

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED	PRECEDING YEAR QUARTER ENDED	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
		30/06/2020 RM	30/06/2019 RM	30/06/2020 RM	30/06/2019 RM
REVENUE	A8	1,817,375	-	31,150,225	-
COST OF GOOD SOLD		(4,936,484)	-	(32,807,699)	-
GROSS PROFIT		(3,119,109)	-	(1,657,474)	-
OTHER OPERATING INCOME		(638,498)	-	1,203,377	-
OPERATING EXPENSES		(3,788,506)	-	(20,006,671)	-
LOSS FROM OPERATIONS		(7,546,113)	-	(20,460,768)	-
FINANCE COSTS		(120,747)	-	(994,493)	-
LOSS BEFORE TAXATION		(7,666,860)	-	(21,455,261)	-
TAXATION	B4	(120,253)	-	(79,580)	-
LOSS FOR THE YEAR		(7,787,113)	-	(21,534,841)	-
OTHER COMPREHENSIVE (LOSS) / INCOME					
- FAIR VALUE (LOSS)/GAIN ON OTHER INVESTMENT		1,554,467	-	316,967	-
- FOREIGN CURRENCY TRANSLATION		(777,189)	-	(913,401)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(7,009,835)	-	(22,131,275)	-
LOSS ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(7,755,092)	-	(21,483,897)	-
NON-CONTROLLING INTEREST		(32,021)	-	(50,944)	-
		(7,787,113)	-	(21,534,841)	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(6,977,814)	-	(22,080,331)	-
NON-CONTROLLING INTEREST		(32,021)	-	(50,944)	-
		(7,009,835)	-	(22,131,275)	-
Loss per share (sen)					
- Basic/diluted	B10	(0.91)	-	(2.50)	-

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.

2) 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 financial year ended 31 December 2018 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	(UNAUDITED) AS AT 30/06/2020 RM	(AUDITED) AS AT 31/12/2018 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	10,085,770	9,774,722
Right of use assets	3,230,965	-
Investment Property	10,112,400	11,002,200
Intangible assets	4,900,129	2,344,330
Other Investments	20,186,000	19,870,294
	<u>48,515,264</u>	<u>42,991,546</u>
Current Assets		
Inventories	18,753,829	17,200,144
Trade & other receivables, prepayment	18,505,180	11,829,127
Tax recoverable	290,903	850,518
Cash and short-term deposits	16,693,883	45,128,456
	<u>54,243,795</u>	<u>75,008,245</u>
TOTAL ASSETS	<u>102,759,059</u>	<u>117,999,791</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	181,114,569	181,114,569
Reserves	(106,813,052)	(84,322,345)
	<u>74,301,517</u>	<u>96,792,224</u>
Non -Controlling Interests	(49,433)	-
Total equity	<u>74,252,084</u>	<u>96,792,224</u>
Non-current liabilities		
Lease liabilities	2,603,551	-
Provision	53,543	53,543
	<u>2,657,094</u>	<u>53,543</u>
Current Liabilities		
Lease liabilities	951,890	-
Trade & other payables	24,761,814	21,100,075
Current tax liabilities	60,000	53,949
Taxation	76,177	-
	<u>25,849,881</u>	<u>21,154,024</u>
TOTAL LIABILITIES	<u>28,506,975</u>	<u>21,207,567</u>
TOTAL EQUITY AND LIABILITIES	<u>102,759,059</u>	<u>117,999,791</u>
Net assets per share attributable to owners of the parent (RM)	0.086	0.113

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020
(The figures have not been audited)

	-----> Attributable to Owners of the Parent <----->						Non-controlling Interest RM	Total Equity RM
	-----> Non-Distributable <----->			Distributable		Total RM		
	Share Capital RM	Other Reserve RM	Translation Reserve RM	Accumulated Loss RM	Total RM			
As at 1 January 2019	181,114,569	827,252	12,694,401	(97,843,998)	96,792,224	-	96,792,224	
Prior Year Adjustments			-	(410,375)	(410,375)		(410,375)	
Balance at 1 January 2019 as restated	181,114,569	827,252	12,694,401	(98,254,373)	96,381,849	-	96,381,849	
Net loss for the year	-	-	-	(21,483,897)	(21,483,897)	(50,944)	(21,534,841)	
Non-controlling interest arising from a new subsidiary	-	-	-	-	-	1,511	1,511	
Other comprehensive income/(expenses)								
- Foreign currency translation	-	-	(913,402)	-	(913,402)	-	(913,402)	
- Fair value (loss)/gain on other investment	-	(435,000)	-	751,967	316,967	-	316,967	
	-	(435,000)	(913,402)	(20,731,930)	(22,080,332)	(49,433)	(22,129,765)	
Total transactions with Owners of the Company:-								
ESOS lapsed	-	(7,788)	-	7,788	-	-	-	
As at 30 June 2020	181,114,569	384,464	11,780,999	(118,978,515)	74,301,517	(49,433)	74,252,084	
As at 1 January 2018	-	-	-	-	-	-	-	
Net loss for the year	-	-	-	-	-	-	-	
Other comprehensive income/(expenses)								
- Foreign currency translation	-	-	-	-	-	-	-	
- Fair value gain on other investment	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
Transactions with owners								
- Issuance of shares	-	-	-	-	-	-	-	
- ESOS exercised	-	-	-	-	-	-	-	
- ESOS lapsed	-	-	-	-	-	-	-	
- Warrant exercised	-	-	-	-	-	-	-	
- Warrant lapsed	-	-	-	-	-	-	-	
As at 30 June 2019	-	-	-	-	-	-	-	

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.

2) 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 2018 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020
(The figures have not been audited)

	30/06/2020 RM	30/06/2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(21,455,261)	-
Adjustments for :-		
Non-cash items	6,514,509	-
Non-operating items	308,243	-
Operating loss before changes in working capital	<u>(14,632,509)</u>	<u>-</u>
Net changes in current assets	(9,036,091)	-
Net changes in current liabilities	1,748,532	-
	<u>(21,920,068)</u>	<u>-</u>
Taxation	529,315	-
Net cash used in operating activities	<u>(21,390,753)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Intellectual Property and Business from third party	(6,145,758)	-
Acquisiton of subsidiary	(451,800)	-
Investment property	889,800	-
Interest received	686,250	-
Other Investment paid	(4,809,033)	-
Proceeds on disposal of quoted shares	5,853,120	-
Purchase of property, plant and equipment	(2,936,654)	-
Net cash used in investing activities	<u>(6,914,075)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(129,745)	-
Net cash used in financing activities	<u>(129,745)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(28,434,573)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>45,128,456</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>16,693,883</u>	<u>-</u>
Cash and cash equivalents comprises:-		
Short-term deposits placed with licensed bank	15,549,044	-
Cash and bank balances	1,144,839	-
	<u>16,693,883</u>	<u>-</u>

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.

2) The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 YEAR ENDED 30 JUNE 2020

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 2018. 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 2018.

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 2018 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 2019

MFRS 16	Leases
<u>Amendments/Improvements to MFRSs</u>	
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
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
<u>New IC Int</u>	
IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Int does not have any significant impact on the financial performance and financial position of the Group, except for the following:

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, which continues to be classified as finance or operating lease.

The Group applied MFRS 16 with effect from 1 January 2019, using the modified retrospective approach, with no restatement of comparative information in accordance with the transition requirements under the Appendix C, paragraph 5(b) of MFRS 16 and the cumulative effect of initial application of MFRS 16 will be recognized as an adjustment to the opening balance of following components at 1 January 2019.

Condensed Consolidated Statement of Financial Position as at 1 January 2019

	Effect of adopting MFRS 16 RM	With the adoption of MFRS 16 RM
Right of use assets	4,313,726	4,313,726
Lease liabilities	4,313,726	4,313,726

A2. Qualification of Audit Report of the Preceding Annual Financial Statements

The former external auditors qualified the auditors' report on the annual financial statements of the Group for the financial year ended 31 December 2018. The details of the qualification are reproduced as below: -

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group will make the necessary adjustments on the recoverable amount of the Property, Plant and Equipment, and the net realizable values of the inventory in accordance with the Court's decision.

A3. Seasonal or Cyclical Factors

The business operations of the Group during the current 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 was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial quarter under review.

A7. Dividends Paid

No dividend was 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 segmental geographical revenue by region and results for the fifteen (18) months financial year ended 30 June 2020 is as follows: -

30 JUNE 2020	South-East Asia RM' 000	China RM' 000	Elimination RM' 000	Consolidation RM' 000
External Sales	32,194	1,591	(2,635)	31,150
Segment Results	(10,440)	(2,851)	-	(13,291)
Finance Cost	(886)	(108)	-	(994)
Depreciation and Amortization	(6,891)	(279)	-	(7,170)
Consolidated Loss Before Tax				(21,455)
ASSETS				
<i>Segment Assets</i>	101,857	902	-	102,759
LIABILITIES				
<i>Segment Liabilities</i>	27,210	1,297	-	28,507
OTHER INFORMATION				
<i>Capital Expenditure on:-</i>				
<i>Property, plant and Equipment</i>	2,924	13	-	2,937
<i>Depreciation and Amortization</i>	6,891	279	-	7,170

30 JUNE 2019	South-East Asia RM' 000	China RM' 000	Elimination RM' 000	Consolidation RM' 000
External Sales	-	-	-	-
Segment Results	-	-	-	-
Finance Cost	-	-	-	-
Depreciation and Amortisation	-	-	-	-
Consolidated Loss Before Tax				-
ASSETS				
<i>Segment Assets</i>	-	-	-	-
LIABILITIES				
<i>Segment Liabilities</i>	-	-	-	-
OTHER INFORMATION				
<i>Capital Expenditure on:-</i>				
<i>Property, plant and Equipment</i>	-	-	-	-
<i>Depreciation and Amortisation</i>	-	-	-	-

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. Material Events

There were no material events subsequent to the current financial quarter.

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. Changes in Contingent Liabilities and Assets

There were no other material changes in contingent liabilities and contingent assets since the last annual reporting date as at 31 December 2018.

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 other material related party transactions entered into during the current quarter under review.

[The remainder of this page is intentionally left blank]

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 Current Year Ended and Current Financial Quarter

	Current Year Ended 30 June 2020 RM	Preceding Year-to-Date 30 June 2019 RM	Current Year Sixth(6th) Quarter 30 June 2020 RM	Preceding Year Sixth (6th) Quarter 30 June 2019 RM
Revenue	31,150,225	-	1,817,375	-
Loss before taxation	(21,455,261)	-	(7,666,860)	-

The Group posted revenue of RM31.0 million and RM1.8 million for the current year ended and current quarter under review, respectively.

The contribution of revenue for current year ended and current financial quarter mainly arose from the sales of hardware, managed services and maintenance agreement. The operating expenses of the Group for the current year-to-date and current financial quarter mainly consist of personnel-related expenses, rental, depreciation and other operating expenses.

There will be no comparative financial information available for the corresponding period for the previous year due to the Group changed its financial year-end from 31 December to 30 June.

B.1.2 Current Financial Quarter Versus Immediate Preceding Quarter

	Current Financial Sixth (6th) Quarter 30 June 2020 RM	Immediate Preceding Fifth (5th) Quarter 31 March 2020 RM	Variance	
			RM	%
Revenue	1,817,375	3,280,480	(1,463,105)	-45%
Loss before taxation	(7,666,860)	(4,823,923)	(2,842,937)	59%

For the current financial quarter ended 30 June 2020 under review, the Group's revenue decreased by 45% as compared to the immediate preceding quarter ended 31 March 2020. The decrease was mainly due to lower revenue from sales of hardware, maintenance agreement and managed services as a result of COVID 19 pandemic.

For the current financial quarter ended 30 June 2020 under review, the Group's loss before taxation increased by 59% as compared to the immediate preceding quarter ended 31 March 2020 mainly attributable to:

Description	RM	Note
Decrease in gross profit	(1,115,936)	1
Decrease in other operating income	(757,326)	2
Increase in operating expenses	(969,675)	3
Net increase in loss before tax	(2,842,937)	

Notes:

- 1) Decrease in gross profit, mainly due to lower revenue from hardware, maintenance agreement and managed services during the current financial quarter ended 30 June 2020 as a result of COVID pandemic.
- 2) Decrease in other operating income mainly due to reversal of gain on disposal of quoted investment during the current financial quarter ended 30 June 2020.
- 3) Increase in operating expenses mainly due to impairment of trade receivable and goodwill during the current financial quarter ended 30 June 2020 as compared to the immediate preceding quarter ended 31 March 2020.

B2. Prospects

Cuscapi to offer a fully integrated and digitalized order-to-delivery solution to help boost the local Food and Beverage (F&B) industry affected by the Covid-19 pandemic. As Malaysians still spend some 31% of their income on food, the F&B sector offers great potential and a digital revolution on F&B operations can help F&B operators to overcome the challenges and make a quick business recovery in the new normal.

By adopting this new solution, F&B operators will be able to bring back customers to their restaurants. As the food ordering and payment solution is fully digital, diners will regain the confidence of having less human contact in the restaurant to enjoy the pleasures of dining-in. Customers will also be able to make table reservations, drive-through, take-out or have their food delivered via this new solution. The three main components that make up this new solution are food ordering, cashless payment and delivery service, each of which is the specialization of Cuscapi and its strategic partners.

By using the solution, restaurants can also replace order-placing kiosks that contribute to long queues, which are fast becoming a greater inconvenience to customers as social distancing is practised. Customers will be able to use QR Codes to order their food from the table. Similarly, their drive-through or take-out experience is simplified via the online-ordering solution. This easy-to-use and affordable solution is capable of supporting F&B businesses across all tiers in the industry encompassing Tier-1 restaurant chains, Tier-2 and Tier-3 independent and smaller restaurants and food courts. Cuscapi is confident of meeting the new normal for our existing and prospective customers of the Group. The new Omni-channel cloud-based C360Engage, as well as an upgraded version of the well-known on-premise POS system, Transight; which is now known as Transight V enable Cuscapi to create a new seamless and contactless customer experience for the F&B market. Cuscapi is optimistic that this will, in turn, contribute positively to the Group's financial performance in the next financial year

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 Year Ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM	RM	RM	RM
Current year	(110,328)	-	(170,328)	-
(Under)/over provision in prior year	(9,925)	-	90,748	-
	<u>(120,253)</u>	<u>-</u>	<u>(79,580)</u>	<u>-</u>

B5. Corporate Proposals

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

B6. Group Borrowings and Debt Securities

There were no borrowings and issued of debt securities as at the current financial year end.

B7. Off Balance Sheet Financial Instruments

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

B8. Pending Material Litigation

-Writ of Summons and Statement of Claim (High Court of Malaya at Kuala Lumpur Suit No. WA-22NCC-399-09/2018) Hitachi Systems Digital Services (Singapore) Pte. Ltd. ("Plaintiff") Cuscapi Malaysia Sdn. Bhd. and Cuscapi Berhad ("Defendants")

-Defence and Counter Claim (High Court of Malaya at Kuala Lumpur Suit No. WA-22NCC-399-09/2018

The Court had fixed 7 August 2020 for a decision but recently the Court adjourned the decision to 5 November 2020. Other than that there are no material changes to the status of the above material litigation since the date of the last quarterly announcement.

The Board of Directors will continue to take all necessary steps & actions and pursue all available remedies to defend and protect the Company's position.

B9. Dividends

The Board has not recommended any dividend for the financial quarter ended 30 June 2020.

B10. Loss Per Share**Basic loss per share**

The loss per share is calculated by dividing the net loss attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the current financial quarter to date.

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

	Individual Quarter Ended		Cumulative Year Ended	
	30/6/2020 RM	30/6/2019 RM	30/6/2020 RM	30/6/2019 RM
Loss attributable to owners of the parent (RM)	(7,787,113)	-	(19,450,428)	-
Weighted average number of ordinary shares in issue	859,269,076	-	859,269,076	-
Basic loss per share (sen)	(0.91)	-	(2.26)	-

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

B11. Notes to the Statement of Profit and Loss and Other Comprehensive Income

The following items have been charged in arriving at profit/ (loss) before tax:

	Individual Quarter Ended		Cumulative Year Ended	
	30/6/2020 RM	30/6/2019 RM	30/6/2020 RM	30/6/2019 RM
Depreciation and amortisation	(2,266,586)	-	(7,170,085)	-
Gain on disposal of quoted investment	(1,077,415)	-	-	-
Interest expense	(225,339)	-	(994,493)	-
Interest income	75,916	-	686,250	-
Provision for and write off of receivables	(550,669)	-	(1,155,649)	-

By Order of the Board
TAN TONG LANG
Secretary
Kuala Lumpur
28 August 2020