

CUSCAPI BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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 2015. 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 2015.

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 2015 except for the adoption of the following where applicable Malaysian Financial Reporting Standard ("MFRS") and Amendments to standards with effect from 1 January 2016:

MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 138	Intangible Assets

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 2015 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 six (6) months financial period ended 30 June 2016 is tabulated below:-

Geographical Segments

6 months financial year ended 30 June 2016

	South East Asia RM	China RM	Total RM
Revenue	13,930,087	5,083,370	19,013,457
Loss before taxation			(7,302,935)
Taxation			-
Loss for the year			<u>(7,302,935)</u>

6 months financial year ended 30 June 2015

	South East Asia RM	China RM	Total RM
Revenue	17,177,253	5,886,215	23,063,468
Loss before taxation			(3,080,861)
Taxation			(163,447)
Loss for the year			<u>(3,244,308)</u>

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.

A14. Significant Inter Company Transactions

	Group	
	Current Year-to-date Ended 30/06/2016 RM	Preceding Year Corresponding Period Ended 30/06/2015 RM
<u>Inter Company Transactions</u>		
Sales by Cuscapi Malaysia Sdn Bhd to:- Cuscapi (Thailand) Co. Ltd.	67,609	-

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

B1. Review of Performance

The Group's revenue for the current financial quarter was slightly lower compared to the preceding year corresponding quarter's revenue due to softer market condition in South East Asia.

The loss before taxation was RM3.7 million as compared to loss before taxation RM3.3 million in the corresponding quarter in the preceding year due to weaker revenue and higher support personnel cost.

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 2% lower than the immediate preceding quarter due to weaker performances from South East Asia.

The Group recorded a loss before tax of RM3.7million, slightly higher compared to the immediate preceding quarter of RM3.6million.

B3. Prospects

The Group expects the business environment to remain competitive but is confident of breakthroughs with its new REV and Transight Cloud offerings. The Group remains focused on executing its strategies to establish innovative digital platforms and deliver high performance among its clients in the F&B industry.

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM	RM	RM	RM
- Current income tax	-	(141,541)	-	(163,447)
	-	(141,541)	-	(163,447)

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 9th August 2016

(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 proceeds has been fully utilised.

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
Business Expansion Estimated expenses in relation to the Corporate Exercise	28,321,550 1,500,000	29,112,023 709,527
Total	29,821,550	29,821,550

B9. Group Borrowings and Debt Securities

There were no borrowings and debt Securities as at 30 June 2016

B10. Off Balance Sheet Financial Instruments

As at 9th August 2016, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 9th August 2016

(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 period ending 30 June 2016.

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net loss attributable to owners of the parent (RM)	(3,710,673)	(3,445,616)	(7,302,935)	(3,244,308)
Weighted average number of ordinary shares in issue	435,533,377	435,533,377	435,533,377	435,533,377
Basic loss per share (sen)	(0.85)	(0.79)	(1.68)	(0.74)

The profit/(loss) for the period attributable to ordinary equity holders of the parent is not subjected to any dilutive elements.

B14. Realised/Unrealised Retained Profits/Losses

	Cumulative Period ended 30/06/16
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(21,020,691)
- Unrealised	(82,800)
Total retained losses c/f	(21,103,491)

B15. Loss for the Year

Cumulative Period Ended
30/06/2016
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	1,181,436
- Amortisation of development costs	2,749,692
- Interest paid	672

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
9th August 2016