

CUSCAPI BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards (“MFRS”) No. 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 2011. 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 2011.

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 newly-issued accounting framework – MFRS and IC Interpretations (“IC Int.”) to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2012:

| | |
|-----------------------|---|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combination |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 8 | Operating Segments |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 107 | Statement of Cash Flows |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110 | Events after the Reporting Period |
| MFRS 112 | Income Taxes |
| MFRS 116 | Property, Plant and Equipment |
| MFRS 118 | Revenue |
| MFRS 119 | Employee Benefits |
| MFRS 121 | The Effects of changes in Foreign Exchange Rates |
| MFRS 124 | Related Party Disclosures |
| MFRS 127 | Consolidated and Separate Financial Statements |
| MFRS 128 | Investment in Associates |
| MFRS 132 | Financial Instruments: Presentation |
| MFRS 133 | Earnings Per Share |
| MFRS 134 | Interim Financial Reporting |
| MFRS 136 | Impairment of Assets |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments: Recognition and Measurement |
| Improvements to MFRSs | |

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2011 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 2012 paid the first interim dividend, in respect of the financial year ending 31 December 2012, of 1.5 sen per share less 25% income tax on 245,033,867 ordinary shares amounting to RM2,756,631.

A8. Segmental Reporting

The Group is primarily engaged in a single business segment of information technology ("IT") and IT related services. The geographical segmental revenue by customers and results during the six (6) months ended 30 June 2012 are tabulated below:-

Geographical Segments

| | Malaysia RM | South East Asia RM | China RM | Total RM |
|------------------------|----------------|--------------------------|-------------|-------------|
| Revenue | 20,973,549 | 6,569,432 | 4,026,533 | 31,569,514 |
| Profit before taxation | | | | 3,721,374 |
| Taxation | | | | (74,480) |
| Profit for the period | | | | 3,646,894 |

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 16 May 2012, Cuscapi Hong Kong Limited, a wholly-owned subsidiary of Cuscapi International Pte. Ltd. which in turn a wholly-owned subsidiary of Cuscapi had incorporated a new subsidiary in Republic of The Philippines known as Cuscapi Philippines, Inc. with an issued capital stock of PHP110,000,000.

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 2011 | 142 |
| Extended during the year | 0 |
| Discharged during the year | 0 |
| Balance as at 30 June 2012 | 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:

| | 6 months ended 30.06.12 |
|--|------------------------------------|
| Transactions with AmBank (M) Berhad, a Company with a common director: | RM |
| - Sales of Network Infrastructure and Security Solutions and Services Rendered | 419,626 |

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 RM19.442 million was higher compared to the preceding year corresponding quarter's revenue of RM11.817 million. The difference was mainly attributable to securing of major projects during the quarter under review. The Group recorded a higher profit before tax ("PBT") of RM3.103 million during the quarter under review compared to the PBT of RM2.577 million from the preceding year's corresponding period.

For the first half of the current financial year, the Group's revenue of RM31.570 million was higher compared to the preceding year's corresponding period revenue of RM27.234 million. However, PBT in the same period is lower at RM3.721 million compared to PBT of RM5.089 million for the preceding year's corresponding period due to higher operating expenses arising from capacity expansion.

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

The Group's revenue for the quarter under review was higher at RM19.442 million compared to the immediate preceding quarter's RM12.128 million. The Group had secured several significant projects which some of them were anticipated in the preceding quarter. PBT was also higher at RM3.103 million compared to RM0.619 million from the immediate preceding quarter.

B3. Prospects

The Board remains optimistic of the Group's financial performance for the 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 | |
|----------------------------|--------------------------|------------|--------------------------|------------|
| | 30/06/2012 | 30/06/2011 | 30/06/2012 | 30/06/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - Current income tax | (148) | 416 | (199) | (157) |
| - Deferred tax | 125 | 56 | 125 | 71 |
| - In respect of prior year | - | - | - | - |
| | (23) | 472 | (74) | (86) |

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 14 August 2012

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

The Company had on 23rd of July 2012 announced that Cuscapi Philippines, Inc., a subsidiary of the Company entered into Deed of Assignment Agreement with Wilton C. Ng, Annabelle L. Ngo, Galvin Radley Ngo, Lindsay Nicole Ngo and Margaux Hilary Ngo and Tills N Labels System Marketing, Inc. ("Tills N Labels") for the proposed acquisition of 90,000 shares of common stock with a par value of One Hundred Philippine Pesos (PHP100) each in Tills N Labels representing 100% of the issued and paid-up share capital of Tills N Labels for a total cash consideration of USD2,000,000.

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 14 August 2012, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 14 August 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 does not recommend any further dividend in respect of the financial year ended 31 December 2012.

B13. Earnings Per Share

(a) Basic earnings per share

The earnings per share are calculated by dividing the net profit attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the period.

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-------------|--------------------------|-------------|
| | 30/06/12 | 30/06/11 | 30/06/12 | 30/06/11 |
| Net profit attributable to owners of the parent (RM) | 3,079,585 | 3,049,223 | 3,646,894 | 5,088,897 |
| Average number of ordinary shares in issue | 245,057,267 | 222,432,267 | 245,057,267 | 222,432,267 |
| Basic earnings per share (sen) | 1.26 | 1.37 | 1.49 | 2.29 |

(b) Diluted earnings per share

The diluted earnings per share are calculated by dividing the net profit attributable to ordinary owners 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 | |
|---|--------------------------|-------------|--------------------------|-------------|
| | 30/06/12 | 30/06/11 | 30/06/12 | 30/06/11 |
| Net profit attributable to owners of the parent (RM) | 3,079,585 | 3,049,223 | 3,646,894 | 5,088,897 |
| Average number of ordinary shares in issue | 245,057,267 | 222,432,267 | 245,057,267 | 222,432,267 |
| Effects of dilution: ESOS shares | 19,568,100 | 11,163,900 | 19,568,100 | 11,163,900 |
| Average number of ordinary shares in issue and issuable | 264,625,367 | 233,596,167 | 264,625,367 | 233,596,167 |
| Diluted earnings per share (sen) | 1.16 | 1.31 | 1.38 | 2.18 |

B14. Realised/Unrealised Retained Profits/Losses

| | Current Quarter 30.06.12 |
|--|-----------------------------|
| Total retained profits of Cuscapri and its subsidiaries: | RM |
| - Realised | 20,917,129 |
| - Unrealised | (487,325) |
| Total retained profits c/f | 20,429,804 |

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
14 August 2012