

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 30/09/2017 RM	PRECEDING YEAR QUARTER ENDED 30/09/2016 RM	CURRENT YEAR TO DATE 30/09/2017 RM	PRECEDING YEAR TO DATE 30/09/2016 RM
REVENUE	A8	7,926,833	9,502,420	23,667,389	28,515,878
COST OF SALES		<u>(8,081,458)</u>	<u>(9,763,039)</u>	<u>(25,436,974)</u>	<u>(28,000,231)</u>
GROSS (LOSS)/PROFIT		(154,625)	(260,619)	(1,769,585)	515,647
OTHER OPERATING INCOME		15,562	130,629	199,504	407,322
OPERATING EXPENSES		<u>(4,680,159)</u>	<u>(4,244,650)</u>	<u>(12,576,207)</u>	<u>(12,599,871)</u>
LOSS FROM OPERATIONS		(4,819,222)	(4,374,640)	(14,146,288)	(11,676,902)
FINANCE COSTS		<u>(9,528)</u>	<u>(131)</u>	<u>(32,093)</u>	<u>(803)</u>
LOSS BEFORE TAXATION		(4,828,750)	(4,374,771)	(14,178,381)	(11,677,705)
TAXATION	B4	<u>(6,396)</u>	<u>(20,866)</u>	<u>(6,009)</u>	<u>(20,866)</u>
NET LOSS FOR THE PERIOD		(4,835,146)	(4,395,637)	(14,184,390)	(11,698,571)
OTHER COMPREHENSIVE INCOME/(LOSS) - FOREIGN CURRENCY TRANSLATION		<u>737,938</u>	<u>(435,691)</u>	<u>133,418</u>	<u>(2,599,232)</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u>(4,097,208)</u>	<u>(4,831,328)</u>	<u>(13,279,975)</u>	<u>(14,297,803)</u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(4,835,146)</u>	<u>(4,395,637)</u>	<u>(14,184,390)</u>	<u>(11,698,571)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(4,097,208)</u>	<u>(4,831,328)</u>	<u>(13,279,975)</u>	<u>(14,297,803)</u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(1.00)	(1.01)	(3.05)	(2.69)
- 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 SEPTEMBER 2017
(The figures have not been audited)**

	(UNAUDITED) AS AT 30/09/2017 RM	(AUDITED) AS AT 31/12/2016 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	15,136,806	4,766,024
Goodwill	4,730,349	4,730,349
Development Costs	6,510,243	6,784,483
Deferred Tax Assets	619,501	670,751
Trade Receivable	527,752	517,254
	<u>27,524,651</u>	<u>17,468,861</u>
Current Assets		
Inventories	17,442,691	4,965,655
Trade & other receivables	9,619,572	13,963,764
Current tax assets	941,610	1,163,249
Bank Deposits	566,526	483,142
Cash and bank balances	567,811	3,409,369
	<u>29,138,210</u>	<u>23,985,179</u>
TOTAL ASSETS	<u>56,662,861</u>	<u>41,454,040</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	54,074,556	43,553,338
Reserves	(29,308,324)	(15,942,442)
	<u>24,766,232</u>	<u>27,610,896</u>
Total equity	<u>24,766,232</u>	<u>27,610,896</u>
Non-current liabilities		
Trade & other payables	18,196,824	880,246
Deferred Tax Liabilities	459,052	459,053
	<u>18,655,876</u>	<u>1,339,299</u>
Current Liabilities		
Trade & other payables	12,641,658	12,114,606
Short Term Borrowings	599,095	389,239
	<u>13,240,753</u>	<u>12,503,845</u>
Total Liabilities	<u>31,896,629</u>	<u>13,843,144</u>
TOTAL EQUITY AND LIABILITIES	<u>56,662,861</u>	<u>41,454,040</u>
Net assets per share attributable to owners of the parent (RM)	0.05	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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 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	820,718	-	-	-	-	820,718
Share issuance expenses	-	(85,907)	-	-	-	(85,907)
Total transactions with Owners of the Company	10,521,218	(85,907)	-	-	-	10,435,311
Net loss for the period	-	-	-	-	(14,184,390)	(14,184,390)
Other comprehensive income						
- Foreign currency translation	-	-	-	133,418	-	133,418
- Other reserve	-	-	770,997	-	-	770,997
Total comprehensive expenses for the period	-	-	770,997	133,418	(14,184,390)	(13,279,975)
As at 30 SEPTEMBER 2017	<u>54,074,556</u>	<u>14,219,359</u>	<u>12,580,361</u>	<u>9,994,964</u>	<u>(66,103,008)</u>	<u>24,766,232</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	-	-	-	-	-	-
-ESOS	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
Total transactions with Owners of the Company	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(11,698,571)	(11,698,571)
Other comprehensive expenses						
- Foreign currency translation	-	-	-	(2,599,232)	-	(2,599,232)
Total comprehensive expenses for the period	-	-	-	(2,599,232)	(11,698,571)	(14,297,804)
As at 30 SEPTEMBER 2016	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,883,104</u>	<u>6,304,131</u>	<u>(25,499,127)</u>	<u>50,546,711</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017
(The figures have not been audited)**

	(UNAUDITED) 30/09/2017 RM	(UNAUDITED) 30/09/2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(14,178,381)	(11,677,705)
Adjustments for :-		
Non-cash items	5,733,065	3,266,046
Non-operating items	<u>(16,520)</u>	<u>(38,041)</u>
Operating loss before changes in working capital	(8,461,836)	(8,449,700)
Net changes in current assets	(7,921,705)	6,785,420
Net changes in current liabilities	<u>17,843,630</u>	<u>(924,094)</u>
	1,460,089	(2,588,374)
Tax paid	<u>45,240</u>	<u>(10,590)</u>
Net cash generated from/(used in) operating activities	<u><u>1,505,329</u></u>	<u><u>(2,598,964)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,259,996)	(572,502)
Development costs paid	(1,665,193)	(1,886,807)
Interest received	<u>48,614</u>	<u>38,845</u>
Net cash used in investing activities	<u><u>(14,876,575)</u></u>	<u><u>(2,420,464)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(32,093)	(803)
Share issuance expenses	(85,909)	-
Net proceeds from issuance of shares pursuant to:		
-private placement	9,700,500	-
-ESOS	<u>820,718</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u><u>10,403,216</u></u>	<u><u>(803)</u></u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,968,030)	(5,020,231)
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><u>535,242</u></u>	<u><u>2,999,181</u></u>
Cash and cash equivalents comprises:-		
Bank Deposits	18,563	-
Fixed deposits held as security value	547,963	420,540
Cash and bank balances	567,811	2,578,641
Bank overdraft	<u>(599,095)</u>	<u>-</u>
	<u><u>535,242</u></u>	<u><u>2,999,181</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 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 SEPTEMBER 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

- (a) During the current financial quarter, the Company issued 3,390,639 new ordinary share amounting to RM748,266 pursuant to the Employees' Share Option Scheme ("ESOS");
- (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 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 nine (9) months financial period ended 30 September 2017 is tabulated below:-

30 SEPTEMBER 2017	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	22,858	3,920	(3,111)	23,667
Segment Results	(2,289)	(7,028)	-	(9,317)
Finance Cost	(30)	(2)	-	(32)
Depreciation and Amortisation	(3,253)	(1,576)	-	(4,829)
Consolidated Loss Before Tax				(14,178)
ASSETS				
Segment Assets	48,696	7,967	-	56,663
LIABILITIES				
Segment Liabilities	29,730	2,167	-	31,897
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	13,245	15	-	13,260
Development costs	-	1,665	-	1,665
Depreciation and Amortisation	3,253	1,576	-	4,829

A8. Segmental Reporting (Cont'd)

30 SEPTEMBER 2016	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	23,215	8,339	(3,038)	28,516
Segment Results	(2,535)	(3,276)	-	(5,811)
Finance Cost	-	(1)	-	(1)
Depreciation and Amortisation	(2,714)	(3,151)	-	(5,865)
Consolidated Loss Before Tax				(11,677)
ASSETS				
<i>Segment Assets</i>	38,844	20,928	-	59,772
LIABILITIES				
<i>Segment Liabilities</i>	7,916	1,309	-	9,225
OTHER INFORMATION				
<i>Capital Expenditure on:-</i>				
<i>property, plant and equipment</i>	539	33	-	572
<i>Development costs</i>	250	1,637	-	1,887
<i>Depreciation and Amortisation</i>	2,714	3,151	-	5,865

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) Subsequent to the end of the date of this announcement, the Company issued 12,062,075 new ordinary share amounting to RM2,995,491, pursuant to ESOS;
- (b) On 10 October 2017, the Company had entered into the following subscription agreements, in relation to the proposed issuance of an aggregate of 300,000,000 new ordinary shares in Cuscapi together with 60,000,000 warrants:-

Proposal	Subscription Agreement	Name of Investors	Number of Subscription Shares (units)	Number of Subscription Warrants (units)
Proposed Issuance I	Subscription Agreement I	Ultimate Quality Success Sdn. Bhd. ("UQS")	200,000,000	40,000,000
Proposed Issuance II	Subscription Agreement II	Ong Chin Hui ("OCH")	50,000,000	10,000,000
Proposed Issuance III	Subscription Agreement III	Tan Sri Dato Sri Koh Kin Lip("Tan Sri Dato Sri Koh")	25,000,000	5,000,000
Proposed Issuance IV	Subscription Agreement IV	Datuk Dr Tan Kim Heung("Datuk Dr Tan")	25,000,000	5,000,000
		Total	300,000,000	60,000,000

- (c) The Company had on 31 October 2017, entered into the deeds of termination with OCH, Tan Sri Dato Sri Koh, Datuk Dr Tan respectively to mutually terminate the Subscription Agreement II, Subscription Agreement III and Subscription Agreement IV; and

A10. Subsequent Events (Cont'd)

(d) On 2 November 2017, the Board has announced that the Subscription Agreements were entered by Cuscapi with the 4 investors independently and the agreement are not inter-conditional to one another.

Subsequently, UQS, being the largest investor express concerned over the issuance of additional shares to the other 3 investors.

After engagement with UQS, Cuscapi held discussions with the other 3 investors who agreed to mutually terminate their respective subscription agreements with Cuscapi.

As a result of the above, the total gross proceed from the propose issuance will be reduced from RM79.8 million to RM53.2 million. The revised utilization of proceeds will be as follow:-

Working capital	RM 6,000,000	Within one year
Business expansion	RM46,500,000	Within two years
Estimated expenses	RM 700,000	Within one year
	<hr/>	
Total	RM53,200,000	

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 30/09/2017	As at 30/09/2016
Corporate guarantees extended:	RM	RM
- to financial institutions for credit facilities	700,000	-
- to a supplier for purchases made by a subsidiary	22,306,911	-

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		
	30/09/2017	30/09/2016	Changes %	30/09/2017	30/09/2016	Changes %
	RM'000	RM'000		RM'000	RM'000	
REVENUE	7,927	9,502	-17	23,667	28,516	-17
COST OF SALES	(8,081)	(9,763)	-17	(25,437)	(28,000)	-9
OTHER OPERATING INCOME	16	131	-88	200	407	-51
OPERATING EXPENSES	(4,680)	(4,244)	10	(12,576)	(12,600)	0
LOSS BEFORE TAXATION	(4,829)	(4,375)	10	(14,178)	(11,678)	21

For the current quarter under review, the Group has recorded a decrease in revenue against the corresponding quarter ended 30 September 2016. The decrease in revenue was mainly due to competitiveness in the global market.

For the current quarter ended 30 September 2017, the Group recorded a loss before taxation of RM4.8mil, representing additional loss of approximately RM0.5mil due to lower revenue and additional operation expenses arising from ESOS granted on 15 August 2017.

For the cumulative quarter under review, the Group recorded revenue of RM23.7mil and loss before tax of RM14.2mil as compared to the corresponding cumulative quarter ended 30 September 2016 of RM28.5mil and RM11.7mil 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 21% as compared with the corresponding cumulative period ended 30 September 2016.

B.1.2 Current Year Quarter Versus Immediate Preceding Quarter

	Individual Quarter		Changes
	30/09/2017	30/06/2017	
	RM	RM	%
	('000)	('000)	
REVENUE	7,927	9,096	-13
COST OF SALES	(8,081)	(8,249)	-2
OTHER OPERATING INCOME	16	155	-90
OPERATING EXPENSES	(4,680)	(5,822)	-20
LOSS BEFORE TAXATION	(4,828)	(4,830)	0

The Group recorded revenue of RM7.9mil and a loss before taxation of RM4.8mil for current quarter as compared to the immediate preceding quarter ended 30 June 2017 of RM9.1mil and RM4.8mil respectively.

However, the lost before taxation for current quarter ended 30 September 2017 remain consistent as compared to immediate preceding quarter ended 30 June 2017.

B2. Prospects

The market and funding environment is increasingly challenging especially in the China market. The rollout and revenue from REV in China has been slower than expected. Nonetheless, the Group remains focused on executing its strategies of establishing innovative platforms through new clients and partners

The Group hopes to launch the new Transight Smart POS that converges Transight Cloud POS, Mobile Ordering and Payment processes into a single unified terminal.

The Group has also started to explore the extension of its technology beyond F & B into the Retail sector through Mobile and Payment application in both South East Asia and China.

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 21st November 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	9,610,725	(225)
Estimated expenses in relation to the Corporate Exercise	90,000	89,775	225
Total	9,700,500	9,700,500	0

B8. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the reporting period are as follows: -

	As at 30.09.2017 RM'000
Secured:	
Current liabilities	
- Bank overdraft	<u>600</u>

B9. Off Balance Sheet Financial Instruments

As at 21st November 2017, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B10. Material Litigation as at 21st November 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 September 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	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Net loss attributable to owners of the parent (RM)	(4,385,146)	(4,395,637)	(14,184,390)	(11,698,571)
Weighted average number of ordinary shares in issue	481,269,282	435,533,377	465,714,231	435,533,377
Basic loss per share (sen)	(1.00)	(1.01)	(3.05)	(2.69)

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 30/09/17
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(65,910,721)
- Unrealised	(192,287)
Total retained losses c/f	(66,103,008)

B14. Loss for the Year

Cumulative Period Ended
30/09/2017
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	2,889,214
- Amortisation of development costs	1,939,433
- Interest paid	32,093

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
28th November 2017