

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 31/03/2017 RM	PRECEDING YEAR QUARTER ENDED 31/03/2016 RM	CURRENT YEAR TO DATE 31/03/2017 RM	PRECEDING YEAR TO DATE 31/03/2016 RM
REVENUE	A8	6,644,618	9,619,152	6,644,618	9,619,152
COST OF SALES		<u>(7,228,756)</u>	<u>(8,900,697)</u>	<u>(7,228,756)</u>	<u>(8,900,697)</u>
GROSS PROFIT		(584,138)	718,455	(584,138)	718,455
OTHER OPERATING INCOME		28,545	185,045	28,545	185,045
OPERATING EXPENSES		<u>(3,951,362)</u>	<u>(4,495,172)</u>	<u>(3,951,362)</u>	<u>(4,495,172)</u>
LOSS FROM OPERATIONS		(4,506,955)	(3,591,672)	(4,506,955)	(3,591,672)
FINANCE COSTS		<u>(13,017)</u>	<u>(590)</u>	<u>(13,017)</u>	<u>(590)</u>
LOSS BEFORE TAXATION		(4,519,972)	(3,592,262)	(4,519,972)	(3,592,262)
TAXATION	B4	<u>387</u>	<u>-</u>	<u>387</u>	<u>-</u>
NET LOSS FOR THE PERIOD		(4,519,585)	(3,592,262)	(4,519,585)	(3,592,262)
OTHER COMPREHENSIVE INCOME/(LOSS) - FOREIGN CURRENCY TRANSLATION		<u>370,303</u>	<u>(1,621,235)</u>	<u>370,303</u>	<u>(1,621,235)</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u>(4,149,282)</u>	<u>(5,213,497)</u>	<u>(4,149,282)</u>	<u>(5,213,497)</u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(4,519,585)</u>	<u>(3,592,262)</u>	<u>(4,519,585)</u>	<u>(3,592,262)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(4,149,282)</u>	<u>(5,213,497)</u>	<u>(4,149,282)</u>	<u>(5,213,497)</u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(1.04)	(0.82)	(1.04)	(0.82)
- 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 31 MARCH 2017
(The figures have not been audited)**

	(UNAUDITED) AS AT 31/03/2017 RM	(AUDITED) AS AT 31/12/2016 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	4,336,237	4,766,024
Goodwill	4,730,349	4,730,349
Development Costs	6,866,533	6,784,483
Deferred Tax Assets	1,056,176	670,751
Trade Receivable	711,712	517,254
	17,701,007	17,468,861
Current Assets		
Inventories	16,905,279	4,965,655
Trade & other receivables	12,655,531	13,963,764
Current tax assets	928,083	1,163,249
Bank Deposits	533,493	483,142
Cash and bank balances	9,405,977	3,409,369
	40,428,363	23,985,179
TOTAL ASSETS	58,129,370	41,454,040
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	53,253,838	43,553,338
Reserves	(20,177,582)	(15,942,442)
	33,076,256	27,610,896
Total equity	33,076,256	27,610,896
Non-current liabilities		
Trade & other payables	880,246	880,246
Deferred Tax Liabilities	858,677	459,053
	1,738,923	1,339,299
Current Liabilities		
Trade & other payables	23,314,191	12,114,606
Short Term Borrowings	-	389,239
	23,314,191	12,503,845
Total Liabilities	25,053,114	13,843,144
TOTAL EQUITY AND LIABILITIES	58,129,370	41,454,040
Net assets per share attributable to owners of the parent (RM)	0.08	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 FIRST (1ST) QUARTER ENDED 31 MARCH 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
Share issuance expenses	-	(85,858)	-	-	-	(85,858)
Total transactions with Owners of the Company	9,700,500	(85,858)	-	-	-	9,614,642
Net loss for the period	-	-	-	-	(4,519,585)	(4,519,585)
Other comprehensive income - Foreign currency translation	-	-	-	370,303	-	370,303
Total comprehensive expenses for the period	-	-	-	370,303	(4,519,585)	(4,149,282)
As at 31 MARCH 2017	<u>53,253,838</u>	<u>14,219,408</u>	<u>11,809,364</u>	<u>10,231,849</u>	<u>(56,438,203)</u>	<u>33,076,256</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	-	-	-	-	(3,592,262)	(3,592,262)
Other comprehensive expenses - Foreign currency translation	-	-	-	(1,621,235)	-	(1,621,235)
Total comprehensive expenses for the period	-	-	-	(1,621,235)	(3,592,262)	(5,213,496)
As at 31 MARCH 2016	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,883,104</u>	<u>7,282,128</u>	<u>(17,392,818)</u>	<u>59,631,019</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 FIRST (1ST) QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)**

	(UNAUDITED) 31/03/2017 RM	(UNAUDITED) 31/03/2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,519,971)	(3,592,262)
Adjustments for :-		
Non-cash items	735,543	359,082
Non-operating items	11,093	(10,448)
Operating (loss)/profit before changes in working capital	<u>(3,773,335)</u>	<u>(3,243,628)</u>
Net changes in current assets	(10,590,686)	4,566
Net changes in current liabilities	11,199,585	2,520,024
	<u>(3,164,436)</u>	<u>(719,038)</u>
Tax paid	14,586	6,674
Net cash generated from operating activities	<u>(3,149,850)</u>	<u>(712,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,500)	(322,070)
Development costs paid	-	(763,357)
Interest received	1,924	11,038
Net cash used in investing activities	<u>(15,576)</u>	<u>(1,074,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(13,017)	(590)
Net proceeds from issuance of shares	9,700,500	-
Net cash used in financing activities	<u>9,601,624</u>	<u>(590)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,436,198	(1,787,343)
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>9,939,470</u>	<u>6,232,069</u>
Cash and cash equivalents comprise :-		
Bank Deposits	533,493	1,016,669
Cash and bank balances	9,405,977	5,215,400
	<u>9,939,470</u>	<u>6,232,069</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 31 MARCH 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 31 March 2017, the ordinary shares capital of the Company had increased by 43,500,000 new ordinary shares for a total of RM9,700,500 pursuant to the proposed private placement that was announced on 13 February 2017.

Save for the disclosures above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current financial period 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 customers and results during the three (3) months financial period ended 31 March 2017 is tabulated below:-

Geographical Segments3 months financial year ended 31 March 2017

	South East Asia RM	China RM	Total RM
Revenue	5,989,603	655,015	6,644,618
Loss before taxation			(4,519,972)
Taxation			387
Loss for the period			<u>(4,519,585)</u>

3 months financial year ended 31 March 2016

	South East Asia RM	China RM	Total RM
Revenue	7,484,405	2,134,747	9,619,152
Loss before taxation			(3,592,262)
Taxation			-
Loss for the period			<u>(3,592,262)</u>

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:-

on 5 April 2017, the Company issued 345,000 new ordinary share of RM0.21 each pursuant to the Employees’ Share Option Scheme (“ESOS”).

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 31/03/2017	As at 31/03/2016
	RM	RM
Corporate guarantees extended:		
- to financial institutions for credit facilities	700,000	-
- to a supplier for purchases made by a subsidiary	28,658,645	-

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 year 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 Current Year To Date Versus Previous Year To Date

For the period ended 31 March 2017, the Group recorded a decreased revenue of RM6.64mil against corresponding period for 31 March 2016 of RM9.62 mil and a loss before taxation of RM4.52mil, compared to the corresponding period for last year of RM3.59mil.

B.1.2 Current Year Quarter Versus Immediate Preceding Quarter

For the current quarter under review, the Group recorded a decreased revenue of RM 6.64mil against the immediate preceding quarter of RM11.6mil and a lower loss before tax of RM4.52mil compared to RM24.16mil in the immediate preceding quarter. The lower loss is due to impairment of goodwill and intangible assets of RM17.54mil and unrealised loss on foreign exchange differences of RM1.49mil in the immediate preceding quarter.

B2. Prospects

Despite the prevailing challenging and competitive environment faced by the Group within its operating environment, the Board and Management of the Group remain confident of its strategy to propel the Group to the next level of growth through its REV Self Ordering Tablets, Transight Cloud POS, and its new Transight Smart POS offerings.

As at todate, the Group is on track to deploy 25,000 REV Tablets in the China market by end of FY2017. In addition, the Group also pilots with 3 new customers in China for REV Self Ordering Tablets and expects to complete by Q3 of FY2017.

Further 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

	Individual Quarter Ended		Cumulative Period Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM	RM	RM	RM
- Current income tax	14,586	-	14,586	-
- Deferred tax	(14,199)	-	(14,199)	-
	<u>387</u>	<u>-</u>	<u>387</u>	<u>-</u>

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 18 May 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	3,970,956	5,639,544
Estimated expenses in relation to the Corporate Exercise	90,000	89,775	225
Total	9,700,500	4,060,731	5,639,769

B8. Group Borrowings and Debt Securities

There were no borrowings and debt Securities as at 31 March 2017

B9. Off Balance Sheet Financial Instruments

As at 25th May 2017, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B10. Material Litigation as at 18th May 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 31 March 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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net loss attributable to owners of the parent (RM)	(4,519,585)	(3,592,262)	(4,519,585)	(3,592,262)
Weighted average number of ordinary shares in issue	436,016,710	435,533,377	436,016,710	435,533,377
Basic loss per share (sen)	(1.04)	(0.82)	(1.04)	(0.82)

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 31/03/17
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(56,390,386)
- Unrealised	(47,817)
Total retained losses c/f	(56,438,203)

B14. Loss for the Year

Cumulative Period Ended
31/03/2017
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	447,287
- Amortisation of development costs	586,796
- Interest paid	13,017

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
25th May 2017