

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/3/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2014 RM'000	Current Year To Date Ended 31/3/2015 RM'000	Preceding Year Corresponding Period Ended 31/3/2014 RM'000
1. Revenue	35,944	12,923	35,944	12,923
2. Gross Profit	1,310	269	1,310	269
3. Loss before taxation	(2,179)	(2,828)	(2,179)	(2,828)
4. Loss after taxation	(2,179)	(2,828)	(2,179)	(2,828)
5. Loss for the period	(2,179)	(2,828)	(2,179)	(2,828)
6. Loss attributable to owners of the Company	(2,179)	(2,828)	(2,179)	(2,828)
7. Basic Loss per share (sen)	(2.03)	(2.64)	(2.03)	(2.64)
8. Proposed/Declared dividend per share (sen)	-	-	-	-
			As At End Of Current Quarter	As At Preceding Financial Year End
8. Net assets per share attributable to owners of the Company (RM)			0.58	0.60

Additional Information

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/3/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2014 RM'000	Current Year To Date Ended 31/3/2015 RM'000	Preceding Year Corresponding Period Ended 31/3/2014 RM'000
1. Gross income from short term investments	89	91	89	91
2. Gross borrowing costs	(17)	(16)	(17)	(16)

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/3/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2014 RM'000	Current Year Period Ended 31/3/2015 RM'000	Preceding Year Corresponding Period Ended 31/3/2014 RM'000
Revenue	35,944	12,923	35,944	12,923
Cost of sales	(34,634)	(12,654)	(34,634)	(12,654)
Gross Profit	<u>1,310</u>	<u>269</u>	<u>1,310</u>	<u>269</u>
Other operating income	5	5	5	5
Operating expenses	<u>(2,690)</u>	<u>(2,512)</u>	<u>(2,690)</u>	<u>(2,512)</u>
Loss from operations	(1,375)	(2,238)	(1,375)	(2,238)
Income from short term investments	89	91	89	91
Depreciation & Amortisation	(710)	(546)	(710)	(546)
Borrowing costs	(17)	(16)	(17)	(16)
Share of loss of equity-accounted investees	<u>(166)</u>	<u>(119)</u>	<u>(166)</u>	<u>(119)</u>
Loss before taxation	(2,179)	(2,828)	(2,179)	(2,828)
Taxation	-	-	-	-
Loss for the period	<u>(2,179)</u>	<u>(2,828)</u>	<u>(2,179)</u>	<u>(2,828)</u>
Other comprehensive Loss, net of taxation	-	-	-	-
Total comprehensive Loss for the period	<u>(2,179)</u>	<u>(2,828)</u>	<u>(2,179)</u>	<u>(2,828)</u>
Loss attributable to :				
Owners of the Company	(2,179)	(2,828)	(2,179)	(2,828)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(2,179)</u>	<u>(2,828)</u>	<u>(2,179)</u>	<u>(2,828)</u>
Total comprehensive Loss attributable to:				
Owners of the Company	(2,179)	(2,828)	(2,179)	(2,828)
Non-controlling interest	-	-	-	-
Total comprehensive Loss for the period	<u>(2,179)</u>	<u>(2,828)</u>	<u>(2,179)</u>	<u>(2,828)</u>
Loss per ordinary share (sen)				
Basic	(2.03)	(2.64)	(2.03)	(2.64)
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The unaudited condensed Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Unaudited As At 31/3/2015 RM'000	Audited As At 31/12/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,599	4,216
Investment in jointly-controlled entity	509	675
Goodwill on consolidation	657	657
Intangible assets	3,524	3,524
Deferred income tax assets	3,902	3,902
	12,191	12,974
Current assets		
Inventories	17,022	18,191
Receivables	25,224	32,217
Deposits, cash and bank balances	18,561	19,056
	60,807	69,464
Total assets	72,998	82,438
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	107,241	107,241
Reserves	(45,269)	(43,090)
Shareholder's fund / Total equity	61,972	64,151
LIABILITIES		
Current liabilities		
Payables	9,841	14,080
Hire Purchase	91	91
Bank borrowings	1,000	4,000
	10,932	18,171
Non Current liabilities		
Hire Purchase	94	116
	94	116
Total liabilities	11,026	18,287
Total equity and liabilities	72,998	82,438

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014

THETA EDGE BERHAD (260002-W)
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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015**

	<u>Non-distributable</u>		<u>Distributable</u>	
	Share Capital RM'000	Other Reserves RM'000	Reserves Attributable To Revenue RM'000	Total Equity RM'000
<u>3 months ended 31 March 2014</u>				
At 1 January 2014 (audited)	107,241	1,897	(37,857)	71,281
Comprehensive loss for the financial period	-	-	(2,828)	(2,828)
	<u>107,241</u>	<u>1,897</u>	<u>(40,685)</u>	<u>68,453</u>
	<u>3 months ended 31 March 2015</u>			
At 1 January 2015 (audited)	107,241	1,897	(44,987)	64,151
Comprehensive loss for the financial period	-	-	(2,179)	(2,179)
	<u>107,241</u>	<u>1,897</u>	<u>(47,166)</u>	<u>61,972</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Unaudited 31/3/2015 RM'000	Audited 31/12/2014 RM'000
Cash flow used in operating activities		
Net loss before taxation	(2,179)	(7,120)
Adjustments for:		
Depreciation & Amortisation of PPE	710	2,718
Borrowing costs	17	355
Income from Short term investments	(89)	(309)
Gain on disposal of property, plant and equipment		(24)
Deferred expenditure written off	-	518
Fair value movement	-	(261)
Allowances and other non cash items	-	642
Share of loss of equity-accounted investees	166	593
	(1,375)	(2,888)
Operating loss before working capital changes		
Movements in working capital		
Inventories	1,169	(567)
Receivables	6,993	(1,491)
Payables	(4,239)	2,008
Cash flow from/(used in) operations	2,548	(2,938)
Taxation paid	-	(16)
Taxation refund	-	11
Borrowing costs paid	(17)	(355)
Income from Short term investments received	89	309
	2,620	(2,989)
Net cash flow from/(used in) operating activities		
Cash flow used in investing activities		
Acquisition of property, plant & equipment	(93)	(2,043)
Proceeds from disposal of property, plant & equipment	-	699
	(93)	(1,344)
Cash flow from financing activities		
Bank borrowings	(3,000)	1,289
Hire purchase	(22)	(91)
	(3,022)	1,198
Net movement in cash and cash equivalents	(495)	(3,135)
Cash and cash equivalents at beginning of financial period	19,056	22,191
Cash and cash equivalents at end of financial period	18,561	19,056
Cash and cash equivalents consist of:		
Cash & bank balances	9,436	4,259
Deposits	9,125	14,797
	18,561	19,056

Included in the cash and cash equivalents is RM3.7 million which is placed in the short term deposit as security for Bank Guarantees issued.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

(A) Notes to the Condensed Consolidated Interim Financial Statements

A.1 Basis of preparation and significant accounting policies

This interim financial report is based on the unaudited financial statements for the year ended 31 March 2015 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

For the periods up to and including the year ended 31 December 2014, the Group prepared its financial statement in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS")

The adoption of the MFRSs and Amendments do not have any material impact on the financial statements of the Group and of the Company.

A.2 Report On The Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2014 was not qualified.

A.3 Seasonality and cyclicity of operations

The Group's business operations were not materially affected by any seasonal or cyclical factors.

A.4 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter under review and financial year to date.

A.5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter under review and financial year to date.

A.6 Debt and equity securities

The Group was not involved in any issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year to date.

A.7 Dividends

No dividends have been declared and paid during the current quarter under review and financial year to date.

A.8 Segmental reporting

Segmental reporting for the financial year to date is as follows:

Group Financial year ended 31 March 2015	Information & Communication Technology RM '000	Investment Holding And Others RM '000	Total RM '000
<u>Revenue</u>			
Total Revenue	34,183	1,761	35,944
<u>Results</u>			
Loss from operations before depreciation & borrowing costs	(146)	(1,229)	(1,375)
Depreciation	(692)	(18)	(710)
Loss from operations	(838)	(1,247)	(2,085)
Income from short term borrowings, net			72
Share of loss of equity-accounted investees			(166)
Loss before taxation			(2,179)
Taxation			-
Net loss for the period			(2,179)
<u>Other information</u>			
Total asset	68,431	4,567	72,998

Analysis by geographical segments has not been presented as the operations of the Group are in Malaysia.

A.9 Valuation of property, plant and equipment

The valuations of all property, plant and equipment have been brought forward without amendment from the previous financial statements ended 31 December 2014.

A.10 Subsequent events

There were no material events subsequent to the end of the current quarter.

A.11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year ended 31 March 2015.

A.12 Changes in contingent liabilities and contingent assets

(A) There were no contingent assets for the current financial year to date.

(B) The changes in the Group's contingent liabilities are as follows:

- (a) Bank guarantees issued to mainly trade customers decreased from RM7,818,019 to RM7,612,740 for the quarter.

A.13 Material Litigation

(A) Inforntential Sdn Bhd ("ISB") v. Theta Edge Berhad ("Theta") & 4 ors

On 17 May 2012, a Writ of Summons and Statement of Claim was served on the Defendant and four (4) others by the Plaintiff to claim the following:-

- (i) A declaration that the 1st, 2nd, 3rd, 4th and 5th defendants or any of them have together conspired to act fraudulently against the Plaintiff to deprive the Plaintiff from recovering on its judgment against Lityan Systems Sdn. Bhd. ("LSSB") obtained in Kuala Lumpur High Court Suit No S1-22-1665-2004;
- (ii) A declaration that the 1st, 2nd, 3rd, 4th and 5th defendants or any of them have breached Section 257 of the Companies Act, 1965;
- (iii) Damages in the sum of RM2,105,585.23 outstanding as at 3 May 2012;
- (iv) Aggravated and/or exemplary damages;
- (v) Interest at the rate of 4% per annum on any judgment sum from the date this Writ of Summons is filed until full settlement;
- (vi) Costs;
- (vii) Such further and other relief as the Honourable Court deems fit.

The Court had on 23 January 2013 dismissed the Defendants' Application to strike out the civil suit with cost awarded to the Plaintiff in the sum of RM5,000.00 only. The trial commenced on 19 August 2013 and concluded on 10 July 2014. The Defendant had filed their written submission to the Court on 20 October 2014 and the Plaintiff had filed their written submission to the Court on 23 October 2014

On the 27th of April 2015, the High Court Judge, had delivered her judgment in the aforementioned case as follows :-

- 1) Plaintiff's claim against 1st Defendant is allowed with interest running at 4% per annum from the date of judgment until full settlement;
- 2) Plaintiff's claim against the 2nd, 3rd, 4th and 5th Defendants is dismissed;
- 3) 1st Defendant to pay RM15,000-00 as cost to the Plaintiff.

The Company is unable to discern the full effect of the aforementioned judgement since the Honourable High Court Judge had only delivered the judgement without citing the grounds in arriving with the decision.

The Company has filed a Notice of Appeal against the said judgement. The judgement against the Company does not have any material financial or operational impact on the Company.

(B) Impianas Sdn Bhd v Tenaga Nasional Berhad

On 25 September 2014 the sealed copy of the Writ of Summon has been served by Theta Edge Berhad's wholly-owned subsidiary, Impianas Sdn Bhd ("ISB") on Tenaga Nasional Berhad ("TNB) to claim the following:-

- (a) The payment of a sum of RM11,391,357.08;
- (b) Interest at the rate of 8% per annum calculated on daily basis on the sum of RM11,391,357.08 starting from 7th November 2008 until the date of full settlement;
- (c) the sum of RM2.550 million;
- (d) General damages to be assessed by this Honourable Court and paid forthwith by TNB to ISB;
- (e) Exemplary damages to be assessed by this Honourable Court and paid immediately by TNB;
- (f) Interest at the rate of 4% per annum on any judgment sum from the date of the Writ of Summons is filed until full settlement;
- (g) Costs;
- (h) Such further and other relief as the Honourable Court deems fit.

The Writ of Summon is filed following the breach by TNB of an Agreement dated 22 May 2007 executed between ISB and TNB for the Supply of Remote Meter Reading (RMR) System Low Voltage for Large Power Consumers amounting to RM57.44 million. On 7 November 2008, TNB has unilaterally and without reasonable ground, suspended the project for non-satisfactory performance, solely alleging that the RMR boxes which have been installed by ISB were defective.

ISB had taken every effort to remedy the situation including taking additional initiatives and costs to assist in areas out of its scope on factors which were also contributing to the performance, as required by TNB. Due to the actions of TNB, ISB has suffered losses and damages. The contract had expired on 31 January 2011. ISB is claiming for the remaining balance of the contract sum of RM11,391,357.08.

As per the announcement made on 14 November 2014, TNB had filed their Defence and Counterclaim against the Writ of Summon which had been served on them. In addition to denying some of the claims made in the Writ of Summons against them, TNB had claimed that all payments made to-date by TNB to ISB and/or directly to a vendor amounting RM47,280,032.00, for any portion of the RMR System which was supplied, installed and commissioned by ISB, was made under a mistake or without realization that the said RMR system was not fit for purpose and/or not in accordance with the Contract. Therefore TNB had filed a Counterclaim against ISB for:

- (a) The Sum of RM47,280,032.00 being reimbursement of all sums paid by TNB to ISB to-date;

- (b) In the alternative, a sum to be assessed by the Honourable Court for the diminution in value of the portion of the RMR System supplied , installed and commissioned by ISB;
- (c) Interest at the rate of 6% on the adjudged sum from the date of judgement till full settlement;
- (d) Costs;
- (e) Such further or other reliefs that the Honourable Court deems fit.

No losses are expected to arise from the Writ of Summons. The Writ is not expected to have any material impact on the operations of the Company.

The filing of the Defense and Counterclaim is not expected to have financial and operational impact on the the Company. However, in the event that TNB is successful in its counter claim against ISB, there would be material negative financial impact to the earnings per share and net assets per share of the Company.

Based on the facts on hand, the Company is of the opinion that the Counterclaim filed is baseless and without merit.

The matter is now fixed for trial on 22nd June until 25th June, 3rd and 8th July and 6th of August 2015.

A.14 Capital Commitments

There were no major capital commitments for the Group as at the date of this report.

A.15 Related Party Transactions

The related party transactions of the Group had been entered into in the ordinary course of business. Below are the significant transactions and balances with related parties of the Group during the current financial period.

Related Parties	Transactions	Transactions for the period ended 31 March 2015 RM '000	Balance due from / (to) as at 31 March 2015 RM '000
Lembaga Tabung Haji	Sales of equipment and services rendered	5,916	5,009
TH Plantations Berhad	Sales of equipment and services rendered	27	27
THP Development Consultancy Sdn Bhd	Sales of equipment and services rendered	-	373
TH Heavy Engineering Berhad	Sales for equipment and services rendered	519	1,592
TH Properties Sdn Bhd	Sales for equipment and services rendered	38	74

(B) Notes to the Interim Financial Statements (revised BMSB Listing Requirements)

B.1 Review of performance

The Group reported a revenue of RM 35.9 million and a loss before taxation of RM 2.2 million for the year ended 31 March 2015 as compared to the revenue and loss before taxation for the same period in the previous year of RM 12.9 million and RM 2.8 million respectively.

The improvement of revenue and loss before taxation in the current period of 178% and 23% respectively was mainly due to the higher volume from the trading segment and the completion of some of the projects after the last financial year end.

B.2 Material changes in quarterly results

The Group's revenue for the current quarter increased to RM 35.9 million as compared to that of RM 35.2 million for the immediate preceding quarter. The Group reported loss before taxation of RM 2.2 million for the current period as compared to the loss before taxation of RM 62k in the immediate preceding quarter.

B.3 Prospects

ICT spending in Malaysia is expected to cross the RM70 billion mark according to PIKOM. 2015 will see initiatives largely driven by Government, to globalize, increase competitiveness, promote human capital development, lead the digital trend and accelerate growth of demand in the Malaysian ICT industry. The growth of the telecommunication and communication industry is expected to remain strong with the roll-out of the long term evolution network (LTE) by telecommunication providers.

However, the Group expects 2015 to remain challenging year in light of the implementation of the Goods and Services Tax as well as the reduction in operating and capital expenditure spending by the Government and certain industries in view of the changes in the economic climate.

There are no changes to the Group's strategies and action plans. Strong focus and emphasis on execution and productivity to realize the action plans. The Group will also continue to leverage on the support of its major shareholder and its Group of companies.

The Group expects that the results for the financial year 2015 will be better than 2014.

B.4 Statement of the Board of Directors' opinion on profit forecast and profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B.5 Loss before Tax

The following amounts have been included in arriving at loss before tax:

	Current Quarter Ended 31/03/2015 RM'000	Current Year To Date Ended 31/03/2015 RM'000
Depreciation	710	710
Income from short term investments	(89)	(89)
Borrowing costs	17	17

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2015 RM '000	Preceding Year Corresponding Quarter Ended 31/03/2014 RM '000	Current Year To Date Ended 31/03/2015 RM '000	Preceding Year Corresponding Period Ended 31/03/2014 RM '000
Corporate Income Tax				
Current Year	-	-	-	-
Under/(over) provision for previous period	-	-	-	-
	-	-	-	-

B.7 Sale of unquoted investments and/or properties

The Group was not involved in any sale of unquoted investments and/or properties during the quarter under review.

B.8 Quoted securities

There were no quoted securities held by the Group.

B.9 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 7 May 2015 the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

(a) **Employee Share Option Scheme (“ESOS”)**

At an Extraordinary General Meeting on 11 May 2011, the Company’s shareholders approved the establishment of a five (5) year ESOS of up to ten percent (10%) of the issued and paid-up capital of the Company, commencing from the effective date of 12 May 2011.

Set out below are the details of options over the ordinary shares of the Company under the ESOS:

Option Date	Option Expiry Date	Exercise Price	Number Of Options Over Ordinary Shares of RM1.00			
			Granted as at 14/06/2011	Exercised	Lapsed/ Cancelled	As at 31/03/2015
1/6/2011	31/5/2016	RM1.05	5,909,000	-	(3,018,000)	2,891,000

B.10 Group borrowings

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

Short Term Borrowings

	31/03/2015 RM '000	31/03/2014 RM '000
Unsecured		
Revolving Credit	1,000	-
Trust Receipts	-	984
Total	1,000	984

Hire Purchase

	31/03/2015 RM '000	31/03/2014 RM '000
Repayable within 12 months	91	91
Payable more than 12 months	94	184
Total	185	275

All the borrowings are denominated in Ringgit Malaysia.

B.11 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 7 May 2015, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.12 Changes in fair value of financial instruments

The carrying amounts of the financial instruments of the Group as at the balance sheet date approximate their fair values due to relatively short term maturity of these financial instruments.

B.13 Changes in material litigations

Other than those indicated in Note A13 to the Interim Financial Statements MFRS134, there were no changes in material litigations as at 7 May 2015, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.14 Dividends

No dividends have been paid, declared or proposed since the end of the Company's previous financial year. The Directors do not recommend any interim dividend for the period under review.

B.15 Loss per share

The basic loss per share for the quarter and year to date ended 31 March 2015 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Net loss (RM'000)	(2,179)	(2,828)	(2,179)	(2,828)
Weighted average number of ordinary shares in issue ('000)	107,241	107,241	107,241	107,241
Basic LPS (sen)	(2.03)	(2.64)	(2.03)	(2.64)
Diluted LPS (sen)	-	-	-	-

Diluted LPS is not computed due to the anti-dilutive effect.

B.16 Realised and Unrealised Retained Profits

In relation to the Directive by BMSB on 25 March 2010, the determination of realized and unrealized profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to BMSB Listing Requirements, issued by the Malaysian Institute Of Accountants on 20 December 2010.

	31/03/2015 RM'000	31/03/2014 RM'000
Breakdown of accumulated losses of the Group		
- Realised	(49,191)	(24,328)
- Unrealised*	3,902	3,902
Less: Consolidation adjustments	(1,877)	(20,259)
Total Group Retained Losses	(47,166)	(40,685)

*Unrealised retained profits/accumulated losses comprise mainly of the recognised deferred tax asset of which probable tax profit will be available against which the deductible temporary differences can be utilized.

B.17 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 May 2015.