

CUSCAPI BERHAD
(Company No: 43190-H)

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

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.

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	(92)
Balance as at 31 December 2011	142

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)	12 months ended 31.12.11
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	654,954

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)	12 months ended 31.12.11
Transactions with AmBank (M) Berhad, a Company with a common director:	RM
- Sales of Network Infrastructure and Security Solutions and Services Rendered	346,162

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's revenue of RM13.451 million was slightly higher compared to the preceding year corresponding quarter's revenue of RM13.183 million. The Group's full financial year revenue was also higher at RM53.595 million compared against the preceding year's corresponding period revenue of RM48.903 million.

During the quarter under review, the Group's new offices in Jakarta and Guangzhou became operational as part of market presence expansion initiatives undertaken during the year, joining the ranks of Shanghai and Bangkok established earlier in the year. Lower margins as well as the higher operating expenses contributed to the lower profit before tax ("PBT") RM1.910 million compared to the RM4.218 million from the preceding year corresponding quarter. The Group's PBT of RM8.814 million for the full financial year was lower compared to the PBT of RM10.011 million from 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 RM13.451 million compared to the immediate preceding quarter's RM12.910 million. PBT was higher at RM1.910 million compared to RM1.815 million from the immediate preceding quarter even after additional trade receivables provisions were made amounting to RM0.356 million.

B3. Prospects

The Board expects revenue growth from the Group's enlarged geographical presence and improved margins from commercialisation of new products for the financial year ending 31 December 2012. Higher operating costs can also be expected from continued establishment of new offices.

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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
- Current income tax	27	48	(285)	(725)
- Deferred tax	(73)	(94)	4	(259)
- In respect of prior year	(37)	1	106	95
	(83)	(45)	(175)	(889)

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 28 February 2012

(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 28 February 2012, 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 2012

(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 1.5 sen per share less 25% income tax in respect of the financial year ending 31 December 2012 and payable on 18 April 2012. The entitlement date has been fixed on 30 March 2012.

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

- a. Shares transferred to the Depositor's Securities Account before 5:00p.m. on 30 March 2012 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	
	31/12/11	31/12/10	31/12/11	31/12/10
Net profit/(loss) attributable to equity holders of the parent (RM)	1,827,059	4,172,497	8,638,647	9,122,662
Weighted average number of ordinary shares in issue	233,432,267	222,432,267	225,204,870	222,432,267
Basic earnings/(loss) per share (sen)	0.78	1.88	3.84	4.10

(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	
	31/12/11	31/12/10	31/12/11	31/12/10
Net profit/(loss) attributable to equity holders of the parent (RM)	1,827,059	4,172,497	8,638,647	9,122,662
Weighted average number of ordinary shares in issue	233,432,267	222,432,267	225,204,870	222,432,267
Effects of dilution: ESOS shares	29,506,559	NA	20,183,181	NA
Weighted average number of ordinary shares in issue and issuable	262,938,826	NA	245,388,051	NA
Diluted earnings/(loss) per share (sen)	0.69	NA	3.52	NA

B14. Realised/Unrealised Retained Profits/Losses

	Current Quarter 31.12.11
Total retained profits of Cuscapi and its subsidiaries:	RM
- Realised	20,140,851
- Unrealised	(593,679)
Total retained profits c/f	19,547,172

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
28 Feb 2012