

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

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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.

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.

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:

	12 months ended 31.12.07
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	465,108
- Remedial and maintenance services	48,464
	<hr/> 513,572 <hr/> <hr/>

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 RM13.339 million was higher than the preceding year corresponding quarter's revenue of RM8.200 million. However, profit before tax ("PBT") for the quarter declined to RM1.554 million against the preceding year corresponding quarter's PBT of RM2.971 million. The decline was mainly attributable to certain strategic sales completed during the quarter under review at lower margins as well as increased costs in line with business expansion and increased international business development activities undertaken.

For the financial year, the Group's revenue was RM38.678 million, an increase of 30.78% against the preceding year corresponding period. PBT rose to RM7.665 million against the preceding year period's RM6.164 million which was due to the gain derived from the disposal of an investment property amounting to RM1.935 million during the financial year under review.

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

Taking into account the immediate preceding quarter's PBT of RM2.864 million included the gain derived from the disposal of an investment property amounting to RM1.935 million, the current quarter's PBT of RM1.534 million represents an increase due to the significantly higher revenue achieved during the quarter under review.

B3. Prospects

With higher levels of activities planned and budgets allocated towards its regional expansion and international business development particularly in China, the Group expects to see improved contributions from these endeavours during the year ahead. Concurrently, the Group will continue to explore and pursue potential mergers & acquisitions with synergistic businesses locally and abroad.

Overall, the Board expects a satisfactory performance for the new financial year ahead.

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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(187)	(186)	(717)	(261)
- Deferred tax	(99)	(269)	(157)	(559)
- In respect of prior year	(1)	(38)	(82)	(38)
	<u>(287)</u>	<u>(493)</u>	<u>(956)</u>	<u>(858)</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

There were no disposals of unquoted investments or properties 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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM '000	RM '000	RM '000	RM '000
Quoted shares (at cost)	-	126	126	126
Less: Impairment loss	-	(87)	(87)	(87)
	-	<u>39</u>	<u>39</u>	<u>39</u>
Disposal (proceeds)	-	-	102	-
Net gain on disposal	-	-	<u>63</u>	-

As at 31 December 2007, the Group had fully disposed off its investments in quoted securities.

B8. Corporate Proposals

There were no other corporate proposals announced but not completed as at the date of this announcement.

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 28 February 2008, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 28 February 2008

(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

The Board has declared a first interim dividend of 1 sen tax exempted per share in respect of the financial year ended 31 December 2007 and payable on 18 April 2008. The entitlement date has been fixed on 19 March 2008.

A Depositor shall qualify for the entitlement only in respect of:

- a. Shares transferred to the Depositor's Securities Account before 5:00 p.m. on 19 March 2008 in respect of ordinary transfers.
- b. Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the rules of BMSB.

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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM '000	RM '000	RM '000	RM '000
Net profit attributable to equity holders of the parent	1,247,448	2,371,371	6,710,139	5,230,138
Weighted average number of ordinary shares in issue	222,432,267	218,715,067	221,485,703	176,879,706
Basic earnings per share (sen)	0.56	1.08	3.03	2.96

(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	
	31/12/2007	31/012/2006	31/12/2007	31/12/2006
	RM '000	RM '000	RM '000	RM '000
Weighted average number of ordinary shares in issue	222,432,267	218,715,067	221,485,703	176,879,706
Effects of dilution:				
Share options	-	55,457	-	55,457
Weighted average number of ordinary shares in issue and issuable	222,432,267	218,770,524	221,485,703	176,935,163
Diluted earnings per share (sen)	N/A	1.08	N/A	2.96

By Order of the Board

TAN LEH KIAH
Secretary
Kuala Lumpur
28 February 2008