

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER ENDED 31/12/2016 RM	PRECEDING YEAR QUARTER ENDED 31/12/2015 RM	CURRENT YEAR TO DATE 31/12/2016 RM	PRECEDING YEAR TO DATE 31/12/2015 RM
REVENUE	A8	11,604,401	10,658,156	40,120,279	43,803,907
COST OF SALES		<u>(5,687,427)</u>	<u>(5,336,482)</u>	<u>(17,033,774)</u>	<u>(17,940,714)</u>
GROSS PROFIT		5,916,974	5,321,674	23,086,505	25,863,193
OTHER OPERATING INCOME		389,002	451,979	796,324	837,437
OPERATING EXPENSES		<u>(30,466,849)</u>	<u>(23,965,636)</u>	<u>(59,720,604)</u>	<u>(51,165,421)</u>
LOSS FROM OPERATIONS		(24,160,873)	(18,191,983)	(35,837,775)	(24,464,791)
FINANCE COSTS		<u>(5,036)</u>	<u>(74,127)</u>	<u>(5,839)</u>	<u>(82,569)</u>
LOSS BEFORE TAXATION		(24,165,909)	(18,266,110)	(35,843,614)	(24,547,360)
TAXATION	B4	<u>(395,131)</u>	180,246	<u>(415,997)</u>	42,821
NET LOSS FOR THE PERIOD		(24,561,040)	(18,085,864)	(36,259,611)	(24,504,539)
OTHER COMPREHENSIVE (LOSS)/INCOME					
- FOREIGN CURRENCY TRANSLATION		2,848,168	1,284,810	248,936	9,458,243
- OTHER RESERVE		<u>23,762</u>	-	<u>23,762</u>	-
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u>(21,689,110)</u>	<u>(16,801,054)</u>	<u>(35,986,913)</u>	<u>(15,046,296)</u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(24,561,040)</u>	<u>(18,085,864)</u>	<u>(36,259,611)</u>	<u>(24,504,539)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(21,689,110)</u>	<u>(16,801,054)</u>	<u>(35,986,913)</u>	<u>(15,046,296)</u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(5.64)	(4.15)	(8.33)	(5.63)
- Diluted (sen)	B12	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015

**CUSCAPI BERHAD**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

(The figures have not been audited)

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	4,766,092	6,268,678
Goodwill	4,730,349	8,413,848
Development Costs	6,784,483	22,329,155
Deferred Tax Assets	70,751	200,586
	16,351,675	37,212,267
<b>Current Assets</b>		
Inventories	4,935,539	4,515,410
Trade & other receivables	16,675,470	24,307,338
Current tax assets	1,161,739	939,229
Bank Deposits	483,142	1,016,668
Cash and bank balances	3,409,367	7,002,744
	26,665,257	37,781,389
<b>TOTAL ASSETS</b>	<b>43,016,932</b>	<b>74,993,656</b>
 <b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share Capital	43,553,338	43,553,338
Reserves	(14,695,731)	21,291,181
	28,857,607	64,844,519
<b>Total equity</b>	<b>28,857,607</b>	<b>64,844,519</b>
 <b>Non-current liabilities</b>		
Trade & other payables	880,246	-
Deferred Tax Liabilities	536,695	392,224
	1,416,941	392,224
 <b>Current Liabilities</b>		
Trade & other payables	12,353,145	9,756,913
Short Term Borrowings	389,239	-
	12,742,384	9,756,913
<b>Total Liabilities</b>	<b>14,159,325</b>	<b>10,149,137</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,016,932</b>	<b>74,993,656</b>
 Net assets per share attributable to owners of the parent (RM)	0.07	0.15

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2015

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016  
(The figures have not been audited)

	Attributable to Owners of the Parent				Distributable	
	Share Capital RM	Share Premium RM	Other Reserve RM	Translation Reserve RM	Accumulated Profit/(Loss) RM	Total RM
<b>As at 1 January 2016</b>	43,553,338	14,305,266	11,883,105	8,903,366	(13,800,556)	64,844,519
<b>Net loss for the period</b>	-	-	-	-	(36,259,610)	(36,259,610)
<b>Other comprehensive income for the period</b>						
- Foreign currency translation	-	-	-	248,936	-	248,936
- Other reserve	-	-	23,762	-	-	23,762
<b>Total comprehensive income for the period</b>	43,553,338	14,305,266	11,906,867	9,152,302	(50,060,166)	28,857,607
<b>ESOS lapsed</b>	-	-	-	-	-	-
<b>As at 31 DECEMBER 2016</b>	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,906,867</u>	<u>9,152,302</u>	<u>(50,060,166)</u>	<u>28,857,607</u>
<b>As at 1 January 2015</b>	43,553,338	14,305,266	11,970,430	(554,877)	10,616,658	79,890,815
<b>Net loss for the period</b>	-	-	-	-	(24,504,539)	(24,504,539)
<b>Other comprehensive income for the period</b>						
- Foreign currency translation	-	-	-	9,458,243	-	9,458,243
- Other reserve	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	43,553,338	14,305,266	11,970,430	8,903,366	(13,887,881)	64,844,519
<b>ESOS lapsed</b>	-	-	(87,325)	-	87,325	-
<b>As at 31 DECEMBER 2015</b>	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,883,105</u>	<u>8,903,366</u>	<u>(13,800,556)</u>	<u>64,844,519</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015

**CUSCAPI BERHAD**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016  
(The figures have not been audited)**

	<b>(UNAUDITED) 31/12/2016 RM</b>	<b>(UNAUDITED) 31/12/2015 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(35,843,614)	(24,547,360)
Adjustments for :-		
Non-cash items	25,673,849	27,751,961
Non-operating items	<u>(48,044)</u>	<u>(31,247)</u>
Operating (loss)/profit before changes in working capital	(10,217,809)	3,173,354
Net changes in current assets	6,989,229	7,714,848
Net changes in current liabilities	<u>3,476,478</u>	<u>(2,538,828)</u>
	247,898	8,349,374
Tax paid	<u>(141,691)</u>	<u>141,051</u>
<b>Net cash generated from operating activities</b>	<u>106,207</u>	<u>8,490,425</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(761,791)	(2,026,961)
Development costs paid	(3,908,602)	(7,067,731)
Net cash outflow from acquisition of subsidiary	-	(5,540)
Interest received	53,883	72,365
Proceeds on disposal of property, plant and equipment	-	11,547
Fixed deposit held as security value	-	1,124,791
<b>Net cash used in investing activities</b>	<u>(4,616,510)</u>	<u>(7,891,529)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings (net)	-	(191,617)
Interest paid	<u>(5,839)</u>	<u>(41,118)</u>
<b>Net cash used in financing activities</b>	<u>(5,839)</u>	<u>(232,735)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(4,516,142)	366,161
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<u>8,019,412</u>	<u>7,653,252</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<u>3,503,270</u>	<u>8,019,413</u>
Cash and cash equivalents comprise :-		
Bank Deposits	483,142	1,016,669
Cash and bank balances	3,409,367	7,002,744
Bank overdraft	<u>(389,239)</u>	<u>-</u>
	<u>3,503,270</u>	<u>8,019,413</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015

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

**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 twelve (12) months financial period ended 31 December 2016 is tabulated below:-

Geographical Segments

12 months financial year ended 31 December 2016

	South East Asia RM	China RM	Total RM
Revenue	30,210,848	9,909,431	40,120,279
Loss before taxation			(35,843,614)
Taxation			(415,997)
Loss for the period			<u>(36,259,611)</u>

12 months financial year ended 31 December 2015

	South East Asia RM	China RM	Total RM
Revenue	32,611,937	11,191,970	43,803,907
Loss before taxation			(24,547,360)
Taxation			42,821
Loss for the period			<u>(24,504,539)</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

Save for the following, 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:-

- (a) On 10 February 2017, the Board of Directors of Cuscapi Berhad (“Board”), has announced that pursuant to Bylaw 20.2 of the ESOS Bylaw, the Board has approved the extension of the ESOS Scheme for three (3) years to 23rd January 2020. All existing outstanding options granted shall therefore be exercisable up to the extended period;
- (b) on 13 February 2017, on behalf of the Board, Affin Hwang Investment Bank Berhad (“Affin Hwang IB”) has announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of Cuscapi (excluding treasury shares), to third party investor(s) to be identified and at an issue price to be determined later; and
- (c) on 14 February 2017, on behalf of the Board, Affin Hwang IB has announced that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad.

#### A11. Changes in the Composition of the Group

On 27 December 2016, the Company announced that Cuscapi Interactive Technology (China) Pty Limited, a wholly-owned subsidiary of Cuscapi Hong Kong Limited which is a wholly-owned subsidiary of Cuscapi International Sdn. Bhd., which in turn is a wholly-owned subsidiary of Cuscapi had on 23 December 2016 incorporated a wholly-owned subsidiary in China known as Shanghai Cuscapi Interactive Network Technology Co., Ltd with a registered capital of USD70,000.00.

The principal activity of Shanghai Cuscapi Interactive Network Technology Co., Ltd is software development, interactive devices solutions, point of sales, business management solutions and other related services and products.

Save from the above, there were no other changes in the composition of the Group in the current period under review.

#### A12 Contingent Liabilities

	Company	
	As at 31/12/2016	As at 31/12/2015
Corporate guarantees extended:	RM'000	RM'000
- to financial institutions for credit facilities	700	-
- to a supplier for purchases made by a subsidiary	14,266	-

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#### 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 Related Party Transactions**

There were no significant related party transactions during the financial year under review.



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

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

**B1. Review of Performance**

**B.1.1 Current Year To Date Versus Previous Year To Date**

For the cumulative twelve (12) months ended 31 December 2016, the Group recorded a decrease in revenue by 8.9% against the corresponding period for last year, with total revenue registered at RM40.12mil (2015 : RM43.80 mil).

For the cumulative 12 months, the Group recorded a loss before taxation of RM35.84mil, compared to last financial year of RM24.55mil. The increased RM11.29mil is mainly attributable by:-

- i) reduced sales and increased cost of services as a result of weakening of Ringgit Malaysia for prevailing products and services in South East Asia and China respectively;
- ii) impairment of goodwill and intangible assets for total of RM17.54mil; and
- iii) unrealised loss on foreign exchange differences of RM1.49mil.

As reported previously, the Group achieved a breakthrough with its REV Self-Ordering Tablets System to deploy 25,000 REV Tablets in the China market. The deployment of these REV Tablets will be phased over the next twelve months.

**B.1.2 Current Year Quarter Versus Immediate Preceding Quarter**

For the current quarter under review, the Group recorded an increase of revenue by 22.12% against immediate preceding quarter, with total revenue registered at RM11.60 mil. However the Group recorded a higher loss before tax of RM24.16 mil for the current quarter compared to RM4.37mil in the immediate preceding quarter due to impairment of goodwill and intangible assets for total of RM17.54mil and unrealised loss on foreign exchange differences of RM1.49mil.

**B2. Prospects**

Despite the challenging and competitive business environment, the Board and Management of the Group remain confident of revenue and cost breakthroughs with its new REV Self-Ordering Tablets and Transight Cloud POS offerings.

The breakthroughs serve as a launch pad for the Group to establish and deliver exponential revenue growth through innovative digital platforms

The Group remains focused on executing its strategies to achieve better financial performance of its existing business through the migration of existing clients to its new Transight Cloud POS offering to significantly reduce service costs and improve operating margins and are expected to propel the Group to the next level of growth in coming years.

**B3. Profit Forecast**

No financial forecast was announced or made hence there was no comparison between actual results and forecast.

**B4. Taxation**

	Individual Quarter Ended		Cumulative Period Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM	RM	RM	RM
- Current income tax	(131,101)	133,491	(141,690)	2,219
- Deferred tax	(264,030)	46,755	(274,307)	40,602
	(395,131)	180,246	(415,997)	42,821

**B5. 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.

**B6. Purchase or Disposal of Quoted Securities**

There were no purchases and disposals of quoted securities during the current financial quarter under review.

**B7. Corporate Proposals**

As at 27<sup>th</sup> February 2017, being the latest practicable date, there were no corporate proposals announced but not completed at the reporting date.

**B8. Group Borrowings and Debt Securities**

The Group's borrowing as at the end of the reporting period are as follows: -

	As at 31/12/2016 RM'000
Secured:	
Current liabilities	
- Bank overdraft	389

**B9. Off Balance Sheet Financial Instruments**

As at 27<sup>th</sup> February 2017, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

**B10. Material Litigation as at 27<sup>th</sup> February 2017**  
(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.

**B11. Dividends**

The Board has not recommended any dividend in respect of the financial period ending 31 December 2016.

**B12. 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net loss attributable to owners of the parent (RM)	(24,561,040)	(18,085,864)	(36,259,611)	(24,504,539)
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)	(5.64)	(4.15)	(8.33)	(5.63)

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

**B13. Realised/Unrealised Retained Profits/Losses**

	Cumulative Period ended 31/12/16
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(48,564,976)
- Unrealised	(1,495,190)
Total retained losses c/f	(50,060,166)

**B14. Loss for the Year**

Cumulative Period Ended  
31/12/2016  
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	2,264,277
- Impairment of:-	
- development costs	13,925,818
- goodwill	3,611,336
- Amortisation of development costs	5,527,400
- Interest paid	5,839

By Order of the Board

DATUK TAN LEH KIAH  
Secretary  
Kuala Lumpur  
27<sup>th</sup> February 2017