

**CUSCAPI BERHAD**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019  
(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
		30/09/2019 RM	30/09/2018 RM	30/09/2019 RM	30/09/2018 RM
<b>REVENUE</b>	A8	5,029,164	7,364,690	18,784,741	21,741,506
<b>COST OF GOOD SOLD</b>		(5,492,833)	(6,744,135)	(15,599,323)	(20,304,521)
<b>GROSS PROFIT</b>		(463,669)	620,555	3,185,418	1,436,985
<b>OTHER OPERATING INCOME</b>		820,030	466,777	1,502,669	1,517,093
<b>OPERATING EXPENSES</b>		(4,272,028)	(5,888,125)	(10,286,834)	(14,810,755)
<b>LOSS FROM OPERATIONS</b>		(3,915,667)	(4,800,793)	(5,598,747)	(11,856,677)
<b>FINANCE COSTS</b>		(224,402)	(115,550)	(553,709)	(411,676)
<b>LOSS BEFORE TAXATION</b>		(4,140,069)	(4,916,343)	(6,152,456)	(12,268,353)
<b>TAXATION</b>	B4	39,498	-	39,498	-
<b>LOSS FOR THE PERIOD</b>		(4,100,571)	(4,916,343)	(6,112,958)	(12,268,353)
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>					
- FAIR VALUE GAIN ON OTHER INVESTMENT		(488,500)	-	1,393,467	-
- FOREIGN CURRENCY TRANSLATION		(601,029)	(102,144)	(550,066)	(319,455)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u>(5,190,100)</u>	<u>(5,018,487)</u>	<u>(5,269,557)</u>	<u>(12,587,808)</u>
<b>LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>		<u>(4,100,571)</u>	<u>(4,916,343)</u>	<u>(6,112,958)</u>	<u>(12,268,353)</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>		<u>(5,190,100)</u>	<u>(5,018,487)</u>	<u>(5,269,557)</u>	<u>(12,587,808)</u>
<b>Loss per share (sen)</b>					
- Basic/diluted	B10	(0.48)	(0.57)	(0.71)	(1.63)

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

**CUSCAPI BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>30/09/2019</b>	<b>31/12/2018</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	10,439,726	9,774,722
Right of use assets	3,989,230	-
Investment Property	20,004,000	11,002,200
Intangible assets	8,861,217	2,344,330
Other Investments	23,115,194	19,870,294
	66,409,367	42,991,546
<b>Current Assets</b>		
Inventories	18,217,378	17,200,144
Trade & other receivables	22,736,139	11,829,127
Tax recoverable	260,616	850,518
Cash and short-term deposits	18,869,891	45,128,456
	60,084,024	75,008,245
<b>TOTAL ASSETS</b>	<b>126,493,391</b>	<b>117,999,791</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share Capital	181,114,569	181,114,569
Reserves	(89,591,901)	(84,322,345)
<b>Total equity</b>	<b>91,522,668</b>	<b>96,792,224</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,329,983	-
Provision	53,543	53,543
	3,383,526	53,543
<b>Current Liabilities</b>		
Lease liabilities	850,987	-
Trade & other payables	30,676,210	21,100,075
Current tax liabilities	60,000	53,949
	31,587,197	21,154,024
<b>TOTAL LIABILITIES</b>	<b>34,970,723</b>	<b>21,207,567</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>126,493,391</b>	<b>117,999,791</b>
Net assets per share attributable to owners of the parent (RM)	0.11	0.11

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 PERIOD ENDED 30 SEPTEMBER 2019**  
(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
<b>As at 1 January 2019</b>	181,114,569	827,252	12,694,401	(97,843,998)	96,792,224
<b>Net loss for the period</b>	-	-	-	(6,112,958)	(6,112,958)
<b>Other comprehensive income/(expenses)</b>					
- Foreign currency translation	-	-	(550,066)		(550,066)
- Fair value gain on other investment	-	917,967		475,500	1,393,467
	-	917,967	(550,066)	(5,637,458)	(5,269,557)
<b>As at 30 September 2019</b>	181,114,569	1,745,219	12,144,335	(103,481,456)	91,522,667
<b>As at 1 January 2018</b>	72,846,301	11,503,282	10,922,350	(76,428,560)	18,843,373
<b>Net loss for the period</b>	-	-	-	(12,268,353)	(12,268,353)
<b>Other comprehensive income/(expenses)</b>					
- Foreign currency translation	-	-	(319,456)	-	(319,456)
- warrant conversion	14,263,448	(14,263,448)	-	-	-
	14,263,448	(14,263,448)	(319,456)	(12,268,353)	(12,587,809)
<b>Total transactions with Owners of the Company:-</b>					
<b>Issuance of new shares pursuant to:</b>					
-Issuance of shares	50,000,000	3,200,000	-	-	53,200,000
-ESOS	340,891	-	-	-	340,891
-warrant conversion	43,625,616	-	-	-	43,625,616
<b>As at 30 September 2018</b>	181,076,256	439,834	10,602,894	(88,696,913)	103,422,071

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 PERIOD ENDED 30 SEPTEMBER 2019  
(The figures have not been audited)**

	<b>30/09/2019</b>	<b>30/09/2018</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,152,456)	(12,268,353)
Adjustments for :-		
Non-cash items	3,071,173	6,572,392
Non-operating items	(1,978,421)	(323,760)
Operating loss before changes in working capital	<u>(5,059,704)</u>	<u>(6,019,721)</u>
Net changes in current assets	(25,699,024)	(1,447,766)
Net changes in current liabilities	<u>14,364,357</u>	<u>(12,950,954)</u>
	(16,394,371)	(20,418,441)
Taxation	<u>656,130</u>	<u>34,702</u>
<b>Net cash used in from operating activities</b>	<u>(15,738,241)</u>	<u>(20,383,739)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,885,086)	(808,794)
Other Investment paid	(4,809,033)	-
Acquisition of Intellectual Property and Business from third party	(7,654,708)	-
Interest received	428,664	735,438
Proceeds on disposal of property, plant and equipment	-	148,183
Proceeds on disposal of unquoted shares	3,953,548	-
Fixed deposit held as security value	<u>-</u>	<u>549,787</u>
<b>Net cash (used in)/generated from investing activities</b>	<u>(9,966,615)</u>	<u>624,614</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(553,709)	(411,676)
Net proceeds from issuance of shares pursuant to:		
-private placement	-	50,000,000
-ESOS	-	340,891
-warrant conversion	<u>-</u>	<u>43,625,616</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(553,709)</u>	<u>93,554,831</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(26,258,565)	73,795,706
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>45,128,456</u>	<u>1,534,729</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>18,869,891</u>	<u>75,330,435</u>
Cash and cash equivalents comprises:-		
Short-term deposits placed with licensed bank	15,436,842	35,299,042
Cash and bank balances	<u>3,433,049</u>	<u>40,031,393</u>
	<u>18,869,891</u>	<u>75,330,435</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 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 PERIOD ENDED 30 SETEMBER 2019**

**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 recognises 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 cumulative effect of initial application of MFRS 16 will be recognised 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 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 auditors' report on the annual financial statements of the Group for the financial year ended 31 December 2018 was qualified and the details of the qualification are as described below: -

**Qualified Opinion**

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.

**Basis for Qualified Opinion**

On 25 April 2019, the Auditors' Report on the Financial Statements of the Group and the Company for the financial period ended 31 December 2018 was issued and it contains a qualified opinion by the Company's external auditors, Messrs. Baker Tilly Monteiro Heng as detailed in Note 37(a) to the financial statements, that discloses the circumstances and consideration of the Directors in reporting the carrying amount of the REV hardware equipment included in Property, Plant and Equipment of RM6,615,101 and Inventories of RM15,451,976.

The external auditors were unable to obtain sufficient appropriate audit evidence on the said amount of Property, Plant and Equipment and Inventories, as the Group is unable to reliably assess the recoverable amount of the said Property, Plant and Equipment in accordance with MFRS 136: Impairment of Assets and the net realisable values of the inventories in accordance with MFRS 102: Inventories due to the circumstances and consideration disclosed under Note 37(a) to the financial statements. Consequently, the external auditors were unable to determine whether any adjustments to these amounts were necessary.

**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**

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 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 for the nine (9) months financial period ended 30 September 2019 is as follows: -

<b>30 SEPTEMBER 2019</b>	<b>South East Asia RM'000</b>	<b>China RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
External Sales	19,922	2,455	(3,592)	18,785
Segment Results	(1,307)	(1,901)	-	(3,208)
Finance Cost	(495)	(59)	-	(554)
Depreciation and Amortisation	(2,235)	(155)	-	(2,390)
<b>Consolidated Loss Before Tax</b>				<b>(6,152)</b>
<b>ASSETS</b>				
<i>Segment Assets</i>	125,090	1,403	-	126,493
<b>LIABILITIES</b>				
<i>Segment Liabilities</i>	33,492	1,479	-	34,971
<b>OTHER INFORMATION</b>				
<i>Capital Expenditure on:-</i>				
<i>Property, plant and Equipment</i>	1,872	13	-	1,885
<i>Depreciation and Amortisation</i>	2,235	155	-	2,390

<b>30 SEPTEMBER 2018</b>	<b>South East Asia RM'000</b>	<b>China RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
External Sales	20,421	3,147	(1,827)	21,741
Segment Results	(1,170)	(6,929)	-	(8,099)
Finance Cost	(412)	-	-	(412)
Depreciation and Amortisation	(2,600)	(1,157)	-	(3,757)
<b>Consolidated Loss Before Tax</b>				<b>(12,268)</b>
<b>ASSETS</b>				
<i>Segment Assets</i>	120,277	2,676	-	122,953
<b>LIABILITIES</b>				
<i>Segment Liabilities</i>	19,042	489	-	19,531
<b>OTHER INFORMATION</b>				
<i>Capital Expenditure on:-</i>				
<i>Property, plant and Equipment</i>	808	-	-	808
<i>Depreciation and Amortisation</i>	2,600	1,157	-	3,757



#### **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**

Save for the below, there were no material events subsequent to the current financial quarter:

- 1) On 24<sup>th</sup> October 2019, the Board of Directors of Company announced that the Company has entered into a Shares Sales and Purchase Agreement with Mr. Nguyen Dac Hien, Mr. Nguyen The Hai and Mr. Mach Dat Sinh on 3<sup>rd</sup> October 2019, for the purpose of purchasing a total of 70% of the existing charter capital in Y Tuong Technology Company Limited at a total consideration of USD84,000 (US Dollars Eighty Four Thousand), which is equivalent to RM351,498 (Ringgit Malaysia Three Hundred Fifty One Thousand Four Hundred Ninety Eight), was approved by the Government of Vietnam on 21 October 2019.

Subsequent to the proposed acquisition, Y Tuong will be a subsidiary of Cuscapl Berhad.

- 2) On 1<sup>st</sup> November 2019, the Board of Directors of Company announced that on 31 October 2019, the Company has entered into a Deed of Revocation (“**DOR**”) with Cosmopolitan Avenue Sdn Bhd to revoke the Share Purchase Agreement (“**SPA**”) and Put Option Agreement (“**POA**”) which were executed on 11 October 2018.

Subsequent to the execution of the DOR, the Company had, on even date, entered into a SPA with Cosmopolitan for the purpose of acquiring a commercial space (Parcel No: Z6-01-01B) within the podium level below MYEG Tower, Empire City with approximately 16,854 square feet (“the **Commercial Space**”) for a total cash consideration of RM10,112,400.00 (Ringgit Malaysia Ten Million One Hundred Twelve Thousand and Four Hundred only) (“**Purchase Consideration**”) subject to the terms and conditions as stipulated in the SPA.

Simultaneous with the execution of the SPA, the Company has also entered into a POA with Cosmopolitan to obtain an option at the Company’s sole discretion to sell the Commercial Space back to Cosmopolitan at the sum equal to 66.67% of the Purchase Consideration within six (6) months from the date of delivery of vacant possession of the Commercial Space to the Company.

- 3) On 19<sup>th</sup> November 2019, the Board of Directors of Company announced that the company financial year end changed from 31<sup>st</sup> December 2019 to 30<sup>th</sup> June 2020.

#### **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.

**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**

	<b>Current Year Third (3<sup>rd</sup>) Quarter 30 September 2019</b>	<b>Preceding Year Third (3<sup>rd</sup>) Quarter 30 September 2018</b>	<b>Variance</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
Revenue	18,784,741	21,741,506	(2,956,765)	-14%
Loss before tax	(6,152,456)	(12,268,353)	6,115,897	50%

For the cumulative nine (9) months ended 30 September 2019 under review, the Group's revenue decreased by 14% as compared to the previous year corresponding cumulative period ended 30 September 2018. The decreased revenue mainly due to lower maintenance and hardware sales and timing differences in recognition of the revenue.

The current quarter recorded a loss before taxation of RM6.2 million, representing a decrease loss of RM6.1 million against last year corresponding period mainly attributable to: -

<b>Description</b>	<b>RM</b>	<b>Note</b>
Increase in gross profit	1,748,434	1
Decrease in other operating income	(14,424)	
Decrease in operating expenses and finance costs	4,381,887	2
<b>Net decrease in loss before tax</b>	<b>6,115,897</b>	

**Notes:**

- 1) Increase in gross profit mainly due to lower direct staff expenses and lower amortisation of development cost during the current financial year period ended 30 September 2019.
- 2) Decrease in operating expenses and finance costs mainly due to lower salary cost, professional fees, provision for bad debts and other operating expenses during the current financial year period ended 30 September 2019.

## B.1.2 Current Year Quarter Versus Preceding Year Quarter

	Current Year Third (3 <sup>rd</sup> ) Quarter 30 September 2019 RM	Preceding Year Third (3 <sup>rd</sup> ) Quarter 30 September 2018 RM	Variance	
			RM	%
Revenue	5,029,164	7,364,690	(2,335,526)	-32%
Loss before tax	(4,140,069)	(4,916,343)	776,274	16%

The Group recorded revenue of RM5.0 million and loss before tax of RM4.1 million for the current financial year quarter ended 30 September 2019 under review as compared to the preceding year quarter ended 30 September 2018 revenue of RM7.4 million and loss before tax of RM4.9 million mainly due to the following:

Description	RM	Note
Decrease in gross profit	(1,084,224)	1
Increase in other operating income	353,253	2
Decrease in operating expenses and finance costs	1,507,245	3
<b>Net decrease in loss before tax</b>	<b>776,274</b>	

### Notes:

- 1) Decrease in gross profit mainly due to lower revenue from management service and hardware sales, lower gross margin and timing differences in recognition of the revenue during the current financial year quarter ended 30 September 2019.
- 2) Increase in other operating income mainly due to gain on disposal of quoted investment during the current financial year quarter ended 30 September 2019.
- 3) Decrease in operating expenses and finance costs mainly due to lower staff costs, provision for bad debts, professional fee, compensation expenses and rental expenses during the current financial year quarter ended 30 September 2019 as compared to the preceding year quarter ended 30 September 2018.

### B.1.3 Current Year Quarter Versus Immediate Preceding Quarter

	Current Year Third (3 <sup>rd</sup> ) Quarter 30 September 2019	Immediate Preceding Second(2 <sup>nd</sup> ) Quarter 30 June 2019	Variance	
	RM	RM	RM	%
Revenue	5,029,164	6,511,506	(1,482,342)	-23%
Loss before tax	(4,140,069)	(2,105,708)	(2,034,361)	-97%

For the current year quarter ended 30 September 2019 under review, the Group's revenue decreased by 23% as compared to the immediate preceding quarter ended 30 June 2019. The decrease was mainly due to reduce revenue from managed services and hardware sales and timing differences in recognition of the revenue.

For the current year quarter ended 30 September 2019 under review, the Group recorded a loss before taxation of RM4.1 million as compared to the immediate preceding quarter ended 30 June 2019 mainly attributable to:

Description	RM	Note
Decrease in gross profit	(1,494,215)	1
Increase in other operating income	527,972	2
Increase in operating expenses and finance costs	(1,068,118)	3
<b>Net increase in loss before tax</b>	<b>(2,034,361)</b>	

#### Notes:

- 1) Decrease in gross profit mainly due to lower revenue and amortisation of intangible assets arose from acquisition of intellectual property during the current financial year quarter ended 30 September 2019.
- 2) Increase in other operating income mainly due to gain on disposal of quoted investment during the current financial year quarter ended 30 September 2019.
- 3) Increase in operating expenses and finance costs mainly due to business acquisition expenses and legal fee incurred during the current financial year quarter ended 30 September 2019 as compared to the immediate preceding quarter ended 30 June 2019.

## B2. Prospects

The Group's long-term focus is centred around developing state-of-the-art technology and innovation for our POS and restaurant management solutions. In keeping with the Group's lean organisational structure, improvements in operational efficiency and continuous cost structure rationalisation remains a priority.

The launch of our new C360 Engage, an Omni channel interactive customer touch point F&B software is expected to be a game-changer in an increasingly crowded market. C360 Engage's plethora of features is a significant differentiator that has carved out a niche market offering solutions to existing and prospective customers that are facing an ever-changing buyer consumer behavioural landscape.

With C360 Engage, Cuscapi is positioned to be the market leader in the F&B market space in SEA. The Group's ongoing efforts and aggressive marketing campaigns to expand its footprint into Indochina has borne fruits. During the recent months, the Group has entered into formal tie-ups with partners in Vietnam, Indonesia, Pakistan, Laos and Myanmar. These partnerships are expected to contribute positively to the Group in the coming quarters. Going forward, the Group will constantly explore new strategic partnerships with both traditional and non-traditional F&B players in Malaysia and the region.

In light of the above, The Board and management remains positive and anticipates that the Group will achieve a satisfactory performance for financial year 2019 and beyond.

## 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 Quarter Ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM	RM	RM	RM
Current year	(60,000)	-	(60,000)	-
Over provision in prior year	99,498	-	99,498	-
	<u>39,498</u>	<u>-</u>	<u>39,498</u>	<u>-</u>

## B5. Status of Utilisation of Proceeds

The details of the utilisation of the proceeds from the issuance that completed on 20 March 2018 for the current quarter under review are as follows:

Description	Original Proposed Utilisation	Actual Utilisation	Balance Unutilised
	RM	RM	RM
Working capital	6,143,035	6,143,035	-
Business expansion	46,500,000	45,358,709	1,141,291
Estimated expenses for the Proposals	556,965	556,965	-
<b>Total</b>	<u>53,200,000</u>	<u>52,058,709</u>	<u>1,141,291</u>

**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**

**Dispute over trade payable and Defence and Counter Claim**

- a. As announced on 25 September 2018, the Company and its wholly-owned subsidiary, Cuscapi Malaysia Sdn. Bhd. ("Cuscapi Malaysia") was served with a Writ of Summons and received a Statement of Claim dated 5 September 2018 by Hitachi Digital Services (Singapore) Pte. Ltd. ("Hitachi Singapore"). In view of the legal advice, the Board of Director of the Company is of the opinion that the Companies are in a position to dispute the liability of USD3,600,248 or any part thereof.
- b. The Group on 29 October 2018 filed a Defence and Counter Claims through its solicitor against Hitachi Singapore, Her Chor Siong, the former Chief Executive Officer of Cuscapi Berhad and a Director in both the Company and Cuscapi Malaysia at that material time and Ong Chin Hui, the Chief Executive Officer of Hitachi Singapore and a shareholder with a large number of shares in the Company at that material time.
- c. In order to protect the Companies' interests in this matter, the Company had also lodged a police report in Malaysia on 28 December 2018.
- d. The following interim/interlocutory applications were filed pursuant to which there were further exchange of affidavits among the parties:
  1. On 19 December 2018, the Companies filed an application to request that Hitachi Singapore provides certain details relevant to this suit ("Interrogatories").
  2. On 20 December 2018, HCS filed an application to strike out the Companies' Counter Claim ("Striking Out Application By HCS").
  3. On 19 February 2019, Hitachi Singapore and OCH filed an application to strike out the Companies' Counter Claim ("Striking Out Application By Hitachi Singapore And OCH").
  4. On 19 February 2019, Hitachi Singapore filed an application for summary judgment ("Summary Judgment Application By Hitachi Singapore").
- e. Legal counsel representing the parties attended Court for case management on 1 November 2018, 14 November 2018, 23 November 2018, 28 November 2018, 21 December 2018, 3 January 2019, 26 February 2019, 14 March 2019, 21 March 2019 pursuant to which directions from the Court were given to the parties to exchange documents described in sections 2 and 3 herein.

Legal counsel representing the parties attended Court on 14 March 2019 and 21 March 2019 for the hearing of Striking Out Application By HCS, Striking Out Application By Hitachi And OCH, and Summary Judgment Application By Hitachi Singapore. The Court has fixed 30 April 2019 for decision but Cuscapi was informed that the Court had adjourned the decision to 13 May 2019.

f. Further to that, the parties attended Court on 13 May 2019 and 14 May 2019 for the hearing of the following:

- (a) Striking Out Application By HCS (i.e. Her Chor Siong);
- (b) Striking Out Application By Hitachi Singapore And OCH (i.e. Ong Chin Hui); and
- (c) Summary Judgment Application By Hitachi Singapore.

The Striking Out Application By HCS and the Striking Out Application By Hitachi Singapore and OCH have been dismissed by the Court with costs in the cause.

As for the Summary Judgment Application By Hitachi Singapore, conditional leave to defend the action is granted to the Companies provided on or before 28 May 2019 ("due date"), a deposit of USD3,600,248.22 (equivalent to RM15,014,835.20 - based on Bank Negara Malaysia's USD Exchange Rate @ USD1.00 = RM4.1705 as at 14 May 2019) is paid by the Companies into an Interest-Bearing Fixed Deposit Ringgit Account in Standard Chartered Bank Malaysia Berhad pending the disposal of the Companies' Counterclaim. The said fixed deposit account plus any interest accrued thereon shall not be uplifted or closed or dealt with by the Companies in any manner whatsoever without an Order of the Court and further the sealed copy of the Order of the Court shall be served on the said bank. In the event of non-payment of the said sum by the due date, the judgment as prayed for in the Summary Judgment Application By Hitachi Singapore shall be entered against the Companies.

The Companies will take all necessary steps to comply with the said direction from the Court.

The application for interrogatories by the Companies against Hitachi Singapore is withdrawn with costs in the cause.

The Board of Directors announced that all parties attended Court on 10 September 2019 and 8 October 2019 for clarification and the Court has fixed 30 December 2019 for decision.

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 2019.

#### **B10. Loss Per Share**

##### **Basic loss per share**

The loss per share are 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 Quarter Ended	
	30/9/2019 RM	30/9/2018 RM	30/9/2019 RM	30/9/2018 RM
Loss attributable to owners of the parent (RM)	<b>(4,100,571)</b>	(4,916,343)	<b>(6,112,958)</b>	(12,268,353)
Weighted average number of ordinary shares in issue	<b>859,269,076</b>	859,269,076	<b>859,269,076</b>	750,520,515
Basic loss per share (sen)	<b>(0.48)</b>	(0.57)	<b>(0.71)</b>	(1.63)

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 Quarter Ended	
	30/9/2019 RM	30/9/2018 RM	30/9/2019 RM	30/9/2018 RM
Depreciation and amortisation	(1,054,845)	(1,439,618)	(2,389,850)	(3,757,465)
Gain on disposal of property, plant & equipment	-	1,810	-	128,877
Gain on disposal of quoted investment	652,848	-	996,048	-
Interest expense	(161,594)	(115,550)	(490,902)	(411,676)
Interest income	164,655	363,801	428,664	735,438
Reversal of inventories written down	-	66,851	-	123,100
Provision for and write off of receivables	(154,218)	(718,207)	(208,123)	(769,457)

By Order of the Board  
TAN TONG LANG  
Secretary  
Kuala Lumpur  
21<sup>st</sup> November 2019