

**CUSCAPI BERHAD**  
(Company No: 43190-H)

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

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

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**

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 31 October 2008, through its wholly owned subsidiary, Cuscap International Pte Ltd (Reg No. 200719346H), a company incorporated in Singapore, incorporated a wholly owned subsidiary SUCHOU CUSCAPI CO. LTD in China with an authorised capital of USD200,000.00 consisting of 200,000 ordinary shares of USD1.00 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:

	<b>9 months ended 30.09.08</b>
(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	347,229
- Remedial and maintenance services	95,943
	<hr/> 443,172 <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.

	<b>9 months ended 30.09.08</b>
(ii)	
Transactions with AmBank (M) Berhad, a Company with a common director:	RM
- Sales of Computer Equipments and Services Rendered	1,049,892
	<hr/> 1,049,892 <hr/>

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 RM8.591 million was higher compared to the preceding year corresponding quarter's revenue of RM8.022 million. The increase was mainly contributed by revenue from International customers. Profit before tax ("PBT") registered during the quarter under review of RM0.450 million was lower compared to the preceding year corresponding quarter's PBT of RM2.912 million.

For the financial period to date, revenue generated by the Group was RM27.588 million, increased from the preceding year's corresponding period revenue of RM25.340 million. PBT however, declined to RM0.885 million compared to RM6.131 million for the respective periods.

The decline in PBT for both quarter under review and financial period to date as compared to the their respective periods of the preceding year was mainly attributable to the gain from disposal of Investment Property amounting to RM1.935 million realised in the preceding year and the higher operating costs from planned capacity expansion endeavours undertaken during the period under review. In addition, the Group's newly established Joint Venture is still in its start-up phase, resulting in a share of its losses during the quarter under review.

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

The Group registered lower revenue of RM8.591 million during the quarter under review as compared to the immediate preceding quarter's RM11.104 million. However, the current quarter's PBT of RM0.450 million was higher than the immediate preceding quarter's RM0.128 million.

**B3. Prospects**

Despite the current economic outlook and challenges posed by the uncertainties of the global economies especially those of ASEAN and Asia Pacific countries where the Group is directly or indirectly involved in, the Board remains cautiously optimistic of a satisfactory performance for the remaining quarter 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	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(94)	(134)	(219)	(530)
- Deferred tax	8	(21)	(27)	(57)
-In respect of prior year	(3)	(81)	(3)	(81)
	(89)	(236)	(249)	(668)

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 13 November 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 13 November 2008, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

**B11. Material Litigation as at 13 November 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 September 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	
	30/09/08	30/09/07	30/09/08	30/09/07
Net profit attributable to equity holders of the parent (RM)	442,335	2,676,231	652,397	5,462,690
Weighted average number of ordinary shares in issue	222,432,267	222,379,382	222,432,267	221,166,715
Basic earnings per share (sen)	0.20	1.20	0.29	2.47

**(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	
	30/09/08	30/09/07	30/09/08	30/09/07
Weighted average number of ordinary shares in issue	222,432,267	222,379,382	222,432,267	221,166,715
Effects of dilution: Share options	-	-	-	-
Weighted average number of ordinary shares in issue and issuable	222,432,267	222,379,382	222,432,267	221,166,715
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

By Order of the Board

TAN LEH KIAH  
Secretary  
Kuala Lumpur  
13 November 2008