

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(The figures have not been audited)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/12/2018 RM	PRECEDING YEAR QUARTER ENDED 31/12/2017 RM	CURRENT YEAR TO DATE 31/12/2018 RM	PRECEDING YEAR TO DATE 31/12/2017 RM
REVENUE	7,498,319	9,607,353	29,239,825	33,274,739
COST OF GOOD SOLD	(8,909,996)	(11,155,505)	(29,214,517)	(36,592,473)
GROSS PROFIT/(LOSS)	(1,411,677)	(1,548,152)	25,308	(3,317,734)
OTHER OPERATING INCOME	294,574	172,145	1,811,667	371,649
OPERATING EXPENSES	(7,772,399)	(8,406,772)	(22,583,155)	(20,982,982)
LOSS FROM OPERATIONS	(8,889,502)	(9,782,779)	(20,746,180)	(23,929,067)
FINANCE COSTS	(95,096)	(832,302)	(506,772)	(864,400)
LOSS BEFORE TAXATION	(8,984,598)	(10,615,081)	(21,252,952)	(24,793,467)
TAXATION	(627,740)	238,567	(627,740)	232,558
NET LOSS FOR THE PERIOD	(9,612,338)	(10,376,514)	(21,880,692)	(24,560,909)
OTHER COMPREHENSIVE INCOME				
- FOREIGN CURRENCY TRANSLATION	2,661,895	927,381	2,342,440	1,060,799
- OTHER RESERVE	-	(758,402)	-	12,595
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(6,950,443)	(10,207,535)	(19,538,252)	(23,487,515)
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT	(9,612,338)	(10,376,514)	(21,880,692)	(24,560,909)
NON-CONTROLLING INTEREST	-	-	-	-
	(9,612,338)	(10,376,514)	(21,880,692)	(24,560,909)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT	(6,950,443)	(10,207,535)	(19,538,252)	(23,487,515)
Loss per share attributable to equity holders of the parent:				
- Basic (sen)	(1.15)	(2.12)	(3.15)	(5.21)
- Diluted (sen)	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 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	(UNAUDITED)	(AUDITED)
	AS AT	AS AT
	31/12/2018	31/12/2017
	RM	RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	9,799,067	11,453,177
Investment Property	11,002,200	-
Goodwill	2,344,330	2,521,726
Development Costs	-	3,767,002
Other Investments	19,273,194	-
Deferred Tax Assets	-	608,605
	<u>42,418,791</u>	<u>18,350,510</u>
Current Assets		
Inventories	17,154,731	17,812,199
Trade & other receivables	11,289,171	12,302,481
Current tax assets	936,516	773,538
Bank Deposits	16,496,802	568,514
Cash and bank balances	28,558,142	1,989,396
	<u>74,435,362</u>	<u>33,446,128</u>
TOTAL ASSETS	<u>116,854,153</u>	<u>51,796,638</u>
EQUITY AND LIABILITIES		
Equity attributable to owners		
of the parent		
Share Capital	181,076,256	72,846,301
Reserves	(84,604,632)	(54,002,929)
	<u>96,471,624</u>	<u>18,843,372</u>
Non -Controlling Interests	-	-
Total equity	<u>96,471,624</u>	<u>18,843,372</u>
Non-current liabilities		
Deferred Tax Liabilities	-	5,991
	<u>-</u>	<u>5,991</u>
Current Liabilities		
Trade & other payables	20,380,740	32,473,881
Short Term Borrowings	-	473,394
Taxation	1,789	-
	<u>20,382,529</u>	<u>32,947,275</u>
Total Liabilities	<u>20,382,529</u>	<u>32,953,266</u>
TOTAL EQUITY AND LIABILITIES	<u>116,854,153</u>	<u>51,796,638</u>
Net assets per share attributable to owners of the parent (RM)	0.12	0.04

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(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 2018	72,846,301	-	11,503,282	10,922,345	(76,428,556)	18,843,372
Net loss for the period	-	-	-	-	(21,880,693)	(21,880,693)
Other comprehensive income/(expenses)						
- Foreign currency translation	-	-	-	2,342,440	-	2,342,440
- New warrants Issued	-	-	3,200,000	-	-	3,200,000
- warrant conversion	14,263,448	-	(14,263,448)	-	-	-
	14,263,448	-	(11,063,448)	2,342,440	(21,880,693)	(16,338,253)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	50,000,000	-	-	-	-	50,000,000
-ESOS	340,891	-	-	-	-	340,891
-warrant conversion	43,625,614	-	-	-	-	43,625,614
Share issuance expenses	-	-	-	-	-	-
As at 31 DECEMBER 2018	181,076,254	-	439,834	13,264,785	(98,309,249)	96,471,624
As at 1 January 2017	43,553,338	14,305,266	11,809,364	9,861,546	(51,918,623)	27,610,891
Net loss for the period	-	-	-	-	(24,560,900)	(24,560,900)
Other comprehensive income/(expenses)						
- Foreign currency translation	-	-	-	1,060,799	-	1,060,799
- New warrants Issued	-	-	-	-	12,595	12,595
- warrant conversion	-	-	-	-	-	-
	-	-	-	1,060,799	(24,548,305)	(23,487,506)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	15,073,605	-	(1,160,030)	-	-	13,913,575
-ESOS	-	-	892,320	-	-	892,320
- ESOS lapsed	-	-	(38,372)	-	38,372	-
-warrant conversion	-	-	-	-	-	-
Share issuance expenses	(85,908)	-	-	-	-	(85,908)
Transition to no-par value regime	14,305,266	(14,305,266)	-	-	-	-
As at 31 DECEMBER 2017	72,846,301	-	11,503,282	10,922,345	(76,428,556)	18,843,372

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 2017 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
(The figures have not been audited)**

	(UNAUDITED) 31/12/2018 RM	(UNAUDITED) 31/12/2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(21,252,952)	(24,793,463)
Adjustments for :-		
Non-cash items	12,293,967	11,715,371
Non-operating items	(457,832)	1,918,685
Operating loss before changes in working capital	(9,416,817)	(11,159,407)
Net changes in current assets	1,507,797	(12,138,410)
Net changes in current liabilities	(12,093,141)	18,539,798
	(20,002,161)	(4,758,019)
Taxation	(23,337)	156,891
Net cash (used in)/generated from operating activities	(20,025,498)	(4,601,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,301,200)	(9,833,557)
Investment Property	(11,002,200)	
Other Investment paid	(19,273,194)	
Development costs paid	-	-
Interest received	964,604	52,658
Proceeds on disposal of property, plant and equipment	148,183	-
Fair Value on Investment in Litar	-	
Fixed deposit held as security value	549,787	(166,999)
Net cash generated from/(used in) investing activities	(29,914,020)	(9,947,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(506,772)	(864,396)
Share issuance expenses	-	(85,908)
Net proceeds from issuance of shares pursuant to:		
-private placement	50,000,000	9,700,500
-ESOS	340,891	4,213,075
-warrant conversion	43,625,614	-
Net cash generated from financing activities	93,459,733	12,963,271
NET CHANGE IN CASH AND CASH EQUIVALENTS	43,520,215	(1,585,755)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,534,729	3,120,484
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	45,054,944	1,534,729
Cash and cash equivalents comprises:-		
Short-term deposits placed with licensed bank	16,496,802	568,514
Fixed deposits held as security value	-	(549,787)
Cash and bank balances	28,558,142	1,989,396
Bank overdraft	-	(473,394)
	45,054,944	1,534,729

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 YEAR ENDED 31 DECEMBER 2018

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 2017. 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 2017.

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 2017 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 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments/improvements to MFRSs did not have any significant effects on the interim financial statements and did not result in significant changes to the Group’s existing accounting policies.

New MFRS, amendments/improvement to MFRSs and new IC Interpretation with effect from or after 1 January 2019

New MFRSs

MFRS 16	Leases
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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
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 Group plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective.

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2017 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

There were 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 twelve (12) months financial year ended 31 December 2018 is as follows:-

31 DECEMBER 2018	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	26,296	5,610	(2,666)	29,240
Segment Results	(4,819)	(9,990)	-	(14,809)
Finance Cost	(507)	-	-	(507)
Depreciation and Amortisation	(3,891)	(2,046)	-	(5,937)
Consolidated Loss Before Tax				(21,253)
ASSETS				
Segment Assets	115,554	1,300	-	116,854
LIABILITIES				
Segment Liabilities	19,621	762	-	20,383
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	12,303	0	-	12,303
Development costs	-	-	-	-
Depreciation and Amortisation	3,891	2,046	-	5,937

31 DECEMBER 2017	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	37,367	4,546	(8,638)	33,275
Segment Results	(27,663)	(3,292)	-	(30,955)
Finance Cost	(862)	(2)	-	(864)
Depreciation and Amortisation	(4,982)	(316)	-	(5,298)
Consolidated Loss Before Tax				(24,793)
ASSETS				
Segment Assets	46,304	5,492	-	51,796
LIABILITIES				
Segment Liabilities	30,379	2,574	-	32,953
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	9,721	-	-	9,721
Development costs	-	2,121	-	2,121
Depreciation and Amortisation	4,982	316	-	5,298

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 below, there were no material events subsequent to the current financial quarter to date.

- 1) As announced on 18 January 2019, the Company has acquired quoted securities of RM6,464,833.10 which is approximately 7.48% of Cuscapi Group's consolidated net assets for the period from 1 January 2018 to 31 March 2018 that has been reviewed by the external auditor.
- 2) The Company had on 20 February 2019 incorporated a wholly-owned subsidiary known as CUSCAPI (BD) LTD in the People's Republic of Bangladesh with Authorized Share Capital of TK. 100,000,000 (Ten Crore) divided into 1,000,000 (Ten Lac) Ordinary Shares of TK 100 (One Hundred) each. The paid-up capital of the company is BD TK. 4,150,000 representing 41,500 Shares (equivalent to USD50,000 or RM203,450.00).

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 31/12/2018 RM	As at 31/12/2017 RM
Corporate guarantees extended:		
- to financial institutions for credit facilities	-	700,000
- to a supplier for purchases made by a subsidiary	14,757,397	21,211,853
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A13. Capital Commitment

	Company	
	As at 31/12/2018 RM	As at 31/12/2017 RM
Capital expenditure in respect of acquisition of property:		
- Contracted but not provided for	9,001,800	Nil
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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 Current Year-to-Date Versus Previous Year-to-Date

	Current Forth (4 th) Quarter 31 Dec 2018	Preceding Forth (4 th) Quarter 31 Dec 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	29,239	33,274	(4,035)	-12%
PBT	(21,253)	(24,793)	3,540	14%

For the financial year ended 31 December 2018 the Group revenue decreased by 12% as compared to previous financial year. The decrease was mainly due to lower software sales, maintenance, managed services and professional services.

However the loss before taxation of the Group for financial year ended 31 December 2018 have reduced to RM21.3 mil mainly due to following:-

Description	RM	Note
Increase in gross profit	3,343	1
Increase in other operating income	1,440	2
Increase in operating expenses	(1,600)	3
Decrease in finance costs	357	4
Net increase in PBT	3,540	

Notes:-

- (1) Increase in gross profit mainly due to reduce in cost of sales as a result of lower direct staff expenses.
- (2) Other operating income increased mainly due to realised gain on foreign exchange and sundry interest income.
- (3) Operating expenses increased mainly due to non-capitalisation of salary cost to development cost, professional fees, impairment of trade receivables, compensation expenses, written off / loss on disposal of equipment and unrealised loss on foreign exchange.
- (4) Finance cost decreased mainly due to lower deferred financing cost.

B.1.2 Current Year Quarter Versus Preceding Year Corresponding Quarter

	Current Forth (4 th) Quarter 31 Dec 2018	Preceding Forth (4 th) Quarter 31 Dec 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	7,498	9,607	(2,109)	-22%
PBT	(8,985)	(10,615)	1,630	-15%

For the current quarter under reviewed, the Group's revenue and loss before tax decreased by 22% and 15% respectively compared to preceding year corresponding quarter ended 31 December 2017 mainly due to the following:-

Description	RM	Note
Reduced in gross loss	136	1
Increase in other operating income	122	2
Decrease in operating expenses	634	3
Decrease in finance costs	738	4
Net increase in PBT	1,630	

Notes:-

- (1) Reduced in gross loss mainly due to reduce in cost of sales as a result of lower Staff expenses.
- (2) Other operating income increased mainly due to sundry interest income.
- (3) Operating expenses decreased mainly due to lower impairment of goodwill and development cost.
- (4) Finance cost decreased mainly due to lower deferred financing cost.

B.1.3 Current Year Quarter Versus Immediate Preceding Quarter

	Current Forth (4 th) Quarter 31 Dec 2018	Preceding Third (3 rd) Quarter 30 Sept 2018	Variance	
	RM	RM'000	RM'000	%
Revenue	7,498	7,365	133	2%
PBT	(8,985)	(4,916)	(4,069)	-83%

The Group recorded revenue of RM7.5 million and loss before taxation of RM9 million for current quarter under review as compared to immediate preceding quarter ended 30 September 2018 of RM7.4 million and RM4.9 million respectively mainly due to following:-

Description	RM	Note
Decrease in gross profit	(2,032)	1
Decrease in other operating income	(173)	2
Increase in operating expenses	(1,884)	3
Decrease in finance costs	20	4
Net decrease in PBT	(4,069)	

Notes:-

- (1) Decrease in gross profit mainly due to full amortization of development cost and inventories written off in current quarter 2018.
- (2) Other operating income decrease mainly due to lower sundry interest income and lower realised gain on foreign exchange.
- (3) Operating expenses increase mainly due to impairment of trade receivables & equipment, written off / loss on disposal of equipment and unrealised loss on foreign exchange.
- (4) Finance cost decreased mainly due to lower deferred financing cost.

B2. Prospects

During the financial year 2018, other than exploring to new potential market and customers, the Board of Director has implemented various measures to reduce losses, improve operational efficiency and launch new POS software, named C360Engage, to remain competitive in this challenging market.

C360Engage is an integrated suite of cloud based products designed with the omni-channel approach and covers the complete engagements between the F&B operator and its customers. C360Engage is designed to be hardware agnostic with a preference towards the Android platform for mobility with a lower cost of ownership.

The Group is well positioned with country offices in SEA to capitalize on the F&B market trend spearheaded by C360Engage. The Group also have business plans to penetrate into emerging markets such as Laos, Cambodia, Vietnam and Bangladesh.

Despite the prevailing challenges and competition faced by the Group and barring unforeseen circumstances, the Board and Management remain positive in assessing the long term outlook for the Group and confident to achieve satisfactory results in next financial year.

B3. Profit Forecast

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

B4. Taxation

There is no provision of taxation for the current quarter and financial year-to-date except there is reversal of deferred tax assets during the current quarter.

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

The Company has purchased RM3,238,000 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	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM
Working capital	6,143,035	6,143,035	-
Business expansion	46,500,000	21,317,732	25,182,268
Estimated expenses for the Proposals	556,965	556,965	-
Total	53,200,000	28,017,732	25,182,268

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. Material Litigation

There were no material litigation other those reported in previous quarter .

B11. Dividends

The Board has not recommended any dividend for the financial quarter ended 31 December 2018.

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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net loss attributable to owners of the parent (RM)	(9,612,339)	(10,376,514)	(21,880,692)	(24,560,909)
Weighted average number of ordinary shares in issue	835,053,728	489,936,995	695,275,211	471,819,692
Basic loss per share (sen)	(1.15)	(2.12)	(3.15)	(5.21)

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 31/12/18
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(94,822,691)
- Unrealised	(3,486,558)
Total retained losses c/f	(98,309,249)

B14. Loss for the Current Financial Quarter

Cumulative Period Ended
31/12/2018
RM

Loss for the current financial quarter to date is arrived at after charging :

- Depreciation of plant & equipment	2,936,004
- Amortisation of development costs	3,716,618
- Interest paid	506,772

By Order of the Board

TAN TONG LANG
Secretary
Kuala Lumpur
27th February 2019