(Incorporated in Malaysia)

QUARTERLY REPORT

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31-12-16 RM'000	Preceding Year Corresponding Quarter Ended 31-12-15 RM'000	Current Year To Date Ended 31-12-16 RM'000	Preceding Year Corresponding Period Ended 31-12-15 RM'000
1. Revenue	25,941	65,778	136,316	150,482
2. Gross Profit	6,010	16,922	25,723	21,754
3. Profit before taxation	648	9,049	1,699	2,433
4. Profit after taxation	606	8,940	1,657	2,294
5. Profit for the period	606	8,940	1,657	2,294
6. Profit attributable to owners of the Company	606	8,940	1,657	2,294
7. Basic Earnings per share (sen)	0.57	8.34	1.55	2.14
8. Proposed/Declared dividend per share (sen)	-	-	-	-
8. Net assets per share attributable to owners of the Co	ompany (RM)		As At End Of Current Financial Year End 0.64	As At Preceding Financial Year End 0.62

Additional Information

	Individual Quarter		Cumulative Quarter			
	Preceding Year			Preceding Year		
	Current Year	Corresponding	Current Year	Corresponding		
	Quarter Ended	Quarter Ended	To Date Ended	Period Ended		
	31-12-16	31-12-15	31-12-16	31-12-15		
	RM'000	RM'000	RM'000	RM'000		
1. Gross Finance income	219	43	518	271		
2. Gross Finance costs	(236)	(305)	(1,530)	(580)		

(Incorporated in Malaysia)

QUARTERLY REPORT

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31-12-16	31-12-15	31-12-16	31-12-15
	RM'000	RM'000	RM'000	RM'000
Revenue	25,941	65,778	136,316	150,482
Cost of sales	(19,931)	(48,856)	(110,593)	(128,728)
Gross Profit	6,010	16,922	25,723	21,754
Other operating income	4	5	16	1,077
Operating expenses	(4,133)	(4,127)	(15,808)	(13,254)
Profit from operations	1,881	12,800	9,931	9,577
Finance income	219	43	518	271
Depreciation	(528)	(15)	(1,691)	(1,984)
Allowances and non cash expenses	(683)	(3,370)	(5,416)	(4,310)
Finance costs	(236)	(305)	(1,530)	(580)
Share of losses of equity-accounted joint venture, net of tax	(5)	(104)	(113)	(541)
Profit before taxation	648	9,049	1,699	2,433
Taxation	(42)	(109)	(42)	(139)
Profit for the period	606	8,940	1,657	2,294
Other comprehensive Profit, net of taxation				<u>-</u>
Total comprehensive Profit for the period	606	8,940	1,657	2,294
Profit attributable to :				
Owners of the Company	606	8,940	1,657	2,294
Non-controlling interest Profit for the period	606	8,940	1,657	2,294
Total comprehensive Profit attributable to:				
Owners of the Company	606	8,940	1,657	2,294
Non-controlling interest				
Total comprehensive Profit for the period	606	8,940	1,657	2,294
Earnings per ordinary share (sen)				
Basic	0.57	8.34	1.55	2.14
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

(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Unaudited	Audited
	As At	As At
	31-12-16 RM'000	31/12/15 RM'000
ASSETS	KW 000	KW 000
Non-current assets		
Plant and equipment	14,542	12,294
Investment in joint venture	21	134
Intangible assets	1,505	2,371
Deferred tax assets	3,902	3,902
befored tax assets	19,970	18,701
Current assets	.,,,,,	. 5,7 5 1
Inventories	14,407	33,114
Receivables	20,549	34,677
Cash and cash equivalents	43,903	51,390
	78,859	119,181
	,	,
Total assets	98,829	137,882
EQUITY		
Capital and reserves attributable to the Company's equity	holders	
Share capital	107,243	107,241
Share premium *	-	-
Reserves	(39,139)	(40,796)
Shareholder's fund / Total equity	68,104	66,445
LIABILITIES		
Current liabilities		
Payables	18,774	22,301
Hire Purchase	6,072	3,889
Borrowings	1,900	41,575
	26,746	67,765
Non Current liabilities		
Hire Purchase	3,979	3,672
	3,979	3,672
Total liabilities	30,725	71,437
Total equity and liabilities	98,829	137,882

Note * Share premium of RM398.00

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

(Incorporated in Malaysia)

QUARTERLY REPORT

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

	Non-distributable		<u>Distributable</u> Reserves		
	Share Capital RM'000	Other Reserves RM'000	Attributable To Revenue RM'000	Total Equity RM'000	
12 months ended 31 December 2015					
At 1 January 2015 (audited)	107,241	1,897	(44,987)	64,151	
Comprehensive profit for the financial period	-	-	2,294	2,294	
At 31 December 2015 (audited)	107,241	1,897	(42,693)	66,445	
12 months ended 31 December 2016					
At 1 January 2016 (audited)	107,241	1,897	(42,693)	66,445	
Transfer to reserves for expired ESOS	-	(1,897)	1,897	-	
Shares issued pursuant to exercise of warrants	2	-	-	2	
Comprehensive profit for the financial period	-	-	1,657	1,657	
At 31 December 2016 (Unaudited)	107,243	-	(39,139)	68,104	

Note * Share premium of RM398.00

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

(Incorporated in Malaysia)

QUARTERLY REPORT

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

	Unaudited 31-12-16 RM'000	Audited 31/12/15 RM'000
Cash flow from operating activities		
Net profit before taxation	1,699	2,433
Adjustments for:		
Depreciation	7,687	5,041
Finance costs paid	1,530	580
Development cost written off	· -	228
Finance income received	(518)	(271)
Bad debts written off	-	8
Allowance for doubtful debts	4,339	-
Amortisation of development cost	866	925
Plant and equipment written off	105	5
Fair value movement	-	(5)
Allowance for impairment of goodwill	-	657
Provision for litigation	105	2,490
Share of losses of equity-accounted joint venture, net of tax	113	541
Operating profit before working capital changes	15,926	12,632
Movements in working capital		
Inventories	18,707	(14,923)
Receivables	9,714	(2,409)
Payables	(3,595)	5,644
Cash flow from operations	40,752	944
Income tax paid	(42)	(125)
Income tax refunded	38	19
Finance costs paid	(1,530)	(580)
Finance income received	518	271
Net cash flow from operating activities	39,736	529
Cash flow used in investing activities		
Purchase of plant and equipment	(10,040)	(13,124)
	(10,040)	(13,124)
Cash flow (used in) / from financing activities		
Proceeds from exercise of warrants	2	-
Trust Receipts & revolving credit	(39,675)	37,575
Finance lease liabilities	2,490	7,354
Pledged deposits	1,564	(794)
	(35,619)	44,135
Net movement in cash and cash equivalents	(5,923)	31,540
Cash and cash equivalents at beginning of financial period	46,893	15,353
Cash and cash equivalents at end of financial period	40,970	46,893
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	43,903	51,390
Less: Pledged deposits	(2,933)	(4,497)
Cash and cash equivalents	40,970	46,893

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

(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 December 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 cyclicality of operations

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

A.4 <u>Unusual items</u>

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 guarter under review and financial year to date.

A.6 <u>Debt and equity securities</u>

Other than the below, 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.

	As at 31/12/2016		As at 31/	12/2015
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Authorised: Ordinary Shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid: Ordinary Shares of RM1 each	107,243	107,243	107,241	107,241

An additional 2000 ordinary shares at a par value of RM1.00 each were issued and listed on 13 July 2016 pursuant to the exercise of warrants. The warrants was exercised at a price of RM1.199 per share.

A.7 Dividends

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

A.8 <u>Segmental reporting</u>

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 December 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 mainly to trade customers decreased from RM8,673,385 to RM7,049,439 for the quarter.

A.13 Material Litigation

(A) Infornential Sdn Bhd ("Plaintiff") v. Theta Edge Berhad ("1st defendant" or "The Company") & 4 others

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 5% 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:-

- (i) Plaintiff's claim against 1st Defendant is allowed with interest running at 5% 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 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 2nd and the 5th Defendant.

Based on the decision at the Court of Appeal on 16 February 2017,

(i) Theta Edge Berhad vs Infornential Sdn Bhd

The Learned Judges allowed the above Appeal, set aside the Judgement of the High Court dated 27.4.2015 and ordered costs of RM15,000.00 to be paid to the Company, subject to the payment of allocator fees and deposit to be refunded to the Company.

(ii) <u>Infornential Sdn Bhd vs Nor Badli Munawir Alias Lafti ("1st Respondent") & Anor ("2nd Respondent")</u>

The Learned Judges dismissed the Appeal with costs of RM15,000.00 to the 1st Respondent and RM30,000.00 to the 2nd Respondent, subject to the payment of allocator fees and deposit to be refunded to the Appellant.

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 is recurrent in nature and 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 year ended 31 December 2016 RM '000	Balance due from / (to) as at 31 December 2016 RM '000
Lembaga Tabung Haji	Sale of equipment and services	34,055	3,578
THP Development Consultancy Sdn Bhd	Services rendered	196	-
THP Bina Sdn Bhd	Services rendered	1,986	-
THHE Fabricators Sdn Bhd	Sale of equipment and services	759	2,132
TH Heavy Engineering Berhad	Sale of equipment and services	2,518	4,638
TH Properties Sdn Bhd	Sale for equipment and services	385	-
TH Travel & Services Sdn Bhd	Services rendered	238	56
TH Agro Management Sdn Bhd	Services rendered	484	128
THP Sinar Sdn Bhd	Services rendered	2	-

(B) Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad

B.1 Review of performance

The Group reported a revenue of RM136.32 million for the financial year ended 31 December 2016 as compared to the revenue in the previous financial year of RM150.48 million. The lower revenue in the current period of 9% was mainly due to the higher trading revenue in the previous financial year.

The improvement of gross profit margin from 14% to 19% was mainly due to the higher contribution of revenues from value added services and operations and maintenance works. The Group also made an allowance for doubtful debts of RM4.34 million based on the assessment of the recoverability of certain long outstanding debts. Correspondingly, the Group reported a profit before taxation of RM1.66 million against the profit before taxation of RM2.30 million from the preceding year.

B.2 Material changes in quarterly results

The Group's revenue for the current quarter was RM25.94 million as compared to that of RM 30.43 million for the immediate preceding quarter. The Group reported a profit before taxation of RM 0.61 million for the current period as compared to the loss before taxation of RM 0.12 million in the immediate preceding quarter.

B.3 Prospects

The National ICT Association of Malaysia (PIKOM) remains bullish on ICT outlook in 2017 despite the economic uncertainties and the depreciation of the Ringgit. ICT spending in 2016 is expected to reach over RM70 billion. Malaysia's overall ICT market is expected to feel the positive impact of the disruptive technologies and digital economic growth. Gartner forecasts that the ICT spending in Malaysia would be above RM70 billion for 2017.

Growth is expected to come largely from the telecommunication segment as well as areas such as cloud computing, mobility, big data, e-commerce, the IoT (Internet of Things) and digital governance. Similar to the previous years, 2017 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 2017 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.

During the course of the year, we expect to add on to our order book to sustain our 2017 financials and to begin 2018 with a healthy order book on hand. We are optimistic that we can continue the profitable trend in 2017. The Group will also put in efforts and focus to move forward our investments in the 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 2017 will be better than 2016.

B.4 <u>Statement of the Board of Directors' opinion on financial estimate, forecast, projection or profit guarantee</u>

Not applicable as the Group did not previously announced, disclosed or published any financial estimate, forecast, projection or profit guarantee in a public document.

B.5 Profit before Tax

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

	Current Quarter	Current Year To
	Ended	Date
		Ended
	31/12/2016	31/12/2016
	RM'000	RM'000
Depreciation	2,248	7,687
Amortisation of development cost	216	866
Allowance for doubtful debts	439	4,339
Finance income	219	518
Finance costs	236	1,530

B.6 Taxation

	Individu	al Quarter	Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date Ended	Corresponding
	Ended	Quarter Ended		Period Ended
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM '000	RM '000	RM '000	RM '000
Corporate Income				
Tax				
Current Year	40	59	40	59
Under provision for previous period	2	80	2	80
•	42	139	42	139

B.7 <u>Sale of unquoted investments and/or properties</u>

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 17 February 2017 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) Warrants

Pursuant to the announcement on 27 May 2016 in relation to the terms and conditions stipulated in the deed poll dated 18 May 2011 constituting the Warrants 2011/2016 ("Warrants"), the exercise rights of the Warrants expired on 5.00 p.m. on Monday, 4 July 2016 and accordingly, the Warrants were removed from the official list of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Tuesday, 5 July 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

Unsecured		31/12/2016 RM'000	31/12/2015 RM '000
Trust Receipts	<u></u>	-	41,575
Revolving Credit		1,900	-
	Total _	1,900	41,575
Hire Purchase			
		31/12/2016 RM '000	31/12/2015 RM '000
Repayable within 12 months	_	6,072	3,889
Payable more than 12 months	_	3,979	3,672
	Total	10,051	7,561

All the borrowings are denominated in Ringgit Malaysia and are guaranteed by the Company.

B.11 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 17 February 2017, 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 17 February 2017, 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 <u>Earnings per share</u>

The basic earnings per share for the quarter and year to date ended 31 December 2016 are computed as follows:

	Individual Quarter		Cumulative Quarter		
	Current Preceding Year Corresponding		Current	Preceding Year Corresponding	
	Quarter	Quarter	Year To Date	Period	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	
Net earnings (RM'000)	606	8,940	1,657	2,294	
No of ordinary shares in issue ('000)	107,243	107,241	107,243	107,241	
Weighted average number of ordinary shares in issue ('000)	107,242	107,241	107,242	107,241	
Basic EPS (sen)	0.57	8.34	1.55	2.14	
Diluted EPS (sen)	-	-	-	-	

Diluted EPS is not computed as the exercise price of the Employees' Share Options ("ESOS") 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.

The ESOS had expired on 12 May 2016. The Warrants were removed from the official list of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Tuesday, 5 July 2016.

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.

	31/12/2016 RM'000	31/12/2015 RM'000
Breakdown of accumulated losses of the Group - Realised - Unrealised - Deferred tax asset - Unrealised - Provision for litigation	(59,097) 3,902 (2,595)	(66,919) 3,902 (2,490)
Consolidation adjustments	18,651	22,814
Total Group Retained Losses	(39,139)	(42,693)

B.17 <u>Authorisation for Issue</u>

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2017.