

CUSCAPI BERHAD
(Company No: 43190-H)
Formerly known as Datascan Berhad

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2007

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements 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 2006.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the most recent annual audited financial statements for the year ended 31 December 2006, except for the adoption of the following new/revised Financial Reporting Standards:-

FRS 117	Leases
FRS 119 ₂₀₀₄ (Revised)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The adoption of the abovementioned FRSs does not have any significant financial impact on the Group.

As at the date of this report, the Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

A2. Auditors’ Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2006 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 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 quarter under review.

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the following:-

Employees' Share Options Scheme (ESOS)

During the current quarter and financial year to date ended 30 September 2007, the Company issued 540,600 and 3,717,200 ordinary shares of RM0.10 each respectively for cash pursuant to the Company's ESOS.

A7. Dividends Paid

No dividend has been paid during the current quarter under review.

A8. Segmental Reporting

No segmental analysis is prepared as the Group is primarily engaged in a single business segment of information technology ("IT") and IT related services.

A9. Revaluation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the current quarter under review.

A10. Subsequent Events

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 quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review up to the date of this report except for the following:

The Company had on 18 October 2007, incorporated a wholly owned subsidiary, Cusapi International Pte Ltd (Reg. No. 200719346H) in Singapore with a paid up share capital of SGD2.00 consisting of 2 ordinary shares of SGD1.00 each.

A12. Contingent Liabilities

There were no material contingent liabilities of the Group during the current quarter under review up to the date of this report.

A13. Capital Commitment

The Company has no capital commitment in respect of property, plant and equipment as at the date of this report.

A14. Related Party Transactions

As at the end of the current period under review, the Group has entered into/or completed the following related party transactions:

	9 months ended 30.09.07
Transactions with A&W (Malaysia) Sdn Bhd, a wholly-owned subsidiary of KUB Malaysia Berhad, a Company with a common director:	RM
- Rental of Point-of-Sales (“POS”) System	349,365
- Remedial and maintenance services	45,331
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	394,365
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Rosman bin Abdullah is a Non-Executive Director and substantial shareholder of the Company via his substantial shareholdings in Transight Systems Sdn Bhd. Rosman bin Abdullah is also a Director of KUB Malaysia Berhad. Therefore transactions with A&W (Malaysia) Sdn Bhd, a wholly-owned subsidiary of KUB Malaysia Berhad are deemed related party transactions.

The above related party transactions are recurrent transactions of a revenue or trading nature and are entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

During the quarter under review, the Group's revenue of RM8.022 million was marginally lower than the preceding year corresponding quarter's revenue of RM8.337 million due to delays of some anticipated orders. However, profit before tax ("PBT") for the quarter rose to RM2.912 million against the preceding year corresponding quarter's PBT of RM1.558 million, which includes a gain derived from the disposal of investment property amounting to RM1.935 million.

For the financial period to date, the Group's revenue was RM25.340 million, an increase of 18.6% against the preceding year corresponding period mainly due to the stronger demand for existing F&B solutions as well as the new service lines provided by the Group. PBT rose to RM6.131 million against the preceding year period's RM3.300 million which was due to the increase in revenue and the gain derived from the disposal of investment property amounting to RM1.935 million.

B2. Material Changes in the Quarterly Results Compared to the Immediate Preceding Quarter

The current quarter's PBT of RM2.912 million was higher compared to the immediate preceding quarter's RM1.742 million which was due to a gain of RM1.935 million realized from the disposal of investment property. During the quarter under review, operational contribution decreased due to delays of some anticipated orders. In addition, the Group's operating expenses increased mainly due to costs associated with higher headcount and increased international business development activities compared to the immediate preceding quarter.

B3. Prospects

With the Group stepping up its business development efforts internationally, particularly in China and the Middle East, the Board remains optimistic of a satisfactory performance for the last quarter of the financial year.

The Group will continue to aggressively pursue high growth markets by introducing innovative and complementary solutions to these markets. In addition to aggressive regional expansion, the Group is looking at growth through mergers & acquisitions with synergistic businesses locally and abroad.

B4. Profit Forecast

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

B5. Taxation

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(134)	(29)	(530)	(75)
- Deferred tax	(21)	(241)	(57)	(290)
- In respect of prior year	(81)	-	(81)	-
	<u>(236)</u>	<u>(270)</u>	<u>(668)</u>	<u>(365)</u>

The statutory tax rate was reduced to 27% from the previous year's rate of 28% effective in the current year of assessment. The statutory tax rate will be reduced to 26% effective year of assessment 2008. The computation of deferred tax has reflected these changes.

The Group's effective tax rate was lower than the statutory tax rate of 27% due to the availability of prior years' losses used to offset against the current year's profits as well as the subsidiaries which are classified as Small and Medium Enterprises ("SMEs") due to their share capital structures. Additionally, certain profits generated by two (2) of the Group's subsidiaries with Multimedia Super Corridor ("MSC") status with pioneer status were exempted from tax.

B6. Profit on Sale of Unquoted Investments and/or Properties

Cuscapi International Sdn Bhd (formerly known as Transbow Sdn Bhd), a wholly owned subsidiary of Cuscapi Berhad (formerly known as Datascan Berhad), had on 2 April 2007 entered into a Sales & Purchase Agreement ("SPA") with Kenchana Real Estate Sdn Bhd (formerly known as Ascendas Properties Sdn Bhd) for the disposal of a building erected on a parcel of land held under its master title, Geran 40278, Lot No. 88, Bandar Saujana, District of Petaling, Selangor Darul Ehsan ("Property"), for a total cash consideration of Ringgit Seventeen Million One Hundred Fifty Thousand (RM17,150,000). A gain of RM1.93 million was realized from the disposal during the quarter under review.

B7. Purchase or Disposal of Quoted Securities

Details of purchase and disposal of quoted securities during the current quarter under review and financial period to date were as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM '000	RM '000	RM '000	RM '000
Quoted shares (at cost)	126	126	126	126
Less: Impairment loss	(87)	(87)	(87)	(87)
	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>
Disposal (proceeds)	102	-	102	-
Net gain on disposal	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>

As at 30 September 2007, the Group had fully disposed off its investments in quoted securities.

B8. Corporate Proposals**(a) Status of Corporate Proposals as at 6 November 2007**

(being a date not earlier than seven (7) days from the date of this announcement)

There were no corporate proposals announced but not completed as at 6 November 2007, being the latest practicable date.

(b) Utilisation of proceeds raised from Corporate Proposals

As at 30 September 2007, the proceeds raised from the disposal of property had been fully utilised. The breakdown of the utilisation of proceeds is detailed as below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for Utilisation	Deviation Amount RM'000 / (%)	Explanations
Repayment of bank borrowings	5,326	5,332	N/A*	6 / 0.11%	Please see below
Working capital for the Group	11,472	11,479	N/A*	7 / 0.06%	Please see below
Defraying expenses incidental to the disposal	352	339	N/A*	(13) / (3.69%)	The excess from the amount allocated for defraying expenses was utilised for the working capital requirements of the Group and repayment of bank borrowings
Total	17,150	17,150	-	-	-

Note:

* There was no intended timeframe set out for the utilisation of proceeds.

B9. Group Borrowings and Debt Securities

The Group has no borrowings and it did not issue any debt securities.

B10. Off Balance Sheet Financial Instruments

As at 6 November 2007, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 6 November 2007

(being a date not earlier than seven (7) days from the date of issue of this quarterly report)

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.

B12. Dividends

No dividend has been declared during the current quarter under review.

B13. Earnings Per Share**(a) Basic earnings per share**

The earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM '000	RM '000	RM '000	RM '000
Net profit attributable to equity holders of the parent	2,676,231	1,289,376	5,462,690	2,858,821
Weighted average number of ordinary shares in issue	222,379,382	183,932,458	221,166,715	162,781,343
Basic earnings per share (sen)	1.20	0.70	2.47	1.76

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM '000	RM '000	RM '000	RM '000
Weighted average number of ordinary shares in issue	222,379,382	183,932,458	221,166,715	162,781,343
Effects of dilution:				
Share options	-	55,457	-	55,457
Weighted average number of ordinary shares in issue and issuable	222,379,382	183,987,915	221,166,715	162,836,800
Diluted earnings per share (sen)	N/A	0.70	N/A	1.76

By Order of the Board

TAN LEH KIAH
Secretary
Kuala Lumpur
7 November 2007