773</u>	<u>13,843,144</u>
TOTAL EQUITY AND LIABILITIES	<u>61,520,949</u>	<u>41,454,040</u>
Net assets per share attributable to owners of the parent (RM)	0.06	0.06

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017
(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 Profit/(Loss) RM	Total RM
As at 1 January 2017	43,553,338	14,305,266	11,809,364	9,861,546	(51,918,618)	27,610,896
Issuance of new shares pursuant to:-						
-private placement	9,700,500	-	-	-	-	9,700,500
-ESOS	72,450	-	-	-	-	72,450
Share issuance expenses	-	(85,907)	-	-	-	(85,907)
Total transactions with Owners of the Company	9,772,950	(85,907)	-	-	-	9,687,043
Net loss for the period	-	-	-	-	(9,349,244)	(9,349,244)
Other comprehensive income						
- Foreign currency translation	-	-	-	(604,520)	-	(604,520)
Total comprehensive expenses for the period	-	-	-	(604,520)	(9,349,244)	(9,953,764)
As at 30 JUNE 2017	<u>53,326,288</u>	<u>14,219,359</u>	<u>11,809,364</u>	<u>9,257,026</u>	<u>(61,267,862)</u>	<u>27,344,176</u>
As at 1 January 2016	43,553,338	14,305,266	11,883,104	8,903,363	(13,800,556)	64,844,515
Issuance of new shares pursuant to:-						
-private placement	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
Total transactions with Owners of the Company	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(7,302,935)	(7,302,935)
Other comprehensive expenses						
- Foreign currency translation	-	-	-	(2,163,542)	-	(2,163,542)
Total comprehensive expenses for the period	-	-	-	(2,163,542)	(7,302,935)	(9,466,477)
As at 30 JUNE 2016	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,883,104</u>	<u>6,739,821</u>	<u>(21,103,491)</u>	<u>55,378,038</u>

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 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)**

	(UNAUDITED) 30/06/2017 RM	(UNAUDITED) 30/06/2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(9,349,631)	(7,302,936)
Adjustments for :-		
Non-cash items	3,073,581	1,767,586
Non-operating items	<u>(15,358)</u>	<u>(12,768)</u>
Operating loss before changes in working capital	(6,291,408)	(5,548,118)
Net changes in current assets	2,152,392	5,379,643
Net changes in current liabilities	<u>20,722,869</u>	<u>(495,513)</u>
	16,583,853	(663,988)
Tax paid	35,335	8,208
Net cash generated from/(used in) operating activities	<u>16,619,188</u>	<u>(655,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,855,937)	(481,990)
Development costs paid	(1,051,667)	(1,260,020)
Interest received	37,923	13,440
Net cash used in investing activities	<u>(27,869,681)</u>	<u>(1,728,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(22,566)	(672)
Net proceeds from issuance of shares	9,772,950	-
Net cash generated from/(used in) financing activities	<u>9,664,475</u>	<u>(672)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,586,018)	(2,385,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>3,503,272</u>	<u>8,019,412</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	<u>1,917,254</u>	<u>5,634,390</u>
Cash and cash equivalents comprises:-		
Bank Deposits	870,284	646,129
Cash and bank balances	499,369	4,617,722
Fixed deposits held as security value	547,601	370,539
	<u>1,917,254</u>	<u>5,634,390</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 2016 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 30 JUNE 2017

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 2016. 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 2016.

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 2016 except for the adoption of the following:-

MFRS, amendments/improvement to MFRSs and new IC Interpretation (“IC Int”) with effect from or after 1 January 2017

MFRS 12	Disclosures of Interests in Other Entities
MFRS 107	Statements of Cash Flows
MFRS 112	Income Taxes

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

MFRS, amendments/improvement to MFRSs and new IC Interpretation with effect from or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

MFRS, amendments/improvement to MFRSs and new IC Interpretation effective for a date yet to be confirmed

MFRS 10	Consolidated Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2016 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

On 5 April 2017, the Company issued 345,000 new ordinary share of RM0.21 each pursuant to the Employees' Share Option Scheme ("ESOS").

Save for the disclosures above, there were no issuance, cancellation, 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 six (6) months financial period ended 30 June 2017 is tabulated below:-

30 JUNE 2017	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	15,411	2,884	(2,555)	15,740
Segment Results	(1,279)	(4,370)	-	(5,649)
Finance Cost	(21)	(2)	-	(23)
Depreciation and Amortisation	(1,090)	(2,588)	-	(3,678)
Consolidated Loss Before Tax				(9,350)
ASSETS				
Segment Assets	28,039	33,482	-	61,521
LIABILITIES				
Segment Liabilities	31,250	2,927	-	34,177
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	21	26,835	-	26,856
Development costs	-	1,052	-	1,052
Depreciation and Amortisation	1,090	2,588	-	3,678

A8. Segmental Reporting (Cont'd)

30 JUNE 2016	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	14,632	5,994	(1,613)	19,013
Segment Results	(1,709)	(1,662)	-	(3,371)
Finance Cost	-	(1)	-	(1)
Depreciation and Amortisation	(1,820)	(2,111)	-	(3,931)
Consolidated Loss Before Tax				(7,303)
ASSETS				
<i>Segment Assets</i>	43,315	21,717	-	65,032
LIABILITIES				
<i>Segment Liabilities</i>	7,494	2,160	-	9,654
OTHER INFORMATION				
<i>Capital Expenditure on:-</i>				
<i>property, plant and equipment</i>	465	17	-	482
<i>Development costs</i>	175	1,085	-	1,260
<i>Depreciation and Amortisation</i>	1,820	2,111	-	3,931

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

- (a) On 8 August 2017, the Company issued 1,604,006 and 1,736,633 new ordinary share of RM0.21 each and RM0.23 each respectively pursuant to the ESOS; and
- (b) On 15 August 2017, the Company had granted 10,549,781 share options pursuant to the ESOS with an exercise price of RM0.24 per new ordinary shares to eligible employees and directors of the Company and its subsidiaries. The ESOS will expire on 15 August 2018.

Save for the above, 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.

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
	30/06/2017	30/06/2016
	RM	RM
Corporate guarantees extended:		
- to financial institutions for credit facilities	700,000	-
- to a supplier for purchases made by a subsidiary	23,653,098	-
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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 Currant Year To Date

	Individual Quarter			Cumulative Quarter		
	30/06/2017	30/06/2016	Changes %	30/06/2017	30/06/2016	Changes %
	RM'000	RM'000		RM'000	RM'000	
REVENUE	9,096	9,394	-3.18%	15,741	19,013	-17.21%
COST OF SALES	(8,249)	(9,173)	-10.07%	(15,478)	(17,930)	-13.68%
OTHER OPERATING INCOME	155	92	69.56%	184	277	-33.52%
OPERATING EXPENSES	(5,822)	(4,024)	44.69%	(9,773)	(8,662)	12.83%
LOSS BEFORE TAXATION	(4,830)	(3,711)	30.16%	(9,350)	(7,303)	28.03%

For the current quarter under review, the Group recorded decreased revenue by approximately 3.18% against last year corresponding quarter with revenue registered at RM9.1mil. The decreased in revenue was mainly due to competitiveness in the global market.

In current quarter, the Group recorded loss before taxation of RM4.8mil which represent additional loss of approximately RM1.1mil due to lower sales and higher operating expenses arose from higher depreciation as a result of additional equipment purchased during the current quarter.

For the cumulative quarter under review, the Group recorded revenue of RM15.7mil and loss before tax of RM9.4mil as compared to the corresponding cumulative quarter ended 30 June 2016 of RM19.0mil and RM7.3mil respectively. Lower revenue recorded in the cumulative quarter was due to the same reason as mentioned above. Hence, loss before taxation of the Group has increased approximately 28.03% as compared with the corresponding cumulative period ended 30 June 2016.

B.1.2 Current Year Quarter Versus Immediate Preceding Quarter

	Individual Quarter		Changes %
	30/06/2017	31/03/2017	
	RM (‘000)	RM (‘000)	
REVENUE	9,096	6,645	36.89
COST OF SALES	(8,249)	(7,229)	14.12
OTHER OPERATING INCOME	155	29	444.40
OPERATING EXPENSES	(5,822)	(3,951)	47.34
LOSS BEFORE TAXATION	(4,830)	(4,520)	6.85

The Group recorded revenue of RM9.1mil and a loss before taxation of RM4.8mil for current quarter as compared to the immediate preceding quarter ended 31 March 2017 of RM6.6mil and RM4.5mil respectively. The increased of revenue was driven mainly by the higher revenue in service contract and software in current quarter as compared to preceding quarter.

However the loss before taxation has increased by approximately RM0.31mil due to higher depreciation as result of additional equipment purchased during the current quarter.

B2. Prospects

Despite the prevailing challenging and competitive environment, the Group remains confident of its strategy to propel to the next level of growth through its REV Self Ordering Tablets, Transight Cloud POS, and its new Transight Smart POS offerings.

The Group is on track to introduce the Rev tablets in China market. To that, migration of existing clients to its new Transight Cloud POS is further encouraged by the launching of the new Transight Smart POS offering that converges POS, Mobile Ordering Device and Payment processes into a single unified terminal.

The Group remains focused on executing its strategies to establish innovative digital platforms and meet its financial objectives to improve the 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

The effective tax rate of the Group for the current quarter and financial year-to-date under review is higher than statutory tax rate due to tax payable for certain profitable subsidiaries.

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 as at 22nd August 2017

(Being a date not earlier than seven (7) days from the date of this announcement)

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

(b) Status of Utilisation of Proceeds

The Proposed Private Placement has been completed on 31 March 2017 following the listing of and quotation for 43,500,000 new ordinary shares on the Main Market of Bursa Securities.

The details of the utilisation of the proceeds from the Private Placement are as follows:-

Description	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM
Working capital	9,610,500	8,760,500	850,000
Estimated expenses in relation to the Corporate Exercise	90,000	89,775	225
Total	9,700,500	8,850,275	850,225

B8. Group Borrowings and Debt Securities

There were no borrowings and debt Securities as at 30 June 2017

B9. Off Balance Sheet Financial Instruments

As at 22nd August 2017, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B10. Material Litigation as at 22nd August 2017

(Being a date not earlier than seven (7) days from the date of this announcement)

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 in respect of the financial period ending 30 June 2017.

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	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net loss attributable to owners of the parent (RM)	(4,829,659)	(3,710,674)	(9,349,631)	(7,302,936)
Weighted average number of ordinary shares in issue	479,359,421	435,533,377	457,807,797	435,533,377
Basic loss per share (sen)	(1.01)	(0.85)	(2.04)	(1.68)

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 30/06/17
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(61,162,132)
- Unrealised	(105,730)
Total retained losses c/f	(61,267,862)

B14. Loss for the Year

Cumulative Period Ended
30/06/2017
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	853,136
- Amortisation of development costs	1,277,000
- Interest paid	22,566

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
28th August 2017