

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

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

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 2007. 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 2007.

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 2007.

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2007 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

The Company had on 18 April 2008 paid the first interim dividend, in respect of the financial year ended 31 December 2007, of 1 sen tax exempted per share on 222,432,267 ordinary shares amount to RM2,224,323.

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

On 30 May 2008, the Company had incorporated a wholly-owned subsidiary, Cuscapi Outsourcing Sdn. Bhd. with an authorised capital of RM500,000-00 consisting of 500,000 ordinary shares of RM1-00 each and a paid up share capital of RM2-00 consisting of 2 ordinary shares of RM1-00 each. Pursuant to the Joint Venture Agreement between the Company and Proteas Innovation Sdn Bhd ("Proteas"), the paid up share capital was increased to 100,000 ordinary shares of RM1-00 each from which the Company subscribed a further 54,998 ordinary shares of RM1-00 each with the balance 45,000 ordinary shares of RM1-00 each subscribed by Proteas.

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:

	6 months ended 30.06.08
(i)	
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	231,486
- Remedial and maintenance services	92,343
	<hr/> <u>323,829</u>

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.

	6 months ended 30.06.08
(ii)	
Transactions with AmBank (M) Berhad, a Company with a common director:	RM
- Sales of Computer Equipments and Services Rendered	967,680
	<hr/> <u>967,680</u>

Due to Dato’ Larry Gan Nyap Liou @ Gan Nyap Liow being on the Board of Directors of AmBank (M) Berhad as its Independent Non-Executive Director and by virtue of him being a Director and a substantial shareholder of the Company, the transactions between the Group and AmBank (M) 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 RM11.104 million was higher compared to the preceding year corresponding quarter's revenue of RM9.884 million. The increase was mainly contributed by revenue from International customers. Profit before tax ("PBT") registered during the quarter under review of RM0.128 million was lower compared to the preceding year corresponding quarter's PBT of RM1.742 million.

For the financial period to date, revenue generated by the Group was RM18.997 million, increased from the preceding year's corresponding period revenue of RM17.317 million. PBT however, declined to RM0.435 million compared to RM3.218 million for the respective periods.

The decline in PBT for both quarter under review and financial period to date as compared to their respective periods of the preceding year was mainly attributable to the Group's higher operating cost resulting from planned capacity expansion endeavours, costs associated with increased international business development activities as well as operating costs from the newly established office in Beijing, China.

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

Although the Group registered higher revenue of RM11.104 million during the quarter under review as compared to the immediate preceding quarter's RM7.893 million, the current quarter's PBT of RM0.128 million was lower against the immediate preceding quarter's RM0.307 million. The decline in PBT was mainly attributable to higher staff related costs from increased headcount, international business development activities and the Beijing office costs.

B3. Prospects

Despite the weaker results achieved from the Group's H1 activities, the Board remains cautiously optimistic of a satisfactory performance for the remaining quarters of the current financial year.

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	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(42)	(291)	(125)	(396)
- Deferred tax	(21)	(1)	(35)	(36)
	(63)	(292)	(160)	(432)

The statutory tax rate was reduced to 26% from the previous year's rate of 27% effective in the current year of assessment. The statutory tax rate will be reduced to 25% effective year of assessment 2009. The computation of deferred tax has reflected these changes.

The Group's effective tax rate was lower than the statutory tax rate of 26% due to the tax exemptions on profits generated by two (2) of the Group's subsidiaries with Multimedia Super Corridor ("MSC") status with pioneer status.

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

During the current quarter under review and financial period to date, there was no purchase and disposal of quoted securities.

B8. Corporate Proposals**Status of Corporate Proposals as at 18 August 2008**

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

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

B11. Material Litigation as at 18 August 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 does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 30 June 2007 : Nil)

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	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM '000	RM '000	RM '000	RM '000
Net profit attributable to equity holders of the parent	64,646	1,450,106	274,708	2,786,460
Weighted average number of ordinary shares in issue	222,432,267	221,542,904	222,432,267	220,556,305
Basic earnings per share (sen)	0.03	0.65	0.12	1.26

(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	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM '000	RM '000	RM '000	RM '000
Weighted average number of ordinary shares in issue	222,432,267	221,542,904	222,432,267	220,556,305
Effects of dilution: Share options	-	534,602	-	534,602
Weighted average number of ordinary shares in issue and issuable	222,432,267	222,077,506	222,432,267	221,090,907
Diluted earnings per share (sen)	N/A	0.65	N/A	1.26

By Order of the Board

TAN LEH KIAH
Secretary
Kuala Lumpur
18 August 2008