

THETA EDGE BERHAD (260002-W)

(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Individual Period			Cumulative Period		
	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Changes (%)	Current Year To-date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000	Changes (%)
1. Revenue	17,039	11,699	46%	17,039	11,699	46%
2. Gross Profit/ (loss)	412	(1,402)	129%	412	(1,402)	129%
3. Loss before taxation	(3,110)	(5,472)	-43%	(3,110)	(5,472)	-43%
4. Loss after taxation	(3,110)	(5,476)	-43%	(3,110)	(5,476)	-43%
5. Loss for the period	(3,110)	(5,476)	-43%	(3,110)	(5,476)	-43%
6. Loss attributable to owners of the Company	(3,110)	(5,476)	-43%	(3,110)	(5,476)	-43%
7. Loss per share (sen)	(2.90)	(5.11)	-43%	(2.90)	(5.11)	-43%
8. Proposed/Declared dividend per share (sen)	-	-		-	-	

	As At End Of Current Financial Year End RM	As At Preceding Financial Year End RM	Changes %
9. Net assets per share attributable to owners of the Company	0.62	0.65	-5%

Additional Information

	Individual Period			Cumulative Period		
	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Changes (%)	Current Year To-date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000	Changes (%)
1. Gross Finance income	150	217	-31%	150	217	-31%
2. Gross Finance costs	(163)	(197)	-17%	(163)	(197)	-17%

THETA EDGE BERHAD (260002-W)

(Incorporated in Malaysia)

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UNAUDITED CONDENSED STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2018 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2017 RM'000	Current Year Period Ended 31/03/2018 RM'000	Preceding Year Corresponding Period Ended 31/03/2017 RM'000
Revenue	17,039	11,699	17,039	11,699
Cost of sales	(16,627)	(13,101)	(16,627)	(13,101)
Gross Profit/(Loss)	<u>412</u>	<u>(1,402)</u>	<u>412</u>	<u>(1,402)</u>
Other operating income	98	120	98	120
Operating expenses	<u>(3,115)</u>	<u>(3,597)</u>	<u>(3,115)</u>	<u>(3,597)</u>
Loss from operations	(2,605)	(4,879)	(2,605)	(4,879)
Finance income	150	217	150	217
Depreciation	(399)	(370)	(399)	(370)
Allowances and non cash expenses	(93)	(243)	(93)	(243)
Finance costs	<u>(163)</u>	<u>(197)</u>	<u>(163)</u>	<u>(197)</u>
Loss before taxation	(3,110)	(5,472)	(3,110)	(5,472)
Taxation	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Loss for the period	<u>(3,110)</u>	<u>(5,476)</u>	<u>(3,110)</u>	<u>(5,476)</u>
Other comprehensive loss, net of taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(3,110)</u>	<u>(5,476)</u>	<u>(3,110)</u>	<u>(5,476)</u>
Loss attributable to :				
Owners of the Company	(3,110)	(5,476)	(3,110)	(5,476)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(3,110)</u>	<u>(5,476)</u>	<u>(3,110)</u>	<u>(5,476)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(3,110)	(5,476)	(3,110)	(5,476)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	<u>(3,110)</u>	<u>(5,476)</u>	<u>(3,110)</u>	<u>(5,476)</u>
Loss per ordinary share (sen)				
Basic	(2.90)	(5.11)	(2.90)	(5.11)
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Certain figures in the preceding year had been reclassified to conform to current year's presentation. The reclassification has no impact to the earnings and cashflow.

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 2017.

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

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Unaudited As At 31/03/2018 RM'000	Audited As At 31/12/2017 RM'000
ASSETS		
Non-current assets		
Plant and equipment	6,790	8,349
Investment in joint venture	15	15
Intangible assets	1,216	1,216
Deferred tax assets	3,902	3,902
	11,923	13,482
Current assets		
Inventories	12,252	12,732
Receivables	29,770	35,203
Cash and cash equivalents	30,324	29,470
	72,346	77,405
Total assets	84,269	90,887
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	107,243	107,243
Reserves	(40,858)	(37,748)
Shareholder's fund / Total equity	66,385	69,495
LIABILITIES		
Current liabilities		
Payables	15,463	17,468
Hire Purchase	2,037	3,170
	17,500	20,638
Non Current liabilities		
Hire Purchase	384	754
	384	754
Total liabilities	17,884	21,392
Total equity and liabilities	84,269	90,887

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2017

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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

Attributable to the owners of the Company

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<u>3 months ended 31 March 2017</u>			
At 1 January 2017 (audited)	107,243	(39,139)	68,104
Comprehensive loss for the financial period	-	(5,476)	(5,476)
	107,243	(44,615)	62,628
<u>3 months ended 31 March 2018</u>			
At 1 January 2018 (audited)	107,243	(37,748)	69,495
Comprehensive loss for the financial period	-	(3,110)	(3,110)
	107,243	(40,858)	66,385

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 2017

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 2018**

	Unaudited 31/03/2018 RM'000	Unaudited 31/03/2017 RM'000
Cash flow from operating activities		
Net loss before taxation	(3,110)	(5,472)
Adjustments for:		
Depreciation	2,023	2,073
Finance costs paid	163	197
Finance income received	(150)	(217)
Bad debts recovered	-	(120)
Amortisation of development cost	-	217
Allowance for inventory obsolescence	93	-
Reversal for litigation	-	26
Share of losses of equity-accounted joint venture, net of tax	-	1
Operating loss before working capital changes	(981)	(3,295)
Movements in working capital		
Inventories	387	(3,916)
Receivables	5,433	998
Payables	(2,005)	(707)
Cash flow from/(used in) operations	2,834	(6,920)
Income tax paid	-	(4)
Finance costs paid	(163)	(197)
Finance income received	150	217
Net cash flow from/(used in) operating activities	2,821	(6,904)
Cash flow used in investing activities		
Purchase of plant and equipment	(464)	(744)
	(464)	(744)
Cash flow used in financing activities		
Revolving credit	-	(1,184)
Finance lease liabilities	(1,503)	(1,583)
Pledged deposits	(28)	(123)
	(1,531)	(2,890)
Net movement in cash and cash equivalents	826	(10,538)
Cash and cash equivalents at beginning of financial period	25,888	40,970
Cash and cash equivalents at end of financial period	26,714	30,432
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	30,324	33,488
Less : Pledged deposits	(3,610)	(3,056)
Cash and cash equivalents	26,714	30,432

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2017

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

QUARTERLY REPORT

(A) EXPLANATORY NOTES PERTAINING TO MFRS 134

A.1 Basis of preparation and significant accounting policies

This interim unaudited financial report 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 audited financial statements of the Group for the year ended 31 December 2017.

The accounting policies adopted in the preparation of the Condensed Consolidated Interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2017 except for the following:

Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2018:

- (i) MFRS 9, Financial Instruments (2014)
- (ii) MFRS 15, Revenue from Contracts with Customers
- (iii) Clarifications to MFRS 15, Revenue from Contracts with Customers
- (iv) IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- (v) Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- (vi) Amendments to MFRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- (vii) Amendments to MFRS 4, Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- (viii) Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- (ix) Amendments to MFRS 140, Investment Property - Transfers of Investment Property

The above pronouncements are either not relevant or do not have any material impact on the interim financial statements of the Company upon their initial application. The Company has adopted the relevant standards from 1 January 2018 with practical expedients permitted under the standards. Comparatives for 2017 are not restated.

A.2 Report On the Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2017 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 and financial year to date.

A.6 Debt and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

A.7 Dividends

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

A.8 Segmental information

	Current Year to Date 31/03/2018			Preceding Year Corresponding Period 31/03/2017		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	13,318	3,721	17,039	9,740	1,959	11,699
Gross profit / (loss)	842	(430)	412	(672)	(730)	(1,402)
Other operating income			98			120
Operating expenses			(3,115)			(3,597)
Profit /(loss) from operations			(2,605)			(4,879)
Finance income			150			217
Depreciation			(399)			(370)
Allowances and non-cash expenses			(93)			(243)
Finance cost			(163)			(197)
Loss before taxation			(3,110)			(5,472)

Geographical reporting is not 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 2017.

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 during the current quarter.

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 increased from RM7,271,961 to RM7,431,870 during the current quarter.

A.13 Material Litigation

There were no material litigation during the current quarter and financial year to date.

A.14 Capital Commitments

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

A.15 Related party transactions

The related party transactions of the Group are 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 March 2018 RM '000	Balance due from / (to) as at 31 March 2018 RM '000
Lembaga Tabung Haji	Sale of equipment & services	9,173	8,218
THP Bina Sdn Bhd	Sale of equipment & services	3,171	7,597
THHE Fabricators Sdn Bhd	Sale of equipment & services	-	2,132
TH Heavy Engineering Berhad	Sale of equipment & services	-	4,700
TH Properties Sdn Bhd	Sale of equipment & services	141	29
Bank Islam Malaysia Berhad	Sale of equipment & services	91	91
		12,576	22,767

A.16 Financial instruments and fair value measurements

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments as at the end of the current year to date. The table below analyses the financial instruments not carried at fair value.

Group	Fair value of financial instruments not carried at fair value as at 31/3/2018				Total fair value 31/03/2018 RM'000	Carrying amount 31/03/2018 RM'000
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
<u>Financial liabilities</u>						
Finance lease liabilities	-	-	2,659	2,659	2,659	2,421
	-	-	2,659	2,659	2,659	2,421

The approximate fair value is based on pre-determined cash flows using the prevailing market finance lease rate at the time of borrowing.

(B) EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD

B.1 Review of performance

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000		Current Year To date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000	
Revenue	17,039	11,699	46%	17,039	11,699	46%
Loss from Operations	(2,605)	(4,879)	-47%	(2,605)	(4,879)	-47%
Loss Before Finance cost and Tax	(2,947)	(5,275)	-44%	(2,947)	(5,275)	-44%
Loss Before Tax	(3,110)	(5,472)	-43%	(3,110)	(5,472)	-43%
Loss After Tax	(3,110)	(5,476)	-43%	(3,110)	(5,476)	-43%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,110)	(5,476)	-43%	(3,110)	(5,476)	-43%

Three (3) months ended 31 March 2018

The Group reported a revenue of RM17.0 million for the three (3) months ended 31 March 2018 as compared to the revenue in the corresponding period in the preceding year of RM11.7 million. The higher revenue in the current year was mainly contributed from the completion of works for the Group's major shareholder and its group of companies as well as higher revenue from the telecommunication segment as compared to the corresponding period in the preceding year.

Correspondingly, the Group reported a lower loss before taxation of RM3.1 million against the loss before taxation of RM5.5 million from the preceding year.

Information technology

Information technology remains as the main revenue contributor for the Group with over 78% revenue contribution. Revenue from this segment was higher at RM13.3 million for current year to date as compared to RM9.7 million in the preceding year which was mainly contributed from the Group's major shareholder and its group of companies.

Telecommunication services

Revenue from the telecommunication services segment was higher at RM3.7 million for the current year to date as compared to RM2.0 million in the preceding year. The revenue contribution in this

segment has increased from 17% to 22% of total revenue. The segment has a gross loss position due to insufficient revenues and volume to meet its operating costs. The volume of works for engineering services is dependent on the number of sites awarded to the Group by the equipment manufacturer or the telecommunication provider.

B.2 Material changes in quarterly results

	Current Quarter 31/03/2018 RM '000	Immediate Preceding Quarter 31/12/2017 RM '000	Changes (%)
Revenue	17,039	33,907	-50%
Profit/(Loss) from operations	(2,605)	3,494	-175%
Profit/(Loss) before Finance cost and Tax	(2,947)	3,016	-198%
Profit/(Loss) Before Tax	(3,110)	2,822	-210%
Profit/(Loss) After Tax	(3,110)	2,800	-210%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	(3,110)	2,800	-210%

The higher revenue and profit for the immediate preceding quarter was mainly contributed from the ICT works for the hotel and convention centre for a related company.

B.3 Prospects

The ICT industry is expected to remain very competitive in 2018. Competition is expected to intensify with pricing being the main factor as value proposition.

The Group remains focused to build its order book to ensure medium to long term sustainability. The Group continues its efforts to strengthen and grow its core businesses, identify viable strategic business opportunities which include collaborations, joint ventures or acquisition of businesses and leveraging on strategic partners.

The Group strives to offer innovative solutions and ensure effective and timely delivery of its projects on hand to sustain cashflow, minimize mismatch cash exposure and to keep its gearing level to a minimum.

Barring any unforeseen circumstances, in view of the current business environment, the Group anticipates that the Group's financial performance for the financial year 2018 will be satisfactory.

B.4 Statement of the Board of Directors' opinion on financial estimate, forecast, projection, internal targets or profit guarantee

The Group did not previously announce, disclose or publish any financial estimate, forecast, projection, internal targets or profit guarantee in a public document.

B.5 Loss before taxation

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000
Finance income	150	217	150	217
Other income	88	120	88	120
Finance cost	163	197	163	197
Depreciation	2,023	2,073	2,023	2,073
Amortisation of development cost	-	217	-	217
Allowance for doubtful receivables	-	-	-	-
Write off / (recovery) of bad receivables	(10)	-	(10)	-
Allowance for an write off of inventories	93	-	93	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Allowance for impairment of plant and machineries	-	-	-	-
Foreign exchange gain / (loss)	(6)	-	(6)	-
Gain / (loss) on derivatives	-	-	-	-

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000
Current year income tax	-	4	-	4
Over/(under) provision for previous period	-	-	-	-
	-	4	-	4

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 current quarter.

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 25 May 2018 the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.10 Group borrowings

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

		Current Quarter - 31/03/2018 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	384	2,037	2,421
	Total	384	2,037	2,421

		Preceding Year Corresponding Quarter -31/03/17 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	2,421	6,047	8,468
	Total	2,421	6,047	8,468

The fixed rate of borrowings as at 31 March 2018 ranges between 2.50% to 3.60% (31 March 2017: 2.50% to 3.60%)

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 25 May 2018, 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 material litigations

There were no changes in material litigations as at 25 May 2018, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.13 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.14 Earnings / (loss) per share

The basic earnings /(loss) per share for the quarter and year to date ended 31 March 2018 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2018	Preceding Year Corresponding Quarter 31/03/2017	Current Year To Date 31/03/2018	Preceding Year Corresponding Period 31/03/2017
Net loss (RM'000)	(3,110)	(5,476)	(3,110)	(5,476)
No of ordinary shares in issue ('000)	107,243	107,243	107,243	107,243
Weighted average number of ordinary shares in issue ('000)	107,243	107,242	107,243	107,242
Basic EPS / (LPS) (sen)	(2.90)	(5.11)	(2.90)	(5.11)
Diluted EPS /(LPS) (sen)	N/A	N/A	N/A	N/A

Diluted EPS is not computed as there are no outstanding share options or instruments that will dilute the basic earnings per share.

B.15 Derivatives

There are no derivatives outstanding as at the end of the current financial year to date.

B.16 Fair value changes of financial liabilities

	Carrying amount	Total fair value
	RM'000	RM'000
Finance lease liabilities as at 01/01/2018	3,924	4,305
Repayment	(1,646)	(1,646)
(Gain) / loss arising from fair value changes	143	-
Finance lease liabilities as at 31/03/2018	2,421	2,659

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 31 May 2018.