CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 30/06/2019 RM	PRECEDING YEAR QUARTER ENDED 30/06/2018 RM	CURRENT YEAR TO DATE 30/06/2019 RM	PRECEDING YEAR TO DATE 30/06/2018 RM
REVENUE	A8	6,511,506	7,697,727	13,755,577	14,376,816
COST OF GOOD SOLD		(5,480,960)	(7,051,990)	(10,106,489)	(13,560,387)
GROSS PROFIT		1,030,546	645,737	3,649,088	816,429
OTHER OPERATING INCOME		292,058	432,769	682,639	1,050,316
OPERATING EXPENSES		(3,263,997)	(3,881,308)	(6,014,806)	(8,922,630)
LOSS FROM OPERATIONS		(1,941,393)	(2,802,802)	(1,683,079)	(7,055,885)
FINANCE COSTS		(164,315)	(168,530)	(329,308)	(296,126)
LOSS BEFORE TAXATION		(2,105,708)	(2,971,332)	(2,012,387)	(7,352,011)
TAXATION	B4	-	-	-	-
LOSS FOR THE PERIOD		(2,105,708)	(2,971,332)	(2,012,387)	(7,352,011)
OTHER COMPREHENSIVE INCOME/ (LOSS)					
- FAIR VALUE GAIN ON OTHER INVESTMENT		1,881,967	-	1,881,967	-
- FOREIGN CURRENCY TRANSLATION		(76,486)	131,650	38,592	(217,311)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(300,227)	(2,839,682)	(91,828)	(7,569,322)
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		(2,105,708)	(2,971,332)	(2,012,387)	(7,352,011)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		(300,227)	(2,839,682)	(91,828)	(7,569,322)
Loss per share (sen)					
- Basic/diluted	B12	(0.25)	(0.36)	(0.23)	(1.06)

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 JUNE 2019

	(UNAUDITED) AS AT 30/06/2019 RM	(AUDITED) AS AT 31/12/2018 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	10,769,635	9,774,722
Right of use assets	4,352,416	-
Investment Property	20,004,000	11,002,200
Intangible assets	9,974,655	2,344,330
Other Investments	23,851,194	19,870,294
	68,951,900	42,991,546
Current Assets		
Inventories	17,969,109	17,200,144
Trade & other receivables	27,732,304	11,829,127
Tax recoverable	727,338	850,518
Cash and short-term deposits	18,440,805	45,128,456
	64,869,556	75,008,245
TOTAL ASSETS	133,821,456	117,999,791
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	181,114,569	181,114,569
Reserves	(84,414,173)	(84,322,345)
Total equity	96,700,396	96,792,224
Non-current liabilities		
Lease liabilities	3,639,539	-
Provision	53,543	53,543
	3,693,082	53,543
Current Liabilities		
Lease liabilities	849,466	-
Trade & other payables	32,578,512	21,100,075
Current tax liabilities	-	53,949
	33,427,978	21,154,024
Total LIABILITIES	37,121,060	21,207,567
TOTAL EQUITY AND LIABILITIES	133,821,456	117,999,791
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 JUNE 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
As at 1 January 2019	181,114,569	827,252	12,694,401	(97,843,998)	96,792,224
Net loss for the period	-	-	-	(2,012,387)	(2,012,387)
Other comprehensive income/(expenses)					
- Foreign currency translation	-	-	38,592	-	38,592
- Fair value gain on other investment	-	1,488,487	-	393,480	1,881,967
	-	1,488,487	38,592	(1,618,907)	(91,828)
As at 30 June 2019	181,114,569	2,315,739	12,732,993	(99,462,905)	96,700,396
As at 1 January 2018	72,846,301	11,503,282	10,922,350	(76,428,560)	18,843,373
Net loss for the period	-	-	-	(7,352,011)	(7,352,011)
Other comprehensive income/(expenses)					
- Foreign currency translation	-	-	(217,311)	-	(217,311)
- warrant conversion	14,263,448	(14,263,448)	-	-	-
	14,263,448	(14,263,448)	(217,311)	(7,352,011)	(7,569,322)
Total transactions with Owners of the Company:-					
Issuance of new shares pursuant to:					
-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
As at 30 June 2018	181,076,256	439,834	10,705,039	(83,780,571)	108,440,558

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 JUNE 2019
(The figures have not been audited)

	(UNAUDITED) 30/06/2019 RM	(UNAUDITED) 30/06/2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,012,387)	(7,352,011)
Adjustments for :-		
Non-cash items	1,598,908	5,181,550
Non-operating items	(936,515)	(75,509)
Operating loss before changes in working capital	(1,349,994)	(2,245,970)
Net changes in current assets	(21,547,058)	(1,575,558)
Net changes in current liabilities	16,350,293	(11,729,543)
	(6,546,759)	(15,551,071)
Taxation	123,180	42,220
Net cash used in from operating activities	(6,423,579)	(15,508,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,804,843)	(252,302)
Increase of investment property	(9,001,800)	-
Other Investment paid	(3,788,933)	-
Acquisition of business from third party	(7,630,325)	-
Interest received	264,008	371,637
Proceeds on disposal of property, plant and equipment	-	148,183
Proceeds on disposal of unquoted shares	2,027,129	-
Fixed deposit held as security value	-	549,787
Net cash (used in)/generated from investing activities	(19,934,764)	817,305
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(329,308)	(296,126)
Net proceeds from issuance of shares pursuant to:		
-private placement	-	50,000,000
-ESOS	-	340,891
-warrant conversion	-	43,625,616
Net cash (used in)/generated from financing activities	(329,308)	93,670,381
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,687,651)	78,978,835
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	45,128,456	1,534,729
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	18,440,805	80,513,564
Cash and cash equivalents comprises:-		
Short-term deposits placed with licensed bank	15,331,338	37,979,463
Cash and bank balances	3,109,467	42,534,101
	18,440,805	80,513,564

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 JUNE 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

Amendments/Improvements to MFRSs

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

New IC Int

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 six (6) months financial period ended 30 June 2019 is as follows: -

30 JUNE 2019	**South East Asia RM'000**	**China RM'000**	**Elimination RM'000**	**Consolidation RM'000**
External Sales	**14,639**	**2,191**	**(3,074)**	**13,756**
Segment Results	**820**	**(1,168)**	**-**	**(348)**
Finance Cost	**(289)**	**(40)**	**-**	**(329)**
Depreciation and Amortisation	**(1,230)**	**(105)**	**-**	**(1,335)**
Consolidated Loss Before Tax				**(2,012)**
ASSETS				
Segment Assets	**132,271**	**1,550**	**-**	**133,821**
LIABILITIES				
Segment Liabilities	**35,804**	**1,317**	**-**	**37,121**
OTHER INFORMATION				
Capital Expenditure on:-				
Property, plant and Equipment	**1,792**	**13**	**-**	**1,805**
Development costs	**-**	**-**	**-**	**-**
Depreciation and Amortisation	**1,230**	**105**	**-**	**1,335**

30 JUNE 2018	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	13,417	2,324	(1,364)	14,377
Segment Results	(332)	(4,406)	-	(4,738)
Finance Cost	(296)	-	-	(296)
Depreciation and Amortisation	(1,736)	(582)	-	(2,318)
Consolidated Loss Before Tax				(7,352)
ASSETS				
Segment Assets	125,014	4,179	-	129,193
LIABILITIES				
Segment Liabilities	18,828	1,924	-	20,752
OTHER INFORMATION				
Capital Expenditure on:-				
Property, plant and Equipment	232	20	-	252
Development costs	-	-	-	-
Depreciation and Amortisation	1,736	582	-	2,318

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) The Board of Directors of the Company announced that Cuscapi Interactive Solutions Sdn Bhd, a company incorporated under the laws of Malaysia ("**Purchaser**"), a wholly-owned subsidiary, had, on 2 August 2019, entered into a Mutual Termination of Business Transfer Agreement ("MTA") with Amplify ME Pte Ltd, a company incorporated under the laws of Singapore ("**Vendor**" or "**Amplify**") and Shaun Lee Hong Wei, a Singapore citizen ("**Guarantor**"), (collectively to be referred as "**Parties**"), mutually terminated the Business Transfer Agreement dated 25 March 2019 ("**the Old BTA**").

   Simultaneously, the Parties have also entered into the following agreements with the Vendor and the Guarantor as follows:

   (a) Business Transfer Agreement ("**New BTA**") with consideration of SGD250,000; and

   (b) Intellectual Property Transfer Agreement ("**IPTA**") with consideration of SGD2,250,000.

   (Collectively to be referred as "**Proposed Business Transfer**")

   The purpose of the above-mentioned three agreements, i.e. MTA, New BTA and IPTA, are to allow the Parties to mutually terminate the Old BTA and simultaneously enter into a New BTA and IPTA. The rationale is to provide a clearer distribution of the considerations paid for the New BTA and IPTA. Save for the distribution of the considerations, there are no other material changes on the Proposed Business Transfer compared to the Old BTA.

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

	Current Year Second (2nd) Quarter 30 Jun 2019	Preceding Year Second (2nd) Quarter 30 June 2018	Variance	
	RM	RM	RM	%
Revenue	13,755,577	14,376,816	(621,239)	-4%
Loss before tax	(2,012,387)	(7,352,011)	5,339,624	73%

For the cumulative six (6) months ended 30 June 2019 under review, the Group's revenue decreased by 4% as compared to the previous year corresponding cumulative period ended 30 June 2018. The decreased revenue mainly due to lower maintenance and hardware sales.

The current quarter recorded a loss before taxation of RM2.0 million, representing a decrease loss of RM5.3 million against last year corresponding period mainly attributable to: -

Description	RM	*Note*
Increase in gross profit	2,832,659	1
Decrease in other operating income	(367,677)	2
Decrease in operating expenses and finance costs	2,874,642	3
Net decrease in loss before tax	**5,339,624**	

Notes:

1) Increase in gross profit mainly due to higher gross profit margin as a result of lower direct staff expenses and lower depreciation of equipment and no amortisation of development cost during the current financial year period ended 30 June 2019.

2) Decrease in other operating income mainly due to no realised gain on foreign exchange and no gain on disposal of PPE during the current financial year period ended 30 June 2019.

3) Decrease in operating expenses and finance costs mainly due to lower salary cost, professional fees, rental expenses and deferred financing cost during the current financial year period ended 30 June 2019.

B.1.2 Current Year Quarter Versus Preceding Year Quarter

	Current Year Second (2nd) Quarter 30 June 2019	Preceding Year Second (2nd) Quarter 30 June 2018	Variance	
	RM	RM	RM	%
Revenue	6,511,506	7,697,727	(1,186,221)	-15%
Loss before tax	(2,105,708)	(2,971,332)	865,624	29%

The Group recorded revenue of RM6.5million and loss before tax of RM2.1million for the current financial year quarter ended 30 June 2019 under review as compared to the preceding year quarter ended 30 June 2018 revenue of RM7.7million and loss before tax of RM3.0 million mainly due to the following:

Description	RM	*Note*
Increase in gross profit	384,809	1
Decrease in other operating income	(140,711)	2
Decrease in operating expenses and finance costs	621,526	3
Net decrease in loss before tax	**865,624**	

Notes:

1) Increase in gross profit mainly due to lower direct staff expenses and lower depreciation of equipment and no amortisation of development cost during the current financial year quarter ended 30 June 2019.

2) Decrease in other operating income mainly due to lower financial interest during the current financial year quarter ended 30 June 2019.

3) Decrease in operating expenses and finance costs mainly due to lower staff costs during the current financial year quarter ended 30 June 2019 as compared to the preceding year quarter ended 30 June 2018.

B.1.3 Current Year Quarter Versus Immediate Preceding Quarter

	Current Year Second (2nd) Quarter 30 June 2019	Immediate Preceding First(1st) Quarter 31 March 2019	Variance	
	RM	RM	RM	%
Revenue	6,511,506	7,244,071	(732,565)	-10%
Profit/ (Loss) before tax	(2,105,708)	93,321	(2,199,029)	-2356%

For the current year quarter ended 30 June 2019 under review, the Group's revenue decreased by 10% as compared to the immediate preceding quarter ended 31 March 2019. The decrease was mainly due to reduce revenue from maintenance and managed services.

For the current year quarter ended 30 June 2019 under review, the Group recorded a loss before taxation of RM2.1 million as compared to the immediate preceding quarter ended 31 March 2019 mainly attributable to:

Description	RM	*Note*
Decrease in gross profit	(1,587,996)	1
Decrease in other operating income	(98,523)	2
Increase in operating expenses and finance costs	(512,510)	3
Net increase in loss before tax	**(2,199,029)**	

Notes:

1) Decrease in gross profit mainly due to lower revenue and increased in cost of goods sold & direct expenses.

2) Decrease in other operating income mainly due to lower gain on disposal of other investment and lower interest income during the current financial year quarter ended 30 June 2019.

3) Increase in operating expenses and finance costs mainly due to higher professional fees and maintenance of office during the current financial year quarter ended 30 June 2019 as compared to the immediate preceding quarter ended 31 March 2019.

B2. Prospects

The Group will continue to focus on operational efficiency and keep innovating with the latest technology in our POS and restaurant management solutions.

The launch of our new C360 Engage (Omni channel interactive customer touch point F&B software) will create a niche against our piers and will be a key differentiator to meet the requirements of new customer behaviour trends. With C360E, Cuscapi will be the market leader in the F&B market space in SEA. The Group plans to expand its foot print into Indochina with Vietnam being the first market expansion in Q3 2019.

The Board and management remains positive and anticipates that the Group will achieve satisfactory performance for financial year 2019.

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. Profit on Sale of Unquoted Investments and/or Properties

There was no disposals of unquoted investments or properties during the current financial quarter under review.

B6. Purchase or Disposal of Quoted Securities

The Company has disposed RM1,184,000 of quoted securities during the current financial quarter under review.

B7. 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 RM	Actual Utilisation RM	Balance Unutilised RM
Working capital	6,143,035	6,143,035	-
Business expansion	46,500,000	44,946,388	1,553,612
Estimated expenses for the Proposals	556,965	556,965	-
Total	53,200,000	51,646,388	1,553,612

B8. Group Borrowings and Debt Securities

There were no borrowings and issued of debt securities as at the current financial quarter to date.

B9. 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.

B10. 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 the trial has been concluded and the Court has fixed 10 September 2019 to clarify any queries that the Court may have. The date for the decision will be provided by the Court on 10 September 2019.

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.

B11. Dividends

The Board has not recommended any dividend for the financial quarter ended 30 June 2019.

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 current financial quarter to date.

The profit/(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**	
	30/6/2019	30/6/2018	**30/6/2019**	30/6/2018
Loss attributable to owners of the parent (RM)	**(2,105,708)**	(2,971,332)	**(2,012,387)**	(7,352,011)
Weighted average number of ordinary shares in issue	**859,269,076**	835,053,728	**859,269,076**	695,275,211
Basic loss per share (sen)	**(0.25)**	(0.36)	**(0.23)**	(1.06)

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

B13. 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	
	30/6/2019	**30/6/2018**	**30/6/2019**	**30/6/2018**
	RM	RM	RM	RM
Depreciation and amortisation	**(675,744)**	(1,500,521)	**(1,335,005)**	(2,317,846)
Interest expense	**(164,315)**	(168,530)	**(329,308)**	(296,126)
Interest income	**163,441**	314,825	**264,008**	371,637
Inventories written down	**-**	6,236	-	56,249
Gain on disposal of property, plant & equipment	**-**	4,976	-	127,067
Gain on disposal of quoted shares	**56,200**	-	**343,200**	-
Provision for and write off of receivables	**(25,621)**	(27,923)	**(53,905)**	(51,250)

By Order of the Board

TAN TONG LANG
Secretary
Kuala Lumpur
28th August 2019