

CUSCAPI BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

A1. Basis of Preparation

The condensed consolidated interim financial statements (Condensed Report) 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 ("Bursa Securities")

This Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the Condensed Report 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 2014.

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 2014 except for the adoption of the following where applicable Malaysian Financial Reporting Standard ("MFRS") and Amendments to standards with effect from 1 January 2015:

Amendment to MFRS 119:	Employee Benefits – Defined Benefit Plans: Employee Contributions
------------------------	--

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 2014 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 current 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 financial quarter under review.

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period under review.

A7. Dividends Paid

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

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 three (3) months financial period ended 31 March 2015 is tabulated below:-

Geographical Segments3 months financial period ended 31 March 2015

	South East Asia RM	China RM	Total RM
Revenue	9,963,914	3,285,432	13,249,346
Profit before taxation			223,214
Taxation			(21,905)
Profit for the period			201,309

3 months financial period ended 31 March 2014

	South East Asia RM	China RM	Total RM
Revenue	10,385,995	2,925,198	13,311,193
Profit before taxation			357,369
Taxation			84,933
Profit for the period			442,302

A9. Revaluation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the current financial 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 current financial quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A12. Contingent Liabilities

There are no contingent liabilities since the last annual balance sheet date.

A13. Capital Commitment

The Company has no material capital commitment in respect of property, plant and equipment as at the date of this report.

CUSCAPI BERHAD
(Company No: 43190-H)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

For the financial period under review, the Group's revenue for the current financial quarter under review was inconsistent as compared to the preceding year corresponding quarter's revenue due to the divestment of its network security solutions business unit in Quarter 4, 2014. The group achieved higher recurring revenue and reported comparable revenue despite the divestment

The Group continued its strategy to develop and maintain sustainable relationships with the customers through the introduction of managed services and solution subscription models.

The Group recorded a profit before tax ("PBT") of RM0.22 million compared to RM0.36 million for the preceding year's corresponding quarter primarily due to higher investment in resources to support its managed services business.

The summary of the revenue and profit before taxation for the current and previous year corresponding financial quarter are as follow:

	Individual Quarter Ended		Change
	31/03/2015	31/03/2014	
	RM	RM	%
Revenue	13,249,346	13,311,193	-0.46%
Profit before taxation	223,214	357,369	-37.54%

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

The Group's revenue for the current financial quarter under review was higher compared to the immediate preceding quarter, due to increased contribution of revenue from its managed services and subscription services.

The Group recorded a PBT of RM0.22 million compared to loss before tax of RM0.93 million in the immediate preceding quarter mainly attributable to better profit margin and lower operational expenditure.

The summary of the revenue and profit/loss before taxation for the current financial quarter as compared to the immediate preceding quarter are as follows:

	Individual Quarter Ended		Change
	31/03/2015	31/12/2014	
	RM	RM	%
Revenue	13,249,346	13,227,074	0.17%
Profit/Loss before taxation	223,214	(93,497)	-338.74%

B3. Prospects

The Group is committed to building sustainable relationships with our customers by focusing on offering subscription based POS solutions and REV tablet solutions to them. The REV implementation has started in Singapore and the Group has also identified prominent opportunities in China for the REV.

The Board is of the opinion that the Group is on track to execute our mid to long term strategy for the financial year ending 31st December 2015.

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 Period Ended	
	31/3/2015	31/3/2014	31/3/2015	31/3/2014
	RM	RM	RM	RM
- Current income tax	(21,905)	(30,000)	(21,905)	(30,000)
- Deferred tax	0	114,933	0	114,933
	<u>(21,905)</u>	<u>84,933</u>	<u>(21,905)</u>	<u>84,933</u>

B6. Profit on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the current financial quarter under review.

B7. Purchase or Disposal of Quoted Securities

There was no purchase and disposal of quoted securities during the current financial quarter under review.

B8. Corporate Proposals**(a) Status of Corporate Proposals as at 29th May 2015**

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

There were no corporate proposals announced but not completed at the reporting date.

(b) Status of Utilisation of Proceeds

On 3 May 2013, the Company had completed its 123,156,433 Rights Shares, 61,578,216 Bonus Shares and 123,156,433 Warrants issued pursuant to the Rights Issue with Warrants and Bonus Issue and listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

The details of the utilisation of the proceeds from the Rights Issue with Warrants and Bonus Issue are as follows:-

Description	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM
Business Expansion	28,321,550	23,548,344	4,773,206
Estimated expenses in relation to the Corporate Exercise	1,500,000	709,527	790,473
Total	29,821,550	24,257,871	5,563,679

B9. Group Borrowings and Debt Securities

As at 31 March 2015, total borrowings of the Group are as follows:

Current Liabilities (secured)

HP Creditor	8,295
Finance lease liabilities	-
	<u>8,295</u>

Non-current Liabilities (secured)

HP Creditor	<u>-</u>
-------------	----------

B10. Off Balance Sheet Financial Instruments

As at 29th May 2015, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 29th May 2015

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

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 dividend in respect of the financial year ending 31 December 2015.

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 Period Ended	
	31/3/2015	31/3/2014	31/3/2015	31/3/2014
Net profit attributable to owners of the parent (RM)	201,308	424,394	201,308	424,394
Weighted average number of ordinary shares in issue	435,533,377	433,700,181	435,533,377	433,700,181
Basic earnings per share (sen)	0.05	0.10	0.05	0.10

(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 Period Ended	
	31/3/2015	31/3/2014	31/3/2015	31/3/2014
Net profit attributable to owners of the parent (RM)	201,308	424,394	201,308	424,394
Total weighted average number of ordinary shares in issue	435,533,377	433,700,181	435,533,377	433,700,181
Effects of dilution: Warrants	123,156,433	123,156,433	123,156,433	123,156,433
Effects of dilution: ESOS shares	15,832,577	23,885,068	15,832,577	23,885,068
Total number of ordinary shares in issue and issuable	574,522,387	579,741,682	574,522,387	579,741,682
Diluted earnings per share (sen)	0.04	0.07	0.04	0.07

B14. Realised/Unrealised Retained Profits/Losses

	Cumulative Period ended 31/03/15
Total retained profits of Cuscapi and its subsidiaries:	RM
- Realised	10,843,607
- Unrealised	(25,635)
Total retained profits c/f	10,817,972

B15. Profit for the Period

**Cumulative Period Ended
31/03/2015
RM**

Profit for the period is arrived at after charging :

- Depreciation of plant & equipment	531,992
- Amortisation of development costs	1,655,852
- Share based payment under ESOS	-
- Interest paid	2,326

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
29th May 2015