

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

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Individual Period			Cumulative Period		
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Changes (%)	Current Year To-date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000	Changes (%)
1. Revenue	15,232	22,789	-33%	32,271	34,488	-6%
2. Gross Profit	3,357	1,613	>100%	3,769	211	>100%
3. Loss before taxation	(625)	(1,892)	-67%	(3,735)	(7,364)	-49%
4. Loss after taxation	(625)	(1,894)	-67%	(3,735)	(7,370)	-49%
5. Loss for the period	(625)	(1,894)	-67%	(3,735)	(7,370)	-49%
6. Loss attributable to owners of the Company	(625)	(1,894)	-67%	(3,735)	(7,370)	-49%
7. Loss per share (sen)	(0.58)	(1.77)	-67%	(3.48)	(6.87)	-49%
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	0.61	0.65	-6%

Additional Information

	Individual Period			Cumulative Period		
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Changes (%)	Current Year To-date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000	Changes (%)
1. Gross Finance income	276	148	86%	426	365	17%
2. Gross Finance costs	(61)	(170)	-64%	(224)	(367)	-39%

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 30 JUNE 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2018 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2017 RM'000	Current Year Period Ended 30/06/2018 RM'000	Preceding Year Corresponding Period Ended 30/06/2017 RM'000
Revenue	15,232	22,789	32,271	34,488
Cost of sales	(11,875)	(21,176)	(28,502)	(34,277)
Gross Profit	<u>3,357</u>	<u>1,613</u>	<u>3,769</u>	<u>211</u>
Other operating income	7	601	105	721
Operating expenses	(3,118)	(3,677)	(6,233)	(7,274)
Profit /(Loss) from operations	<u>246</u>	<u>(1,463)</u>	<u>(2,359)</u>	<u>(6,342)</u>
Finance income	276	148	426	365
Depreciation	(283)	(309)	(682)	(679)
Allowances and non cash expenses	(803)	(98)	(896)	(341)
Finance costs	(61)	(170)	(224)	(367)
Loss before taxation	<u>(625)</u>	<u>(1,892)</u>	<u>(3,735)</u>	<u>(7,364)</u>
Taxation	-	(2)	-	(6)
Loss for the period	<u>(625)</u>	<u>(1,894)</u>	<u>(3,735)</u>	<u>(7,370)</u>
Other comprehensive loss, net of taxation	-	-	-	-
Total comprehensive loss for the period	<u>(625)</u>	<u>(1,894)</u>	<u>(3,735)</u>	<u>(7,370)</u>
Loss attributable to :				
Owners of the Company	(625)	(1,894)	(3,735)	(7,370)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(625)</u>	<u>(1,894)</u>	<u>(3,735)</u>	<u>(7,370)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(625)	(1,894)	(3,735)	(7,370)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	<u>(625)</u>	<u>(1,894)</u>	<u>(3,735)</u>	<u>(7,370)</u>
Loss per ordinary share (sen)				
Basic	(0.58)	(1.77)	(3.48)	(6.87)
Diluted	-	-	-	-

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 30 JUNE 2018

	Unaudited As At 30/06/2018 RM'000	Audited As At 31/12/2017 RM'000
ASSETS		
Non-current assets		
Plant and equipment	6,167	8,349
Investment in joint venture	-	15
Intangible assets	1,216	1,216
Deferred tax assets	3,902	3,902
	11,285	13,482
Current assets		
Inventories	11,015	12,732
Receivables	20,737	35,203
Cash and cash equivalents	37,078	29,470
	68,830	77,405
Total assets	80,115	90,887
EQUITY		
Share capital	107,243	107,243
Reserves	(41,483)	(37,748)
Equity attributable to owners of the Company	65,760	69,495
LIABILITIES		
Current liabilities		
Payables	12,508	17,468
Hire Purchase	1,751	3,170
	14,259	20,638
Non Current liabilities		
Hire Purchase	96	754
	96	754
Total liabilities	14,355	21,392
Total equity and liabilities	80,115	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

THETA EDGE BERHAD (260002-W)
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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

Attributable to the owners of the Company

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<u>6 months ended 30 June 2017</u>			
At 1 January 2017 (audited)	107,243	(39,139)	68,104
Comprehensive loss for the financial period	-	(7,370)	(7,370)
	107,243	(46,509)	60,734
At 30 June 2017 (unaudited)	107,243	(46,509)	60,734
<u>6 months ended 30 June 2018</u>			
At 1 January 2018 (audited)	107,243	(37,748)	69,495
Comprehensive loss for the financial period	-	(3,735)	(3,735)
	107,243	(41,483)	65,760
At 30 June 2018 (unaudited)	107,243	(41,483)	65,760

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 30 JUNE 2018**

	Unaudited 30/06/2018 RM'000	Unaudited 30/06/2017 RM'000
Cash flow from operating activities		
Net loss before taxation	(3,735)	(7,364)
Adjustments for:		
Depreciation	3,112	4,049
Finance costs paid	224	367
Finance income received	(426)	(365)
Bad debts recovered	(95)	(594)
Bad debts written off	579	-
Amortisation of development cost	-	289
Allowance for inventory obsolescence	99	-
Loss on exchange	203	-
Reversal for litigation	-	53
Share of losses of equity-accounted joint venture, net of tax	15	-
Operating loss before working capital changes	(24)	(3,565)
Movements in working capital		
Inventories	1,618	1,191
Receivables	13,779	(6,614)
Payables	(4,960)	(2,839)
Cash flow from/(used in) operations	10,413	(11,827)
Income tax paid	-	(6)
Finance costs paid	(224)	(367)
Finance income received	426	365
Net cash flow from/(used in) operating activities	10,615	(11,835)
Cash flow used in investing activities		
Purchase of plant and equipment	(930)	(881)
	(930)	(881)
Cash flow used in financing activities		
Revolving credit	-	(1,881)
Finance lease liabilities	(2,077)	(3,099)
Pledged deposits	1,759	(138)
	(318)	(5,118)
Net movement in cash and cash equivalents	9,367	(17,834)
Cash and cash equivalents at beginning of financial period	25,888	40,970
Cash and cash equivalents at end of financial period	35,255	23,136
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	37,078	26,207
Less : Pledged deposits	(1,823)	(3,071)
Cash and cash equivalents	35,255	23,136

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 30/06/2018			Preceding Year Corresponding Period 30/06/2017		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	24,386	7,885	32,271	28,203	6,285	34,488
Gross profit / (loss)	4,708	(939)	3,769	1,630	(1,419)	211
Other operating income			105			721
Operating expenses			(6,233)			(7,274)
Loss from operations			(2,359)			(6,342)
Finance income			426			365
Depreciation			(682)			(679)
Allowances and non-cash expenses			(896)			(341)
Finance cost			(224)			(367)
Loss before taxation			(3,735)			(7,364)

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 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

The Company's wholly-owned subsidiary, TH2.0 Sdn Bhd ("TH2.0") had on 2 April 2018 entered into a Share Sale and Purchase Agreement ("SSPA") with Ijara Management Company ("IMC"), a management service company, established by the Islamic Corporation for the Development of the Private Sector ("ICD") under the laws of the Kingdom of Saudi Arabia, for the disposal of TH2.0's entire 3,000,000 Ordinary Shares, representing a 50% of the equity holding in Taha Alam Sdn Bhd ("Taha Alam") to IMC for a total consideration of RM1.00 only ("Disposal").

Following the disposal Taha Alam is no longer an associate of the Group.

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 RM7,431,870 to RM6,790,902 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 30 June 2018 RM '000	Balance due from / (to) as at 30 June 2018 RM '000
Lembaga Tabung Haji	Sale of equipment & services	11,967	4,652
Bank Islam Malaysia Berhad	Sale of equipment & services	91	-
THHE Fabricators Sdn Bhd	Sale of equipment & services	-	266
TH Heavy Engineering Berhad	Sale of equipment & services	1,739	3,062
TH Properties Sdn Bhd	Sale of equipment & services	245	105
THP Bina Sdn Bhd	Sale of equipment & services	3,171	-
THV Management Services Sdn Bhd	Sale of equipment & services	432	-
TH Hotel Sdn Bhd	Sale of equipment & services	-	-
		17,646	8,085

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 30/6/2018				Total fair value 30/06/2018 RM'000	Carrying amount 30/06/2018 RM'000
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
Financial liabilities						
Finance lease liabilities	-	-	2,028	2,028	2,028	1,847
	-	-	2,028	2,028	2,028	1,847

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 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000		Current Year To date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000	
Revenue	15,232	22,789	-33%	32,271	34,488	-6%
Profit/(Loss) from Operations	246	(1,463)	-117%	(2,359)	(6,342)	-63%
Loss Before Finance cost and Tax	(564)	(1,722)	-67%	(3,511)	(6,997)	-50%
Loss Before Tax	(625)	(1,892)	-67%	(3,735)	(7,364)	-49%
Loss After Tax	(625)	(1,894)	-67%	(3,735)	(7,370)	-49%
Loss Attributable to Ordinary Equity Holders of the Parent	(625)	(1,894)	-67%	(3,735)	(7,370)	-49%

Six (6) months ended 30 June 2018

The Group reported a revenue of RM32.3 million for the six (6) months ended 30 June 2018 as compared to the revenue in the corresponding period in the preceding year of RM34.5 million. The higher revenue in the preceding year was due to the completion of deliverables and milestones mainly from the related party projects.

The lower losses in the current year was mainly due to the additional revenue recognised for the work claims against TH Heavy Engineering Berhad amounting RM1.7 million which was adjudicated pursuant to the creditors Scheme of Arrangement. Further there were net write back of over accrued costs relating to other projects recently completed.

Correspondingly, the Group reported a lower loss before taxation of RM3.7 million against the loss before taxation of RM7.4 million from the preceding year.

Information technology

Information technology remains as the main revenue contributor for the Group with over 76% revenue contribution. Revenue from this segment was lower at RM24.4 million for current year to date as compared to RM28.2 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 RM7.9 million for the current year to date as compared to RM6.3 million in the preceding year. The revenue contribution in this segment has increased from 18% to 24% 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 30/06/2018 RM '000	Immediate Preceding Quarter 31/03/2018 RM '000	Changes (%)
Revenue	15,232	17,039	-11%
Profit/(Loss) from operations	246	(2,605)	-109%
Loss before Finance cost and Tax	(564)	(2,947)	-81%
Loss Before Tax	(625)	(3,110)	-80%
Loss After Tax	(625)	(3,110)	-80%
Loss Attributable to Ordinary Equity Holders of the Parent holders of the parent	(625)	(3,110)	-80%

The lower losses in the current quarter was mainly due to the additional revenue recognised for the work claims against TH Heavy Engineering Berhad amounting RM1.7 million which was adjudicated pursuant to the creditors Scheme of Arrangement. Further there were net write back of over accrued costs relating to other projects recently completed.

B.3 Prospects

In view of the current business environment, the Group expects that it will be challenging to meet similar results as per the previous financial year.

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 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000
Finance income	276	148	426	365
Other income	7	601	105	721
Finance cost	61	170	224	367
Depreciation	1,089	1,976	3,112	4,049
Amortisation of development cost	-	72	-	289
Allowance for doubtful receivables	-	-	-	-
Write off / (recovery) of bad receivables	589	-	579	-
Allowance for obsolete inventories	-	-	99	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	15	-	15	-
Allowance for impairment of plant and machineries	-	-	-	-
Foreign exchange gain / (loss)	(209)	-	(203)	-
Gain / (loss) on derivatives	-	-	-	-

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000
Current year income tax	-	2	-	6
Over/(under) provision for previous period	-	-	-	-
	-	2	-	6

B.7 Sale of unquoted investments and/or properties

The Company's wholly-owned subsidiary, TH2.0 Sdn Bhd ("TH2.0") had on 2 April 2018 entered into a Share Sale and Purchase Agreement ("SSPA") with Ijara Management Company ("IMC"), a management service company, established by the Islamic Corporation for the Development of the Private Sector ("ICD") under the laws of the Kingdom of Saudi Arabia, for the disposal of TH2.0's entire 3,000,000 Ordinary Shares, representing a 50% of the equity holding in Taha Alam Sdn Bhd ("Taha Alam") to IMC for a total consideration of RM1.00 only ("Disposal").

Following the disposal Taha Alam is no longer an associate of the Group.

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 August 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 - 30/06/2018 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	96	1,751	1,847
	Total	96	1,751	1,847

		Preceding Year Corresponding Quarter -30/06/17 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Trust Receipts		19	19
	Hire Purchase	1,847	5,105	6,952
	Total	1,847	5,124	6,971

The fixed rate of borrowings as at 30 June 2018 ranges between 2.50% to 3.60% (30 June 2017: 2.50% to 5.61%)

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 13 August 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 13 August 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 loss per share for the quarter and year to date ended 30 June 2018 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2018	Preceding Year Corresponding Quarter 30/06/2017	Current Year To Date 30/06/2018	Preceding Year Corresponding Period 30/06/2017
Net loss (RM'000)	(625)	(1,894)	(3,735)	(7,370)
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	107,243	107,243	107,243
Basic EPS / (LPS) (sen)	(0.58)	(1.77)	(3.48)	(6.87)
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	(2,277)	(2,277)
(Gain) / loss arising from fair value changes	200	-
Finance lease liabilities as at 30/06/2018	1,847	2,028

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 17 August 2018.