

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

**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**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 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 2010.

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 2010 EXCEPT FOR THE FOLLOWING New and Revised Financial Reporting Standards (“FRSs”), Amendments/Improvements to FRSs and IC Interpretations that had been issued by the Malaysian Accounting Standards Board (“MASB”):-

**Effective for financial periods beginning on or after 1 January 2011**

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment
Amendments to FRS 3	Business Combination
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139 and Amendments to	Financial Instruments: Recognition and Measurement Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18 and Amendments to	Transfers of Assets from Customers
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	Prepayments of a Minimum Funding Requirement

The application of the above new FRSs and IC Interpretations do not have material impact on the results and the financial position of the Group.

**A2. Auditors' Report**

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2010 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 30 Sep 2011 paid the first interim dividend, in respect of the financial year ending 31 December 2011, of 1.5 sen per share less 25% income tax on 222,432,267 ordinary shares amounting to RM2,502,363.

**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

##### Incorporation of a Subsidiary

On 2 November 2011, the Group's wholly owned subsidiary, Cuscapi International Pte. Ltd. incorporated a new subsidiary in Hong Kong known as Cuscapi Hong Kong Limited (Company Registration No. 1675775) with an authorised and paid up capital of HK\$10,000 consisting of 10,000 shares of HK\$1.00 each.

#### A12. Contingent Liabilities

The changes in contingent liabilities since the last annual balance sheet date are tabulated below:

##### Bank Guarantee

	RM'000
Balance as at 31 December 2010	234
Extended during the year	0
Discharged during the year	0
Balance as at 30 September 2011	234

#### 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:

(i)	<b>9 months ended 30.09.11</b>
Transactions with A&W (Malaysia) Sdn Bhd, a wholly-owned subsidiary of KUB Malaysia Berhad, a Company with a common director:	RM
- Rental, Sales and Maintenance of Point-of-Sales ("POS") System	492,986

Dato' Rosman bin Abdullah is a Non-Executive Director and substantial shareholder of the Company via his substantial shareholdings in Transight Systems Sdn Bhd. Dato' 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.

(ii)	<b>9 months ended 30.09.11</b>
Transactions with AmBank (M) Berhad, a Company with a common director:	RM
- Sales of Network Infrastructure and Security Solutions and Services Rendered	<u>346,162</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**

For the quarter under review, the Group generated revenue of RM12.910 million was higher compared to the preceding year corresponding quarter's revenue of RM9.978 million. This was attributable to the continued growth of the Group's international business, making up 47% of total revenue for the quarter under review as compared to 25% for the preceding year corresponding quarter. Profit before tax ("PBT") of RM1.815 million was also higher compared to the RM1.470 million due to the higher revenue.

For the current financial year, the Group's revenue of RM40.144 million was higher compared to the preceding year's corresponding period revenue of RM35.720 million. PBT in the same period increased to RM6.904 million compared to PBT of RM5.793 million for the preceding year's corresponding period.

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

The Group's revenue for the quarter under review was slightly higher at RM12.910 million compared to the immediate preceding quarter of RM11.817 million. However, PBT was lower at RM1.815 million compared to the immediate preceding quarter's PBT of RM2.578 million due to higher operational costs attributable to development of new overseas offices.

**B3. Prospects**

The Board expects the Group's financial performance for the final quarter of the current financial year to be satisfactory.

**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	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(155)	(54)	(312)	(773)
- Deferred tax	6	(66)	77	(165)
- In respect of prior year	143	1	143	95
	<u>6</u>	<u>(119)</u>	<u>(92)</u>	<u>(843)</u>

**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 25 November 2011**

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

The Company had on 16 November 2011 completed the listing of 22,000,000 new ordinary shares of RM0.10 each on the ACE Market of Bursa Malaysia Securities Berhad pursuant to the Proposed Private Placement of up to 10% of the issued and paid-up capital of the Company's shares at RM0.43 per Placement Share.

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 25 November 2011, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

**B11. Material Litigation as at 25 November 2011**

(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 not recommended any further dividend in respect of the financial year ending 31 December 2011.

**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	
	30/09/11	30/09/10	30/09/11	30/09/10
Net profit/(loss) attributable to equity holders of the parent (RM)	1,808,557	1,351,237	6,811,588	4,950,165
Weighted average number of ordinary shares in issue	222,432,267	222,432,267	222,432,267	222,432,267
Basic earnings/(loss) per share (sen)	0.81	0.61	3.06	2.23

**(b) Diluted earnings per share**

The diluted 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, adjusted for dilutive effects of potential ordinary shares from share options granted pursuant to the Employees' Share Option Scheme ("ESOS")

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/11	30/09/10	30/09/11	30/09/10
Net profit/(loss) attributable to equity holders of the parent (RM)	1,808,557	1,351,237	6,811,588	4,950,165
Weighted average number of ordinary shares in issue	222,432,267	222,432,267	222,432,267	222,432,267
Effects of dilution: ESOS shares	10,682,514	NA	8,772,531	NA
Weighted average number of ordinary shares in issue and issuable	233,114,781	NA	231,204,798	NA
Diluted earnings/(loss) per share (sen)	0.78	NA	2.95	NA

**B14. Realised/Unrealised Retained Profits/Losses**

	Current Quarter 30.09.11
Total retained profits of Cuscapi and its subsidiaries:	RM
- Realised	18,396,945
- Unrealised	(676,832)
Total retained profits c/f	17,720,113

By Order of the Board

DATUK TAN LEH KIAH  
Secretary  
Kuala Lumpur  
25 Nov 2011