

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED 31/12/2017 RM	PRECEDING YEAR QUARTER ENDED 31/12/2016 RM	CURRENT YEAR TO DATE 31/12/2017 RM	PRECEDING YEAR TO DATE 31/12/2016 RM
REVENUE	A8	9,440,680	11,604,412	33,108,069	40,120,290
COST OF SALES		<u>(9,000,987)</u>	<u>(14,673,845)</u>	<u>(34,437,960)</u>	<u>(42,674,076)</u>
GROSS PROFIT/(LOSS)		439,693	(3,069,433)	(1,329,891)	(2,553,786)
OTHER OPERATING INCOME		254,220	976,617	453,723	1,383,939
OPERATING EXPENSES		<u>(10,818,452)</u>	<u>(24,703,257)</u>	<u>(23,394,659)</u>	<u>(37,303,128)</u>
LOSS FROM OPERATIONS		(10,124,539)	(26,796,073)	(24,270,827)	(38,472,975)
FINANCE COSTS		<u>(832,302)</u>	<u>(5,036)</u>	<u>(864,396)</u>	<u>(5,839)</u>
LOSS BEFORE TAXATION		(10,956,841)	(26,801,109)	(25,135,223)	(38,478,814)
TAXATION	B4	<u>281,378</u>	<u>284,106</u>	<u>275,369</u>	<u>263,240</u>
NET LOSS FOR THE PERIOD		(10,675,463)	(26,517,003)	(24,859,854)	(38,215,574)
OTHER COMPREHENSIVE INCOME					
- FOREIGN CURRENCY TRANSLATION		1,159,357	3,557,413	1,292,775	958,181
- OTHER RESERVE		<u>133,920</u>	<u>-</u>	<u>904,917</u>	<u>23,769</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<u>(9,382,186)</u>	<u>(22,959,590)</u>	<u>(22,662,162)</u>	<u>(37,233,624)</u>
LOSS ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(10,675,463)</u>	<u>(26,517,003)</u>	<u>(24,859,854)</u>	<u>(38,215,574)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: OWNERS OF THE PARENT		<u>(9,382,186)</u>	<u>(22,959,590)</u>	<u>(22,662,162)</u>	<u>(37,233,624)</u>
Loss per share attributable to equity holders of the parent:					
- Basic (sen)	B12	(2.18)	(6.09)	(5.27)	(8.77)
- Diluted (sen)	B12	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(The figures have not been audited)

	(UNAUDITED) AS AT 31/12/2017 RM	(AUDITED) AS AT 31/12/2016 RM
ASSETS		
Non-current assets		
Property, Plant and Equipment	11,453,176	4,766,024
Goodwill	3,527,121	4,730,349
Development Costs	3,074,546	6,784,483
Deferred Tax Assets	637,073	670,751
Trade Receivable	92,045	517,254
	<u>18,783,961</u>	<u>17,468,861</u>
Current Assets		
Inventories	17,806,131	4,965,655
Trade & other receivables	12,671,648	13,963,764
Current tax assets	793,527	1,163,249
Bank Deposits	568,514	483,142
Cash and bank balances	1,550,047	3,409,369
	<u>33,389,867</u>	<u>23,985,179</u>
TOTAL ASSETS	<u>52,173,828</u>	<u>41,454,040</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	72,846,301	43,553,338
Reserves	(54,069,900)	(15,942,442)
	<u>18,776,401</u>	<u>27,610,896</u>
Total equity	<u>18,776,401</u>	<u>27,610,896</u>
Non-current liabilities		
Trade & other payables	17,303,532	880,246
Deferred Tax Liabilities	5,990	459,053
	<u>17,309,522</u>	<u>1,339,299</u>
Current Liabilities		
Trade & other payables	15,614,511	12,114,606
Short Term Borrowings	473,394	389,239
	<u>16,087,905</u>	<u>12,503,845</u>
Total Liabilities	<u>33,397,427</u>	<u>13,843,144</u>
TOTAL EQUITY AND LIABILITIES	<u>52,173,828</u>	<u>41,454,040</u>
Net assets per share attributable to owners of the parent (RM)	0.04	0.06

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2017
(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 Loss RM	Total RM
As at 1 January 2017	43,553,338	14,305,266	11,809,364	9,861,546	(51,918,618)	27,610,896
Net loss for the period	-	-	-	-	(24,859,854)	(24,859,854)
Other comprehensive income						
- Foreign currency translation	-	-	-	1,292,775	-	1,292,775
- Other reserve	1,160,030	-	(255,113)	-	-	904,917
- Share Premium	14,219,358	(14,219,358)	-	-	-	-
Total comprehensive expenses for the year	15,379,388	(14,219,358)	(255,113)	1,292,775	(24,859,854)	(22,662,162)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	9,700,500	-	-	-	-	9,700,500
-ESOS	4,213,075	-	-	-	-	4,213,075
Share issuance expenses	-	(85,908)	-	-	-	(85,908)
ESOS lapsed	-	-	-	-	-	-
As at 31 DECEMBER 2017	<u>72,846,301</u>	<u>0</u>	<u>11,554,251</u>	<u>11,154,321</u>	<u>(76,778,472)</u>	<u>18,776,401</u>
As at 1 January 2016	43,553,338	14,305,266	11,883,104	8,903,363	(13,800,556)	64,844,515
Net loss for the period	-	-	-	-	(38,215,575)	(38,215,575)
Other comprehensive expenses						
- Foreign currency translation	-	-	-	958,183	-	958,183
- Other reserve	-	-	-	-	23,773	23,773
- Share Premium	-	-	-	-	-	-
Total comprehensive expenses for the year	-	-	-	958,183	(38,191,802)	(37,233,619)
Total transactions with Owners of the Company:-						
Issuance of new shares pursuant to:						
-private placement	-	-	-	-	-	-
-ESOS	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
ESOS lapsed	-	-	(73,740)	-	73,740	-
As at 31 DECEMBER 2016	<u>43,553,338</u>	<u>14,305,266</u>	<u>11,809,364</u>	<u>9,861,546</u>	<u>(51,918,618)</u>	<u>27,610,896</u>

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)**

	(UNAUDITED) 31/12/2017 RM	(AUDITED) 31/12/2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(25,135,223)	(38,478,715)
Adjustments for :-		
Non-cash items	12,265,493	28,044,996
Non-operating items	811,812	(24,855)
Operating loss before changes in working capital	(12,057,918)	(10,458,574)
Net changes in current assets	(10,753,432)	5,377,263
Net changes in current liabilities	19,923,192	3,231,965
	(2,888,158)	(1,849,346)
Tax paid	(144,016)	(377,743)
Net cash generated used in operating activities	(3,032,174)	(2,227,089)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,721,131)	(1,128,616)
Development costs paid	(2,120,657)	(1,199,722)
Interest received	52,584	53,886
Proceeds on disposal of property, plant and equipment	-	3,488
Fixed deposit held as security value	-	(12,248)
Net cash used in investing activities	(11,789,204)	(2,283,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(864,396)	(5,839)
Share issuance expenses	(85,908)	-
Net proceeds from issuance of shares pursuant to:		
-private placement	9,700,500	-
-ESOS	4,213,075	-
Net cash generated from/(used in) financing activities	12,963,271	(5,839)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,858,107)	(4,516,140)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	3,503,272	8,019,412
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	1,645,165	3,503,272
Cash and cash equivalents comprises:-		
Bank Deposits	18,725	-
Fixed deposits held as security value	549,787	483,142
Cash and bank balances	1,550,047	3,409,369
Bank overdraft	(473,394)	(389,239)
	1,645,165	3,503,272

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial reports.

CUSCAPI BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

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 2016. 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 2016.

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 2016 except for the adoption of the following:-

MFRS, amendments/improvement to MFRSs and new IC Interpretation (“IC Int”) with effect from or after 1 January 2017

MFRS 12	Disclosures of Interests in Other Entities
MFRS 107	Statements of Cash Flows
MFRS 112	Income Taxes

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

MFRS, amendments/improvement to MFRSs and new IC Interpretation with effect from or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

MFRS, amendments/improvement to MFRSs and new IC Interpretation effective for a date yet to be confirmed

MFRS 10	Consolidated Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

A2. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2016 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

During the current financial quarter, the Company issued 13,675,995 new ordinary share amounting to RM3,392,357 pursuant to the Employees' Share Option Scheme ("ESOS");

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current financial quarter 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 region and results during the financial year ended 31 December 2017 is as follows:-

31 DECEMBER 2017	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	33,151	4,989	(5,032)	33,108
Segment Results	(8,622)	(10,840)	-	(19,462)
Finance Cost	(862)	(2)	-	(864)
Depreciation and Amortisation	(3,533)	(1,276)	-	(4,809)
Consolidated Loss Before Tax				(25,135)
ASSETS				
Segment Assets	46,682	5,492	-	52,174
LIABILITIES				
Segment Liabilities	30,823	2,574	-	33,397
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	9,721	-	-	9,721
Development costs	-	2,121	-	2,121
Depreciation and Amortisation	3,533	1,276	-	4,809

A8. Segmental Reporting (Cont'd)

31 DECEMBER 2016	South East Asia RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
External Sales	33,874	11,556	(5,310)	40,120
Segment Results	(8,356)	(19,012)	-	(27,368)
Finance Cost	(5)	(1)	-	(6)
Depreciation and Amortisation	(3,548)	(7,557)	-	(11,105)
Consolidated Loss Before Tax				(38,479)
ASSETS				
Segment Assets	32,099	9,634	-	41,733
LIABILITIES				
Segment Liabilities	10,924	3,198	-	14,122
OTHER INFORMATION				
Capital Expenditure on:-				
property, plant and equipment	947	182	-	1,129
Development costs	317	883	-	1,200
Depreciation and Amortisation	3,548	7,557	-	11,105

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 financial year ended 31 December 2017 that have not been reflected in this interim financial report:-

- (a) the Company issued 970,584 new ordinary share amounting to RM259,800 and 41,560,000 new ordinary share amounting to RM11,221,200, pursuant to exercise of ESOS and conversion of Warrants respectively.

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

	Company	
	As at	As at
	31/12/2017	31/12/2016
	RM	RM
Corporate guarantees extended:		
- to financial institutions for credit facilities	700,000	700,000
- to a supplier for purchases made by a subsidiary	21,211,853	28,658,645
	<u>21,211,853</u>	<u>28,658,645</u>

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 quarter 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 Financial Review for Current Quarter and Current Year To Date

	Individual Quarter			Cumulative Quarter		
	31/12/2017	31/12/2016	Changes %	31/12/2017	31/12/2016	Changes %
	RM'000	RM'000		RM'000	RM'000	
REVENUE	9,441	11,604	-19	33,108	40,120	-17
COST OF SALES	(9,001)	(14,674)	-39	(34,438)	(42,674)	-19
OTHER OPERATING INCOME	254	977	-74	454	1,384	-67
OPERATING EXPENSES	(10,818)	(24,703)	-56	(23,395)	(37,303)	-37
LOSS BEFORE TAXATION	(10,957)	(26,801)	-59	(25,135)	(38,479)	-35

For the financial year ended 31 Dec 2017 and 3 months quarter ended 31 December 2017, the Group's revenue decreased by 17% and 19% respectively compared to previous financial year ended 31 December 2016 and corresponding 3 months ended 31 December 2016. The decrease was mainly due to lower hardware sales and increased competition.

However the losses before taxation of the Group for financial year ended 31 December 2017 and 3 months ended 31 December 2017 have reduced to RM25.1mil and 10.9mil respectively mainly due to lower impairment loss of RM5.3mil being made as compared to 31 December 2016 and corresponding 3 months ended 31 December 2016 for amount of RM14.3mil.

B.1.2 Current Year Quarter Versus Immediate Preceding Quarter

	Individual Quarter		Changes %
	31/12/2017	30/09/2017	
	RM ('000)	RM ('000)	
REVENUE	9,441	7,927	19
COST OF SALES	(9,001)	(8,081)	11
OTHER OPERATING INCOME	254	16	1,487
OPERATING EXPENSES	(10,818)	(4,680)	131
LOSS BEFORE TAXATION	(10,957)	(4,828)	127

The Group recorded a revenue of RM9.4mil and loss before taxation of RM10.9mil for current quarter as compared to the immediate preceding quarter ended 30 September 2017 of RM7.9mil and RM4.8mil respectively.

The increased revenue was mainly due to higher managed services and maintenance sales.

However loss before taxation increased by approximately RM6.1mil mainly due to provision for impairment of goodwill and development cost.

B2. Prospects

The market environment is increasingly challenging due to new technologies trend led by innovative E payment solutions.

The Group intends to launch its new Transight Smart POS that converges Transight Cloud POS, Mobile Ordering and Payment processes into a single unified terminal.

As detailed in the circular dated 8 February 2018, the Group is in the process of raising fund for the following plans:-

- 1) Develop, enhance and strengthen its existing Point of Sales and restaurant management solutions;
- 2) The Group also well positioned to expand our market presence to the broader retail market (beyond the food and beverage sector) with its POS system integrated with the GSTM Device;
- 3) Expand presence into the regional emerging markets such as Vietnam, Cambodia, Myanmar, Laos and Bangladesh; and.
- 4) Roll out and deploy Online SAAS Offerings to SMEs in the food and beverage sector by the third quarter of 2018.

Moving forward, the Group will monitor closely its strategies for its future plans and strive to improve performance 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM	RM	RM	RM
Current income tax:				
-current year provision	(214,653)	(132,857)	(214,653)	(134,364)
-(under)/over provision in prior year	-	-	(6,009)	(19,359)
Deferred taxation	496,031	416,963	496,031	416,963
	<u>281,378</u>	<u>284,106</u>	<u>275,369</u>	<u>263,240</u>

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. Status of Corporate Proposals

As announced on 10 October 2017, 31 October 2017 and 9 January 2018, the Company had proposed to the issuance of an aggregate of 200,000,000 new Cusapi Shares together with 40,000,000 new warrants in accordance with the terms and conditions of the subscription agreement.

Bursa Malaysia Securities Berhad ("Bursa Securities") had via letter dated 6 February 2018 approved the listing of and quotation for the following:

- (i) Subscription Shares and Subscription Warrants to be issued pursuant to the Proposed Issuance on the Main Market of Bursa Securities; and
- (ii) up to 40,000,000 new Cusapi Shares to be issued pursuant to the exercise of the Subscription Warrants on the Main Market of Bursa Securities,

subject to the conditions as set out in Section 9 of the Circular dated 8 February 2018.

An Extraordinary General Meetings will be held on 5 March 2018 for the approval of the above proposed issuance of shares and warrants and proposed amendments to the relevant clauses of the existing deed poll.

Save for the above, there were no corporate proposals announced but not completed to the end of the financial year ended 31 December 2017 that have not been reflected in this interim financial report.

B8. Group Borrowings and Debt Securities

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

	As at 31.12.2017 RM'000
Secured:	
Current liabilities	
- Bank overdraft	<u>473</u>

B9. Off Balance Sheet Financial Instruments

The Company does not have any financial instruments with off balance sheet risk during current financial quarter.

B10. Material Litigation

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 for the financial year ended 31 December 2017.

B12. Earnings Per Share**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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net loss attributable to owners of the parent (RM)	(10,675,463)	(26,517,003)	(24,859,854)	(38,215,574)
Weighted average number of ordinary shares in issue	489,936,995	435,533,377	471,819,695	435,533,377
Basic loss per share (sen)	(2.18)	(6.09)	(5.27)	(8.77)

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 31/12/17
Total retained losses of Cuscapi and its subsidiaries:	RM
- Realised	(76,109,384)
- Unrealised	(669,088)
Total retained losses c/f	(76,778,472)

B14. Loss for the Year

Cumulative Period Ended
31/12/2017
RM

Loss for the year is arrived at after charging :

- Depreciation of plant & equipment	3,033,797
- Amortisation of development costs	1,775,021
- Interest paid	864,396

By Order of the Board

DATUK TAN LEH KIAH
Secretary
Kuala Lumpur
26th February 2018