

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

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Individual Period | | | Cumulative Period | | |
|---|--|---|----------------|--|--|----------------|
| | Current Year Quarter 31/3/2019 RM'000 | Preceding Year Corresponding Quarter 31/3/2018 RM'000 | Changes (%) | Current Year To-date 31/3/2019 RM'000 | Preceding Year Corresponding Period 31/3/2018 RM'000 | Changes (%) |
| 1. Revenue | 7,919 | 17,039 | -54% | 7,919 | 17,039 | -54% |
| 2. Gross Profit/(Loss) | (1,313) | 412 | -419% | (1,313) | 412 | -419% |
| 3. Loss before taxation | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| 4. Loss after taxation | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| 5. Loss for the period | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| 6. Loss attributable to owners of the Company | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| 7. Loss per share (sen) | (3.48) | (2.90) | 20% | (3.48) | (2.90) | 20% |
| 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 | 0.60 | 0.63 | -5% |

Additional Information

| | Individual Period | | | Cumulative Period | | |
|-------------------------|--|---|----------------|--|--|----------------|
| | Current Year Quarter 31/3/2019 RM'000 | Preceding Year Corresponding Quarter 31/3/2018 RM'000 | Changes (%) | Current Year To-date 31/3/2019 RM'000 | Preceding Year Corresponding Period 31/3/2018 RM'000 | Changes (%) |
| 1. Gross Finance income | 346 | 150 | 131% | 346 | 150 | 131% |
| 2. Gross Finance costs | (81) | (163) | -50% | (81) | (163) | -50% |

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 2019**

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|---|--|
| | Current Year Quarter Ended 31/3/2019 RM'000 | Preceding Year Corresponding Quarter Ended 31/3/2018 RM'000 | Current Year Period Ended 31/3/2019 RM'000 | Preceding Year Corresponding Period Ended 31/3/2018 RM'000 |
| Revenue | 7,919 | 17,039 | 7,919 | 17,039 |
| Cost of sales | (9,232) | (16,627) | (9,232) | (16,627) |
| Gross Profit/(Loss) | (1,313) | 412 | (1,313) | 412 |
| Other operating income | 239 | 98 | 239 | 98 |
| Operating expenses | (2,611) | (3,115) | (2,611) | (3,115) |
| Loss from operations | (3,685) | (2,605) | (3,685) | (2,605) |
| Finance income | 346 | 150 | 346 | 150 |
| Depreciation | (307) | (399) | (307) | (399) |
| Allowances and non cash expenses | - | (93) | - | (93) |
| Finance costs | (81) | (163) | (81) | (163) |
| Loss before taxation | (3,727) | (3,110) | (3,727) | (3,110) |
| Taxation | - | - | - | - |
| Loss for the period | (3,727) | (3,110) | (3,727) | (3,110) |
| Other comprehensive loss, net of taxation | - | - | - | - |
| Total comprehensive loss for the period | (3,727) | (3,110) | (3,727) | (3,110) |
| Loss attributable to : | | | | |
| Owners of the Company | (3,727) | (3,110) | (3,727) | (3,110) |
| Non-controlling interest | - | - | - | - |
| Loss for the period | (3,727) | (3,110) | (3,727) | (3,110) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Company | (3,727) | (3,110) | (3,727) | (3,110) |
| Non-controlling interest | - | - | - | - |
| Total comprehensive loss for the period | (3,727) | (3,110) | (3,727) | (3,110) |
| Loss per ordinary share (sen) | | | | |
| Basic | (3.48) | (2.90) | (3.48) | (2.90) |
| 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 2018.

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

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

| | Unaudited As At 31/3/2019 RM'000 | Audited As At 31/12/2018 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Plant and equipment | 3,608 | 4,188 |
| Deferred tax assets | 3,902 | 3,902 |
| | 7,510 | 8,090 |
| Current assets | | |
| Inventories | 4,681 | 4,421 |
| Receivables | 19,558 | 20,664 |
| Cash and cash equivalents | 40,832 | 46,332 |
| | 65,071 | 71,417 |
| Total assets | 72,581 | 79,507 |
| EQUITY | | |
| Share capital | 107,243 | 107,243 |
| Reserves | (43,083) | (39,356) |
| Equity attributable to owners of the Company | 64,160 | 67,887 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 8,421 | 10,866 |
| Hire Purchase | - | 754 |
| | 8,421 | 11,620 |
| Total liabilities | 8,421 | 11,620 |
| Total equity and liabilities | 72,581 | 79,507 |

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2018

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

QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

| | <u>Attributable to the owners of the Company</u> | | |
|---|--|---------------------------------|---------------------------|
| | Share capital RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
| <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) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 (unaudited) | <u>107,243</u> | <u>(40,858)</u> | <u>66,385</u> |
| <u>3 months ended 31 March 2019</u> | | | |
| At 1 January 2019 (audited) | 107,243 | (39,356) | 67,887 |
| Comprehensive loss for the financial period | - | (3,727) | (3,727) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2019 (unaudited) | <u>107,243</u> | <u>(43,083)</u> | <u>64,160</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 2018.

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

QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

| | Unaudited 31/3/2019 RM'000 | Unaudited 31/3/2018 RM'000 |
|---|---|---|
| Cash flow from operating activities | | |
| Net loss before taxation | (3,727) | (3,110) |
| Adjustments for: | | |
| Depreciation | 774 | 2,023 |
| Finance costs paid | 81 | 163 |
| Finance income received | (346) | (150) |
| Bad debts recovered | (12) | - |
| Gain on disposal of Plant and equipment | (227) | - |
| Allowance for inventory obsolescence | - | 93 |
| Operating loss before working capital changes | (3,457) | (981) |
| Movements in working capital | | |
| Inventories | (260) | 387 |
| Receivables | 1,349 | 5,433 |
| Payables | (2,449) | (2,005) |
| Cash flow (used in)/from operations | (4,817) | 2,834 |
| Finance costs paid | (81) | (163) |
| Finance income received | 346 | 150 |
| Net cash flow (used in)/from operating activities | (4,552) | 2,821 |
| Cash flow used in investing activities | | |
| Purchase of plant and equipment | (194) | (464) |
| | (194) | (464) |
| Cash flow used in financing activities | | |
| Revolving credit | - | - |
| Finance lease liabilities | (754) | (1,503) |
| Pledged deposits | (5) | (28) |
| | (759) | (1,531) |
| Net movement in cash and cash equivalents | (5,505) | 826 |
| Cash and cash equivalents at beginning of financial period | 44,440 | 25,888 |
| Cash and cash equivalents at end of financial period | 38,935 | 26,714 |
| Cash and cash equivalents consist of: | | |
| Deposits, cash & bank balances | 40,832 | 30,324 |
| Less : Pledged deposits | (1,897) | (3,610) |
| Cash and cash equivalents | 38,935 | 26,714 |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2018.

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 2018.

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 2018 except for the following:

Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2019:

- (i) MFRS 16, Leases
- (ii) IC Interpretation 23, Uncertainty over Income Tax Treatments
- (iii) Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- (iv) Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation
- (v) Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- (vi) Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- (vii) Amendments to MFRS 119, Employee Benefits Plan Amendment, Curtailment or Settlement
- (viii) Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- (ix) Amendments to MFRS 128, Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

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 2019 with practical expedients permitted under the standards. Comparatives for 2018 are not restated.

A.2 Report On the Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2018 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 31/03/2019 | | | Preceding Year Corresponding Period 31/03/2018 | | |
|----------------------------------|---------------------------------------|-----------------------------|-----------------|--|-----------------------------|-----------------|
| | Information Technology RM'000 | Telco Services RM'000 | Total RM'000 | Information Technology RM'000 | Telco Services RM'000 | Total RM'000 |
| Revenue | 6,304 | 1,615 | 7,919 | 13,318 | 3,721 | 17,039 |
| Gross profit / (loss) | (621) | (692) | (1,313) | 842 | (430) | 412 |
| Other operating income | | | 239 | | | 98 |
| Operating expenses | | | (2,611) | | | (3,115) |
| Loss from operations | | | (3,685) | | | (2,605) |
| Finance income | | | 346 | | | 150 |
| Depreciation | | | (307) | | | (399) |
| Allowances and non-cash expenses | | | - | | | (93) |
| Finance cost | | | (81) | | | (163) |
| Loss before taxation | | | (3,727) | | | (3,110) |

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 2018.

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 2018.

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 to RM4,816,933 from RM5,047,309 during the current quarter.

(b) A subsidiary of the Company has received a claim from a related party on 6 September 2018 amounting to RM435,550.11. The claim is in relation to alleged unauthorised transactions by an employee of the subsidiary. Police reports have been lodged by the relevant parties. The Company denies any obligation and liability in respect of this matter.

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 2019 RM '000 | Balance due from / (to) as at 31 March 2019 RM '000 |
|---------------------------------|------------------------------|--|--|
| Lembaga Tabung Haji | Sale of equipment & services | 104 | 1,293 |
| THP Development Sdn Bhd | Sale of equipment & services | - | 207 |
| TH Properties Sdn Bhd | Sale of equipment & services | 107 | 107 |
| THP Bina Sdn Bhd | Sale of equipment & services | 1,648 | 6,807 |
| THV Management Services Sdn Bhd | Sale of equipment & services | 8 | 10 |
| | | 1,867 | 8,424 |

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.

There were no financial instruments and fair value measurements during the current quarter and financial year to date.

(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 31/03/2019 RM'000 | Preceding Year Corresponding Quarter 31/03/2018 RM'000 | | Current Year To date 31/03/2019 RM'000 | Preceding Year Corresponding Period 31/03/2018 RM'000 | |
| Revenue | 7,919 | 17,039 | -54% | 7,919 | 17,039 | -54% |
| Loss from Operations | (3,685) | (2,605) | 41% | (3,685) | (2,605) | 41% |
| Loss Before Finance cost and Taxation | (3,646) | (2,947) | 24% | (3,646) | (2,947) | 24% |
| Loss Before Taxation | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| Loss After Taxation | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (3,727) | (3,110) | 20% | (3,727) | (3,110) | 20% |

Three (3) months ended 31 March 2019

The Group reported a revenue of RM7.9 million for the three (3) months ended 31 March 2019 as compared to the revenue in the corresponding period in the preceding year of RM17.0 million.

The higher revenue in 2018 was due to completion of higher project milestones pertaining to various ICT and security works with a related party and its group of companies during that period.

Correspondingly, the Group reported a loss before taxation of RM3.7 million in the current year against the loss before taxation of RM3.1 million from the preceding year.

Information technology

Information technology remains as the main revenue contributor for the Group with over 79.6% revenue contribution. Revenue from this segment was lower at RM6.3 million for current year to date as compared to RM13.3 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 lower at RM1.6 million for the current year to date as compared to RM3.7 million in the preceding year. The revenue contribution of this segment is 20.4% which is almost similar to the preceding year of 21.8%. The segment has a gross loss position due to insufficient revenues and volume to meet its operating costs during the quarter.

B.2 Material changes in quarterly results

| | Current Quarter 31/03/2019 | Immediate Preceding Quarter 31/12/2018 | Changes |
|--|---|---|----------------|
| | RM '000 | RM '000 | (%) |
| Revenue | 7,919 | 18,174 | -56% |
| Profit/(Loss) from operations | (3,685) | 3,337 | >-100% |
| Profit/(Loss) before Finance cost and Taxation | (3,646) | 3,313 | >-100% |
| Profit/(Loss) Before Taxation | (3,727) | 3,254 | >-100% |
| Profit/(Loss) After Taxation | (3,727) | 3,225 | >-100% |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent | (3,727) | 3,225 | >-100% |

The higher revenue in the immediate preceding quarter was mainly due to material ICT works milestones delivered and completed for various projects with the related parties and the government. The higher loss before taxation in the current quarter was due insufficient revenues and volume to meet its gross and operating costs.

B.3 Prospects

The Group expects 2019 to remain very competitive with pricing to be the main factor for value proposition. The Company hopes that the stabilization of the socio-economic and political environment may provide a positive impact to the Company going forward. On this basis, we expect a better financial performance of the Group for financial year 2019.

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 Profit/(Loss) before taxation

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

| | Individual Quarter | | Cumulative Quarter | |
|---|---|--|---|---|
| | Current Quarter 31/03/2019 RM'000 | Preceding Year Corresponding Quarter 31/03/2018 RM'000 | Current Year To Date 31/03/2019 RM'000 | Preceding Year Corresponding Period 31/03/2018 RM'000 |
| Finance & short term investment income | 346 | 150 | 346 | 150 |
| Other income | 227 | 88 | 227 | 88 |
| Finance cost | 81 | 163 | 81 | 163 |
| Depreciation | 774 | 2,023 | 774 | 2,023 |
| Amortisation/write off of development cost | - | - | - | - |
| Allowance for doubtful receivables | - | - | - | - |
| Write off /(recovery) of bad receivables | (12) | (10) | (12) | (10) |
| Allowance for obsolete 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 31/03/2019 RM'000 | Preceding Year Corresponding Quarter 31/03/2018 RM'000 | Current Year To Date 31/03/2019 RM'000 | Preceding Year Corresponding Period 31/03/2018 RM'000 |
| Current year income tax | - | - | - | - |
| Over/(under) provision for previous period | - | - | - | - |
| | - | - | - | - |

B.7 Sale of unquoted investments and/or properties

The Group was not involved in any sale of unquoted investments and/or properties during the 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 10 May 2019 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 - 31/03/2019 (Amount in RM'000) | | |
|-----------|---------------|--|------------|-----------------|
| | | Long term | Short term | Total Borrowing |
| Unsecured | Hire Purchase | - | - | - |
| | Total | - | - | - |

| | | Preceding Year Corresponding 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 |

The fixed rate of borrowings as at 31 March 2019 is Nil (31 March 2018: 2.5% to 3.6%)

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 10 May 2019, 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 10 May 2019, 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 Loss per share

The basic loss per share for the quarter and year to date ended 31 March 2019 are computed as follows:

| | Individual Quarter | | Cumulative Quarter | |
|--|-------------------------------|--|---------------------------------------|---|
| | Current Quarter 31/03/2019 | Preceding Year Corresponding Quarter 31/03/2018 | Current Year To Date 31/03/2019 | Preceding Year Corresponding Period 31/03/2018 |
| Net loss (RM'000) | (3,727) | (3,110) | (3,727) | (3,110) |
| 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 LPS (sen) | (3.48) | (2.90) | (3.48) | (2.90) |
| Diluted LPS (sen) | N/A | N/A | N/A | N/A |

Diluted LPS is not computed as there are no outstanding share options or instruments that will dilute the basic loss 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

There are no Fair value changes of financial liabilities as at the end of the current financial year to date.

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 15 May 2019.