

CUSCAPI BERHAD

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

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|-------------------------------|---------------------------------|-------------------------|---------------------------|
| | | CURRENT YEAR QUARTER ENDED | PRECEDING YEAR QUARTER ENDED | CURRENT YEAR TO DATE | PRECEDING YEAR TO DATE |
| | | 30/09/2020 RM | 30/09/2019 RM | 30/09/2020 RM | 30/09/2019 RM |
| REVENUE | A8 | 2,831,902 | - | 2,831,902 | - |
| DIRECT COST OF SALES | | (2,586,699) | - | (2,586,699) | - |
| AMORTISATION OF INTANGIBLE ASSETS | | (956,839) | - | (956,839) | - |
| GROSS LOSS | | (711,636) | - | (711,636) | - |
| OTHER OPERATING INCOME | | 122,988 | - | 122,988 | - |
| OPERATING EXPENSES | | (2,291,136) | - | (2,291,136) | - |
| LOSS FROM OPERATIONS | | (2,879,784) | - | (2,879,784) | - |
| FINANCE COSTS | | (53,079) | - | (53,079) | - |
| LOSS BEFORE TAXATION | | (2,932,863) | - | (2,932,863) | - |
| TAXATION | B4 | - | - | - | - |
| LOSS FOR THE PERIOD | | (2,932,863) | - | (2,932,863) | - |
| OTHER COMPREHENSIVE LOSS | | | | | |
| - FAIR VALUE LOSS ON OTHER INVESTMENT | | (74,706) | - | (74,706) | - |
| - FOREIGN CURRENCY TRANSLATION | | (178,775) | - | (178,775) | - |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (3,186,344) | - | (3,186,344) | - |
| LOSS ATTRIBUTABLE TO: | | | | | |
| OWNERS OF THE PARENT | | (2,924,425) | - | (2,924,425) | - |
| NON-CONTROLLING INTEREST | | (8,438) | - | (8,438) | - |
| | | (2,932,863) | - | (2,932,863) | - |
| TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: | | | | | |
| OWNERS OF THE PARENT | | (3,177,906) | - | (3,177,906) | - |
| NON-CONTROLLING INTEREST | | (8,438) | - | (8,438) | - |
| | | (3,186,344) | - | (3,186,344) | - |
| Loss per share (sen) | | | | | |
| - Basic/diluted | B10 | (0.34) | - | (0.34) | - |

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the financial period ended 30 September 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 period ended 30 June 2020 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

| | (UNAUDITED) AS AT 30/09/2020 RM | (AUDITED) AS AT 30/6/2020 RM |
|--|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, Plant and Equipment | 9,834,154 | 10,013,681 |
| Right of use assets | 3,220,778 | 3,301,902 |
| Investment Property | 10,112,400 | 10,112,400 |
| Intangible assets | 4,351,963 | 5,308,802 |
| Other Investments | 20,576,000 | 20,686,000 |
| | <u>48,095,295</u> | <u>49,422,785</u> |
| Current Assets | | |
| Inventories | 18,672,979 | 18,747,790 |
| Trade & other receivables, prepayment | 18,115,216 | 18,698,599 |
| Tax recoverable | 358,714 | 325,760 |
| Cash and short-term deposits | 16,161,057 | 16,478,249 |
| | <u>53,307,966</u> | <u>54,250,398</u> |
| TOTAL ASSETS | <u>101,403,261</u> | <u>103,673,183</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share Capital | 181,114,569 | 181,114,569 |
| Reserves | (108,902,635) | (105,724,729) |
| | <u>72,211,934</u> | <u>75,389,840</u> |
| Non -Controlling Interests | (56,463) | (48,025) |
| Total equity | <u>72,155,471</u> | <u>75,341,815</u> |
| Non-current liabilities | | |
| Lease liabilities | 2,542,373 | 2,636,986 |
| Provision | 53,928 | 53,928 |
| | <u>2,596,301</u> | <u>2,690,914</u> |
| Current Liabilities | | |
| Lease liabilities | 1,010,073 | 974,439 |
| Trade & other payables | 25,632,096 | 24,656,685 |
| Current tax liabilities | 9,320 | 9,330 |
| | <u>26,651,489</u> | <u>25,640,454</u> |
| TOTAL LIABILITIES | <u>29,247,790</u> | <u>28,331,368</u> |
| TOTAL EQUITY AND LIABILITIES | <u>101,403,261</u> | <u>103,673,183</u> |
| Net assets per share attributable to owners of the parent (RM) | 0.084 | 0.088 |

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2020 and the accompanying notes attached to the interim financial reports.

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

<----- Attributable to Owners of the Parent ----->

<----- Non-Distributable -----> Distributable

| | Share Capital RM | Other Reserve RM | Translation Reserve RM | Accumulated Loss RM | Total RM | Non-controlling Interest RM | Total Equity RM |
|--|------------------------|------------------------|------------------------------|---------------------------|-------------|-----------------------------------|-----------------------|
| As at 1 July 2020 | 181,114,569 | 849,170 | 11,897,573 | (118,471,472) | 75,389,840 | (48,025) | 75,341,815 |
| Net loss for the period | - | - | - | (2,924,425) | (2,924,425) | (8,438) | (2,932,863) |
| Other comprehensive loss | | | | | | | |
| - Foreign currency translation | - | - | (178,775) | - | (178,775) | - | (178,775) |
| - Fair value loss on other investments | - | (74,706) | - | - | (74,706) | - | (74,706) |
| | - | (74,706) | (178,775) | (2,924,425) | (3,177,906) | (8,438) | (3,186,344) |
| As at 30 September 2020 | 181,114,569 | 774,464 | 11,718,798 | (121,395,897) | 72,211,934 | (56,463) | 72,155,471 |
| As at 1 July 2019 | - | - | - | - | - | - | - |
| Net loss for the period | - | - | - | - | - | - | - |
| Other comprehensive loss | | | | | | | |
| - Foreign currency translation | - | - | - | - | - | - | - |
| - Fair value loss on other investments | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| As at 30 September 2019 | - | - | - | - | - | - | - |

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the financial period ended 30 September 2020.

2) The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2020 and the accompanying notes attached to the interim financial reports.

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

| | 30/09/2020 RM | 30/09/2019 RM |
|---|---------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (2,932,863) | - |
| Adjustments for :- | | |
| Non-cash items | 1,815,332 | - |
| Non-operating items | <u>(86,544)</u> | <u>-</u> |
| Operating loss before changes in working capital | <u>(1,204,075)</u> | <u>-</u> |
| Net changes in current assets | 507,650 | - |
| Net changes in current liabilities | <u>920,175</u> | <u>-</u> |
| | 223,750 | - |
| Taxation | <u>(32,954)</u> | <u>-</u> |
| Net cash generated from operating activities | <u>190,796</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 64,544 | - |
| Purchase of property, plant and equipment | (113,403) | - |
| Withdrawn of fixed deposit held as security value | <u>113,802</u> | <u>-</u> |
| Net cash generated from investing activities | <u>64,943</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (64,544) | - |
| Payment of lease liabilities | <u>(454,072)</u> | <u>-</u> |
| Net cash used in financing activities | <u>(518,616)</u> | <u>-</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | <u>(262,877)</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | <u>932,126</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | <u>669,249</u> | <u>-</u> |
| Analysis of cash and cash equivalents :- | | |
| Short-term deposits placed with licensed bank | 15,491,808 | - |
| Cash and bank balances | <u>669,249</u> | <u>-</u> |
| | 16,161,057 | - |
| Less : Fixed deposits held as security value | <u>(15,491,808)</u> | <u>-</u> |
| | <u>669,249</u> | <u>-</u> |

Notes:

1) The financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the financial period ended 30 September 2020.

2) The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial period ended 30 June 2020 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 PERIOD ENDED 30 SEPTEMBER 2020

A1. Basis of Preparation

The interim financial statements 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")

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial period ended 30 June 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2020.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial period ended 30 June 2020 except for the adoption of the following new MFRS, amendments and interpretation to MFRSs for the financial year beginning on or after 1 July 2020:

| | | <i>Effective for the financial year beginning on or after</i> |
|---|--|---|
| Amendments to MFRSs | Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Amendments to MFRS 3 | Definition of a Business | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 | Definition of Material | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform | 1 January 2020 |
| Amendment to MFRS 16 | Covid-19 - Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 4 | Extension of the Temporary Exemption from Applying MFRS 9 | 17 August 2020 |

The adoption of the above standards and amendments are not expected to have any significant impact on the financial statements of the Group and the Company.

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

The external auditors qualified the auditors' report on the annual financial statements of the Group for the financial period ended 30 June 2020. 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 30 June 2020, and of their financial performance and their cash flows for the financial period from 1 January 2019 to 30 June 2020 in accordance with Malaysian Financial Reporting Standards ("MFRS"), International

Financial Reporting Standards ("IFRS") 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 realisable 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.

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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 three (3) months financial period ended 30 September 2020 is as follows: -

| 30 SEPTEMBER 2020 | South-East Asia RM' 000 | China RM' 000 | Elimination RM' 000 | Consolidation RM' 000 |
|--------------------------------------|------------------------------------|--------------------------|--------------------------------|----------------------------------|
| External Sales | 3,271 | - | (439) | 2,832 |
| Segment Results | (1,150) | (111) | - | (1,261) |
| Finance Cost | (39) | (14) | - | (53) |
| Depreciation and Amortisation | (1,575) | (43) | - | (1,618) |
| Consolidated Loss Before Tax | | | | (2,932) |
| ASSETS | | | | |
| <i>Segment Assets</i> | 101,575 | 828 | - | 101,403 |
| LIABILITIES | | | | |
| <i>Segment Liabilities</i> | 28,153 | 1,095 | - | 29,248 |
| OTHER INFORMATION | | | | |
| <i>Capital Expenditure on:-</i> | | | | |
| <i>Property, plant and Equipment</i> | 113 | - | - | 113 |
| <i>Depreciation and Amortisation</i> | 1,575 | 43 | - | 1,618 |

| 30 SEPTEMBER 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 30 June 2020.

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.

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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 Period Ended and Current Financial Quarter

| | Current Period Ended 30 September 2020 | Preceding Year-to-Date 30 September 2019 | Current Year First (1st) Quarter 30 September 2020 | Preceding Year First (1st) Quarter 30 September 2019 |
|----------------------|---|---|--|--|
| | RM | RM | RM | RM |
| Revenue | 2,831,902 | - | 2,831,902 | - |
| Loss before taxation | (2,932,863) | - | (2,932,863) | - |

The Group posted revenue of RM2.8 million for the current period ended and the current quarter under review, respectively.

The contribution of revenue for the current period ended, and the current financial quarter mainly arose from the maintenance agreement, managed services and hardware. The operating expenses of the Group for the current period-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 Year Quarter Versus Immediate Preceding Quarter

| | Current Year Quarter 30 September 2020 | Immediate Preceding Quarter 30 June 2020 | Variance | |
|----------------------|---|---|-----------------|----------|
| | | | RM | % |
| Revenue | 2,831,902 | 1,827,661 | 1,004,241 | 55% |
| Loss before taxation | (2,932,863) | (8,318,434) | (5,385,571) | -65% |

The Group recorded revenue of RM2.8 million and loss before tax of RM2.9mil for the current year quarter ended 30 September 2020 under review as compared to the immediate preceding quarter ended 30 June 2020 revenue of RM1.8 million and loss before tax of RM8.3 million mainly due to the following: -

| Description | RM | Note |
|--|------------------|------|
| Increase in gross profit | 2,777,192 | 1 |
| Increase in other operating income | 861,353 | 2 |
| Decrease in operating expenses | 1,747,026 | 3 |
| Net decrease in loss before tax | 5,385,571 | |
| | | |

Notes:

- 1) Increase in gross profit, mainly due to higher revenue from sales of software, software enhancement licence, managed services and professional services, lower amortisation of development cost and no inventory written down/off and impairment loss on rental equipment during the current financial quarter ended 30 September 2020.
- 2) Increase in other operating income mainly due to no reversal of gain on disposal of quoted investment during the current financial quarter ended 30 September 2020 as compared to the immediate preceding quarter ended 30 June 2020.
- 3) Decrease in operating expenses mainly due to no impairment of trade receivable and intangible asset during the current financial quarter ended 30 September 2020 as compared to the immediate preceding quarter ended 30 June 2020.

B2. Prospects

The unprecedented COVID-19 pandemic has certainly created severe impact on Malaysia and the world economy. Cuscapi has introduced innovative solutions leveraging on new technology together with the business partnership with a few key technology companies to drive our organic growth for FYE2021.

While economic uncertainties are arising from the impact of this pandemic, we continue to meet the requirements of our existing and new customers by offering the C360Engage and Transight V which enable Cuscapi to create a new seamless and contactless customer experience for the F&B market during this time. This Digital Transformation is well adopted by the F&B operators.

In this regards, Cuscapi is optimistic that this will, in turn, contribute positively to the Group's financial performance in the remaining months of the current financial year.

B3. Profit Forecast

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

B4. Taxation

There is no tax provision during the current quarter under review.

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 quarter to date.

B7. Off Balance Sheet Financial Instruments

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

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") Cuscapl Malaysia Sdn. Bhd. and Cuscapl Berhad ("Defendants")

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

The Court had fixed 5 November 2020 for a decision, but recently the Court adjourned the decision to 8 December 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 September 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 Period Ended | |
|---|--------------------------|-----------|-------------------------|-----------|
| | 30/9/2020 | 30/9/2019 | 30/9/2020 | 30/9/2019 |
| | RM | RM | RM | RM |
| Loss attributable to owners of the parent (RM) | (2,932,863) | - | (2,932,863) | - |
| Weighted average number of ordinary shares in issue | 859,269,076 | - | 859,269,076 | - |
| Basic loss per share (sen) | (0.34) | - | (0.34) | - |

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 Period Ended | |
|--|--------------------------|-----------|-------------------------|-----------|
| | 30/9/2020 | 30/9/2019 | 30/9/2020 | 30/9/2019 |
| | RM | RM | RM | RM |
| Depreciation and amortisation | (1,618,228) | - | (1,618,228) | - |
| Interest expenses | (53,079) | - | (53,079) | - |
| Interest income | 64,544 | - | 64,544 | - |
| Provision for and write off of receivables | (40,548) | - | (40,548) | - |

B12. Authorised for Issue

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 25 November 2020.