

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

**QUARTERLY REPORT**

**SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/16 RM'000	Preceding Year Corresponding Quarter Ended 31/03/15 RM'000	Current Year To Date Ended 31/03/16 RM'000	Preceding Year Corresponding Period Ended 31/03/15 RM'000
1. Revenue	40,950	35,944	40,950	35,944
2. Gross Profit	6,584	1,310	6,584	1,310
3. Profit / (Loss) before taxation	1,046	(2,179)	1,046	(2,179)
4. Profit / (Loss) after taxation	1,038	(2,179)	1,038	(2,179)
5. Profit / (Loss) for the period	1,038	(2,179)	1,038	(2,179)
6. Profit / (Loss) attributable to owners of the Company	1,038	(2,179)	1,038	(2,179)
7. Basic Earnings/ (Loss) per share (sen)	0.97	(2.03)	0.97	(2.03)
8. Proposed/Declared dividend per share (sen)	-	-	-	-
			As At End Of Current Financial Year End	As At Preceding Financial Year End
8. Net assets per share attributable to owners of the Company (RM)			0.63	0.62

**Additional Information**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/16 RM'000	Preceding Year Corresponding Quarter Ended 31/03/15 RM'000	Current Year To Date Ended 31/03/16 RM'000	Preceding Year Corresponding Period Ended 31/03/15 RM'000
1. Gross Finance income	15	89	15	89
2. Gross Finance costs	(246)	(17)	(246)	(17)

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

**QUARTERLY REPORT**

**UNAUDITED CONDENSED STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/16 RM'000	Preceding Year Corresponding Quarter Ended 31/03/15 RM'000	Current Year Period Ended 31/03/16 RM'000	Preceding Year Corresponding Period Ended 31/03/15 RM'000
<b>Revenue</b>	40,950	35,944	40,950	35,944
Cost of sales	(34,366)	(34,634)	(34,366)	(34,634)
<b>Gross Profit</b>	<u>6,584</u>	<u>1,310</u>	<u>6,584</u>	<u>1,310</u>
Other operating income	11	5	11	5
Operating expenses	(3,603)	(2,690)	(3,603)	(2,690)
<b>Profit / (Loss) from operations</b>	<u>2,992</u>	<u>(1,375)</u>	<u>2,992</u>	<u>(1,375)</u>
Finance income	15	89	15	89
Depreciation	(1,371)	(710)	(1,371)	(710)
Allowances and non cash expenses	(238)	-	(238)	-
Finance costs	(246)	(17)	(246)	(17)
Share of losses of equity-accounted joint venture, net of tax	(106)	(166)	(106)	(166)
<b>Profit / (Loss) before taxation</b>	<u>1,046</u>	<u>(2,179)</u>	<u>1,046</u>	<u>(2,179)</u>
Taxation	(8)	-	(8)	-
<b>Profit / (Loss) for the period</b>	<u>1,038</u>	<u>(2,179)</u>	<u>1,038</u>	<u>(2,179)</u>
Other comprehensive Profit/(Loss), net of taxation	-	-	-	-
<b>Total comprehensive Profit/ (Loss) for the period</b>	<u>1,038</u>	<u>(2,179)</u>	<u>1,038</u>	<u>(2,179)</u>
<b>Profit / (Loss) attributable to :</b>				
Owners of the Company	1,038	(2,179)	1,038	(2,179)
Non-controlling interest	-	-	-	-
<b>Profit / (Loss) for the period</b>	<u>1,038</u>	<u>(2,179)</u>	<u>1,038</u>	<u>(2,179)</u>
<b>Total comprehensive Profit (Loss) attributable to:</b>				
Owners of the Company	1,038	(2,179)	1,038	(2,179)
Non-controlling interest	-	-	-	-
<b>Total comprehensive Profit/ (Loss) for the period</b>	<u>1,038</u>	<u>(2,179)</u>	<u>1,038</u>	<u>(2,179)</u>
<b>Earnings /(Loss) per ordinary share (sen)</b>				
Basic	0.97	(2.03)	0.97	(2.03)
Diluted	-	-	-	-

The unaudited condensed Statements of Profit & Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2015

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

**QUARTERLY REPORT**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	Unaudited As At 31/03/16 RM'000	Audited As At 31/12/15 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	11,135	12,294
Investment in joint venture	28	134
Intangible assets	2,154	2,371
Deferred tax assets	3,902	3,902
	17,219	18,701
<b>Current assets</b>		
Inventories	12,611	33,114
Receivables	63,961	34,677
Cash and cash equivalents	21,800	51,390
	98,372	119,181
<b>Total assets</b>	<b>115,591</b>	<b>137,882</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	107,241	107,241
Reserves	(39,758)	(40,796)
<b>Shareholder's fund / Total equity</b>	<b>67,483</b>	<b>66,445</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	18,659	22,301
Hire Purchase	3,876	3,889
Trust Receipts	22,855	41,575
	45,390	67,765
<b>Non Current liabilities</b>		
Hire Purchase	2,718	3,672
	2,718	3,672
<b>Total liabilities</b>	<b>48,108</b>	<b>71,437</b>
<b>Total equity and liabilities</b>	<b>115,591</b>	<b>137,882</b>

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2015

**THETA EDGE BERHAD (260002-W)**  
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**QUARTERLY REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	<u>Non-distributable</u>		<u>Distributable</u>	Total Equity RM'000
	Share Capital RM'000	Other Reserves RM'000	Reserves Attributable To Revenue RM'000	
<b><u>3 months ended 31 March 2015</u></b>				
At 1 January 2015 (audited)	107,241	1,897	(44,987)	64,151
Comprehensive loss for the financial period	-	-	(2,179)	(2,179)
At 31 March 2015 (Unaudited)	<u>107,241</u>	<u>1,897</u>	<u>(47,166)</u>	<u>61,972</u>
<b><u>3 months ended 31 March 2016</u></b>				
At 1 January 2016 (audited)	107,241	1,897	(42,693)	66,445
Comprehensive profit for the financial period	-	-	1,038	1,038
At 31 March 2016 (Unaudited)	<u>107,241</u>	<u>1,897</u>	<u>(41,655)</u>	<u>67,483</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2015

**THETA EDGE BERHAD (260002-W)**  
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**QUARTERLY REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<b>Unaudited 31/03/16 RM'000</b>	<b>Audited 31/12/15 RM'000</b>
<b>Cash flow used in operating activities</b>		
Net profit before taxation	1,046	2,433
<b>Adjustments for:</b>		
Depreciation	1,371	5,041
Finance costs paid	246	580
Development cost written off	-	228
Finance income received	(15)	(271)
Bad debts written off	-	8
Amortisation of development cost	217	925
Plant and equipment written off	-	5
Fair value movement	-	(5)
Allowance for impairment of goodwill	-	657
Provision for litigation	21	2,490
Share of losses of equity-accounted joint venture, net of tax	106	541
	<b>2,992</b>	<b>12,632</b>
<b>Operating loss before working capital changes</b>		
<b>Movements in working capital</b>		
Inventories	20,503	(14,923)
Receivables	(29,284)	(2,409)
Payables	(3,663)	5,644
<b>Cash flow (used in)/from operations</b>	<b>(9,452)</b>	<b>944</b>
Income tax paid	(8)	(125)
Income tax refunded	-	19
Finance costs paid	(246)	(580)
Finance income received	15	271
	<b>(9,691)</b>	<b>529</b>
<b>Net cash flow (used in)/from operating activities</b>		
<b>Cash flow used in investing activities</b>		
Purchase of plant and equipment	(212)	(13,124)
	(212)	(13,124)
<b>Cash flow from financing activities</b>		
Trust Receipts	(18,720)	37,575
Hire purchase	(967)	7,354
Pledged deposits	(72)	(794)
	(19,759)	44,135
<b>Net movement in cash and cash equivalents</b>	<b>(29,662)</b>	<b>31,540</b>
Cash and cash equivalents at beginning of financial period	46,893	15,353
<b>Cash and cash equivalents at end of financial period</b>	<b>17,231</b>	<b>46,893</b>
<b>Cash and cash equivalents consist of:</b>		
Deposits, cash & bank balances	21,800	51,390
Less : Pledged deposits	(4,569)	(4,497)
<b>Cash and cash equivalents</b>	<b>17,231</b>	<b>46,893</b>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2015

**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 2016 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 2015.

For the periods up to and including the year ended 31 December 2015, 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 2015 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 and geographical reporting is not presented as the Group's operating business is in the information communication technology segment and 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 2015.

**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 2016.

**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 RM9,479,368 to RM8,264,283 for the quarter.

**A.13 Material Litigation**

(A) Inforntential Sdn Bhd ("Plaintiff") v. Theta Edge Berhad ("1<sup>st</sup> defendant" or "The Company") & 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 27<sup>th</sup> of April 2015, the High Court Judge, had delivered her judgment in the aforementioned case as follows :-

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

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

The Company filed a Notice of Appeal against the said judgement on 6 May 2015 and the Record of Appeal was filed on 29 June 2015. The Plaintiff also filed an appeal on 25 May 2015 against the decision of the High Court Judge made on 27 April 2015 in dismissing its claim against the 2<sup>nd</sup> and the 5<sup>th</sup> Defendant.

The Company had filed an application for stay of Judgment and on 3 July 2015, the Learned High Court Judge had allowed the stay application. A notice of motion was filed by the Company to amend the Notice of Appeal filed earlier as there was an error on the information reflected in the Notice of Appeal, i.e the Appellant is only appealing against part of the decision and not the whole decision of the High Court Judge. On 17 September 2015, the Court of Appeal allowed the application for the amendment of the said notice of motion.

The case now is fixed for Case Management on 23 June 2016 to update the Court of Appeal should the Grounds of Judgment by the High Court is furnished much earlier.

#### **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.

<b>Related Parties</b>	<b>Transactions</b>	<b>Transactions for the quarter ended 31 March 2016 RM '000</b>	<b>Balance due from / (to) as at 31 March 2016 RM '000</b>
Lembaga Tabung Haji	Sale of equipment and services rendered	16,223	15,081
THP Bina Sdn Bhd	Services rendered	-	373
THHE Fabricators Sdn Bhd	Sale of equipment and services rendered	422	2,132
TH Heavy Engineering Berhad	Sale of equipment and services rendered	2,453	4,230
TH Properties Sdn Bhd	Sale for equipment and services rendered	32	56
TH Travel & Services Sdn Bhd	Services rendered	23	24
TH Agro Management Sdn Bhd	Services rendered	121	128

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

### **B.1 Review of performance**

The Group reported a revenue of RM 40.95 million for the three (3) months ended 31 March 2016 as compared to the revenue in the previous corresponding period of RM 35.94 million. The higher revenue in the current period of 14% was mainly due to the completion of some projects milestones during the quarter.

The improvement of gross profit margin from 4% to 16% was mainly due to the higher contribution of revenues from value added services and operations and maintenance works. Correspondingly, the Group reported a profit before taxation of RM1.04 million against the loss before taxation of RM2.18 million from the preceding year.

### **B.2 Material changes in quarterly results**

The Group's revenue for the current quarter was RM40.95 million as compared to that of RM 65.78 million for the immediate preceding quarter. The Group reported a profit before taxation of RM 1.04 million for the current period as compared to the profit before taxation of RM 9.06 million in the immediate preceding quarter. The Group made allowances for impairment of goodwill and provision of litigation amounting RM3.15 million in the immediate preceding quarter.

### **B.3 Prospects**

The National ICT Association of Malaysia (PIKOM) is cautiously optimistic that the ICT spending in Malaysia is expected to grow 12-14% in 2016 to over RM70 billion. Growth is expected to come largely from the telecommunication segment as well as areas such as cloud computing, mobility, big data, e-commerce, online transactions, and the IoT (Internet of Things). 2016 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.

There are no major shift or changes to the Group's strategies and action plans. Continued focus and emphasis on execution and productivity to realize the objectives. The Group continues to leverage on the support of its major shareholder and its Group of companies.

The Group expects 2016 to remain a challenging year. The cost of ICT products and services had increased due to the depreciation of the Ringgit against major foreign currencies. The reduction in operating and capital expenditure spending of some key market segments is expected to continue to put competitive and margin pressures on the Group.

The Group started the year with order book on hand of RM220mill. During the course of the year, we are expected to add on to our order book so that we begin 2017 with a healthy order book on hand. We

are optimistic that we can continue the profitable trend for 2016. The Group will also put in efforts and focus to move forward our investments in Mukmin brand and green technology sector for them to contribute positively to the Group in the near to medium term

Nevertheless, barring unforeseen circumstances, the Group expects that the results for the financial year 2016 will be better than 2015.

**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 Profit before Tax**

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

	Current Quarter Ended 31/03/2016 RM'000	Current Year To Date Ended 31/03/2016 RM'000
Depreciation	1,371	1,371
Amortisation of development cost	217	217
Finance income	15	15
Finance costs	246	246

**B.6 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2016 RM '000	Preceding Year Corresponding Quarter Ended 31/03/2015 RM '000	Current Year To Date Ended 31/03/2016 RM '000	Preceding Year Corresponding Period Ended 31/03/2015 RM '000
<b>Corporate Income Tax</b>				
Current Year	8	-	8	-
Under/(over) provision for previous period	-	-	-	-
	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>

**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 *13 May 2016* 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.

The ESOS has expired on 12 May 2016.

**B.10 Group borrowings**

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

**Short Term Borrowings**

	31/03/2016 RM'000	31/12/2015 RM '000
Unsecured		
Trust Receipts	22,855	41,575
<b>Total</b>	<b>22,855</b>	<b>41,575</b>

**Hire Purchase**

	31/03/2016 RM '000	31/12/2015 RM '000
Repayable within 12 months	3,876	3,889
Payable more than 12 months	2,718	3,672
<b>Total</b>	<b>6,594</b>	<b>7,561</b>

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 *13 May 2016*, 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 *13 May 2016*, 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 Earnings / (loss) per share**

The basic earnings / (loss) per share for the quarter and year to date ended 31 March 2016 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2016	Preceding Year Corresponding Quarter 31/03/2015	Current Year To Date 31/03/2016	Preceding Year Corresponding Period 31/03/2015
Net earnings (loss) (RM'000)	1,038	(2,179)	1,038	(2,179)
Weighted average number of ordinary shares in issue ('000)	107,241	107,241	107,241	107,241
Basic EPS/ (LPS) (sen)	0.97	(2.03)	0.97	(2.03)
Diluted EPS / (LPS) (sen)		-	-	-

Diluted EPS is not computed as the exercise price of the Employees' Share Options and Warrants are higher than the average market price of the Company's ordinary shares during the period. Diluted EPS was not computed previously as it was anti-dilutive.

**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.

	31/03/2016 RM'000	31/12/2015 RM'000
Breakdown of accumulated losses of the Group		
- Realised	(65,264)	(66,543)
- Unrealised*	3,902	3,902
Total share of accumulated losses of joint venture		
-Realised	(2,972)	(2,866)
Consolidation adjustments	22,709	22,814
<b>Total Group Retained Losses</b>	<b>(41,655)</b>	<b>(42,693)</b>

\*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 18 May 2016.