

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

**QUARTERLY REPORT**

**SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

	Individual Period			Cumulative Period		
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Changes (%)	Current Year To-date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000	Changes (%)
1. Revenue	11,224	20,024	-44%	27,942	52,295	-47%
2. Gross Profit	1,108	2,268	-51%	618	6,037	-90%
3. Loss before taxation	(1,720)	(1,090)	58%	(8,622)	(4,825)	79%
4. Loss after taxation	(1,720)	(1,098)	57%	(8,622)	(4,833)	78%
5. Loss for the period	(1,720)	(1,098)	57%	(8,622)	(4,833)	78%
6. Loss attributable to owners of the Company	(1,720)	(1,098)	57%	(8,622)	(4,833)	78%
7. Loss per share (sen)	(1.60)	(1.02)	57%	(8.04)	(4.51)	78%
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	0.55	0.63	-13%

**Additional Information**

	Individual Period			Cumulative Period		
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Changes (%)	Current Year To-date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000	Changes (%)
1. Gross Finance income	275	298	-8%	930	724	28%
2. Gross Finance costs	(22)	(59)	-63%	(111)	(283)	-61%

**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 SEPTEMBER 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/9/2019 RM'000	Preceding Year Corresponding Quarter Ended 30/9/2018 RM'000	Current Year Period Ended 30/9/2019 RM'000	Preceding Year Corresponding Period Ended 30/9/2018 RM'000
<b>Revenue</b>	11,224	20,024	27,942	52,295
Cost of sales	(10,116)	(17,756)	(27,324)	(46,258)
<b>Gross Profit</b>	<u>1,108</u>	<u>2,268</u>	<u>618</u>	<u>6,037</u>
Other operating income	17	634	310	739
Operating expenses	<u>(2,802)</u>	<u>(2,934)</u>	<u>(8,077)</u>	<u>(9,167)</u>
<b>Loss from operations</b>	<u>(1,677)</u>	<u>(32)</u>	<u>(7,149)</u>	<u>(2,391)</u>
Finance income	275	298	930	724
Depreciation	(235)	(360)	(815)	(1,042)
Allowances and non cash expenses	(61)	(937)	(1,477)	(1,833)
Finance costs	<u>(22)</u>	<u>(59)</u>	<u>(111)</u>	<u>(283)</u>
<b>Loss before taxation</b>	<u>(1,720)</u>	<u>(1,090)</u>	<u>(8,622)</u>	<u>(4,825)</u>
Taxation	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
<b>Loss for the period</b>	<u>(1,720)</u>	<u>(1,098)</u>	<u>(8,622)</u>	<u>(4,833)</u>
Other comprehensive loss, net of taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period</b>	<u>(1,720)</u>	<u>(1,098)</u>	<u>(8,622)</u>	<u>(4,833)</u>
<b>Loss attributable to :</b>				
Owners of the Company	(1,720)	(1,098)	(8,622)	(4,833)
Non-controlling interest	-	-	-	-
<b>Loss for the period</b>	<u>(1,720)</u>	<u>(1,098)</u>	<u>(8,622)</u>	<u>(4,833)</u>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(1,720)	(1,098)	(8,622)	(4,833)
Non-controlling interest	-	-	-	-
<b>Total comprehensive loss for the period</b>	<u>(1,720)</u>	<u>(1,098)</u>	<u>(8,622)</u>	<u>(4,833)</u>
<b>Loss per ordinary share (sen)</b>				
Basic	(1.60)	(1.02)	(8.04)	(4.51)
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 30 SEPTEMBER 2019**

	<b>Unaudited As At 30/9/2019 RM'000</b>	<b>Audited As At 31/12/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	2,595	4,188
Deferred tax assets	3,902	3,902
	6,497	8,090
<b>Current assets</b>		
Inventories	3,320	4,421
Receivables	14,544	20,664
Cash and cash equivalents	42,861	46,332
	60,725	71,417
<b>Total assets</b>	<b>67,222</b>	<b>79,507</b>
<b>EQUITY</b>		
Share capital	107,243	107,243
Reserves	(47,978)	(39,356)
<b>Equity attributable to owners of the Company</b>	<b>59,265</b>	<b>67,887</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7,957	10,866
Hire Purchase	-	754
	7,957	11,620
<b>Total liabilities</b>	<b>7,957</b>	<b>11,620</b>
<b>Total equity and liabilities</b>	<b>67,222</b>	<b>79,507</b>

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	<u>Attributable to the owners of the Company</u>		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<b><u>9 months ended 30 September 2018</u></b>			
At 1 January 2018 (audited)	107,243	(37,748)	<b>69,495</b>
Comprehensive loss for the financial period	-	(4,833)	<b>(4,833)</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2018 (unaudited)	<b>107,243</b>	<b>(42,581)</b>	<b>64,662</b>
<b><u>9 months ended 30 September 2019</u></b>			
At 1 January 2019 (audited)	107,243	(39,356)	<b>67,887</b>
Comprehensive loss for the financial period	-	(8,622)	<b>(8,622)</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2019 (unaudited)	<b>107,243</b>	<b>(47,978)</b>	<b>59,265</b>

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)  
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**QUARTERLY REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

	Unaudited 30/9/2019 RM'000	Unaudited 30/9/2018 RM'000
<b>Cash flow from operating activities</b>		
Net loss before taxation	(8,622)	(4,825)
<b>Adjustments for:</b>		
Depreciation	1,837	4,214
Finance costs paid	111	283
Finance income received	(930)	(724)
Bad debts recovered	(27)	(10)
Bad debts written off	22	311
Development cost written off	-	1,216
Gain on disposal of Plant and equipment	(283)	-
Allowance for doubtful debts	1,196	-
Allowance for inventory obsolescence	259	99
Loss on exchange	-	192
Loss of disposal of equity-accounted joint-venture	-	15
<b>Operating loss before working capital changes</b>	<u>(6,437)</u>	<u>771</u>
<b>Movements in working capital</b>		
Inventories	842	6,361
Receivables	5,212	11,686
Payables	(2,909)	(6,033)
<b>Cash flow (used in)/from operations</b>	<u>(3,292)</u>	<u>12,785</u>
Income tax paid	-	(8)
Finance costs paid	(111)	(283)
Finance income received	930	724
<b>Net cash flow (used in)/from operating activities</b>	<u>(2,473)</u>	<u>13,218</u>
<b>Cash flow used in investing activities</b>		
Purchase of plant and equipment	(244)	(994)
	(244)	(994)
<b>Cash flow used in financing activities</b>		
Finance lease liabilities	(754)	(2,656)
Pledged deposits	(406)	1,750
	(1,160)	(906)
<b>Net movement in cash and cash equivalents</b>	<u>(3,877)</u>	<u>11,318</u>
Cash and cash equivalents at beginning of financial period	44,440	25,888
<b>Cash and cash equivalents at end of financial period</b>	<u>40,563</u>	<u>37,206</u>
<b>Cash and cash equivalents consist of:</b>		
Deposits, cash & bank balances	42,861	39,038
Less : Pledged deposits	(2,298)	(1,832)
<b>Cash and cash equivalents</b>	<u>40,563</u>	<u>37,206</u>

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)**  
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**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 30/09/2019			Preceding Year Corresponding Period 30/09/2018		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	22,218	5,724	27,942	42,440	9,855	52,295
Gross profit / (loss)	2,808	(2,190)	618	6,969	(932)	6,037
Other operating income			310			739
Operating expenses			(8,077)			(9,167)
Loss from operations			(7,149)			(2,391)
Finance income			930			724
Depreciation			(815)			(1,042)
Allowances and non-cash expenses			(1,477)			(1,833)
Finance cost			(111)			(283)
Loss before taxation			(8,622)			(4,825)

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 from RM5,179,285 to RM4,272,407 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 had recognized the claim in the Profit and Loss.

**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 September 2019 RM '000	Balance due from / (to) as at 30 September 2019 RM '000
Lembaga Tabung Haji	Sale of equipment & services	11,698	4,485
TH Properties Sdn Bhd	Sale of equipment & services	310	7
THP Bina Sdn Bhd	Sale of equipment & services	1,648	1,648
THV Management Services Sdn Bhd	Sale of equipment & services	8	1
Bank Islam Malaysia Berhad	Sale of equipment & services	34	-
		13,698	6,141

**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 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000		Current Year To date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000	
Revenue	11,224	20,024	-44%	27,942	52,295	-47%
Loss from Operations	(1677)	(32)	>100%	(7,149)	(2,391)	>100%
Loss Before Finance cost and Taxation	(1,698)	(1,031)	65%	(8,511)	(4,542)	87%
Loss Before Taxation	(1,720)	(1,090)	58%	(8,622)	(4,825)	79%
Loss After Taxation	(1,720)	(1,098)	57%	(8,622)	(4,833)	78%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,720)	(1,098)	57%	(8,622)	(4,833)	78%

Nine (9) months ended 30 September 2019

The Group reported a revenue of RM27.9 million for the nine (9) months ended 30 September 2019 as compared to the revenue in the corresponding period in the preceding year of RM52.3 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.

The revenue for the current period was not sufficient to cover the operational and overhead costs. The Group also made an allowance for inventory obsolescence of RM0.26 million and allowance of doubtful debts of RM1.2 million. The allowance of doubtful debts was mainly due to the balance of outstanding debts from TH Heavy Engineering Berhad (THHE) Group which was supposed to be settled by way of the issuance of Islamic Irredeemable Convertible Preference Shares (ICPS) pursuant to the earlier Creditors' Scheme of Arrangement. The allowance was made due to the capital deficiency position of THHE at this juncture and the uncertainties of THHE's Proposed Regularisation Plan submission to Bursa Malaysia Securities Berhad.

Correspondingly the Group reported a loss before taxation of RM8.6 million in the current year against the loss before taxation of RM4.8 million from the preceding year.

### Information technology

Information technology remains as the main revenue contributor for the Group with over 80% revenue contribution. Revenue from this segment was lower at RM22.2 million for current year to date as compared to RM42.4 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 RM5.7 million for the current year to date as compared to RM9.9 million in the preceding year. The revenue contribution of this segment is 20% as compared to the preceding year of 19%. This segment is reliant on the rollout of the infrastructure projects by the respective telecommunication or equipment providers. The gross loss position is due to insufficient revenues and volume to meet its operating costs during the year.

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

	<b>Current Quarter 30/09/2019 RM '000</b>	<b>Immediate Preceding Quarter 30/06/2019 RM '000</b>	<b>Changes (%)</b>
Revenue	11,224	8,799	28%
Loss from operations	(1,677)	(1,787)	-6%
Loss before Finance cost and Taxation	(1,698)	(3,167)	-46%
Loss Before Taxation	(1,720)	(3,175)	-46%
Loss After Taxation	(1,720)	(3,175)	-46%
Loss Attributable to Ordinary Equity Holders of the Parent holders of the parent	(1,720)	(3,175)	-46%

The higher revenue in the current quarter was mainly due to ICT works milestones delivered and completed for various projects with the related parties and the government. The loss after taxation was lower in the current quarter as the Group made an allowance for inventory obsolescence of RM0.26 million and allowance of doubtful debts of RM1.2 million in the preceding quarter.

## **B.3 Prospects**

The Group expects 2019 to remain very competitive with pricing to be the main factor for value proposition. The Company had hoped that the stabilization of the socio-economic and political environment may provide a positive impact to the Company going forward.

However, given the current challenging business and operating environment affecting the Group, we do not expect that the financial performance for financial year 2019 will be better than 2018.

## **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 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000	Current Year To Date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000
Finance & short term investment income	275	298	930	724
Other income	17	634	310	739
Finance cost	22	59	111	283
Depreciation	420	1,102	1,837	4,214
Amortisation/write off of development cost	-	1,216	-	1,216
Allowance for doubtful receivables	46	-	1,196	-
Write off / (recovery) of bad receivables	12	(268)	(5)	301
Allowance/(writeback) for obsolete inventories	(7)	-	259	99
Gain / (loss) on disposal of quoted or unquoted investments or properties	-	-	-	(15)
Allowance for impairment of plant and machineries	-	-	-	-
Foreign exchange gain / (loss)	-	11	-	(192)
Gain / (loss) on derivatives	-	-	-	-

**B.6 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000	Current Year To Date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000
Current year income tax	-	8	-	8
Over/(under) provision for previous period	-	-	-	-
	-	8	-	8

**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 21 November 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 - 30/09/2019 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	-	-	-
	<b>Total</b>	-	-	-

		Preceding Year Corresponding Quarter -30/09/2018 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	-	1,268	1,268
	<b>Total</b>	-	1,268	1,268

The fixed rate of borrowings as at 30 September 2018 is from 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 21 November 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 21 November 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 30 September 2019 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/09/2019	Preceding Year Corresponding Quarter 30/09/2018	Current Year To Date 30/09/2019	Preceding Year Corresponding Period 30/09/2018
Net loss (RM'000)	(1,720)	(1,098)	(8,622)	(4,833)
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)	(1.60)	(1.02)	(8.04)	(4.51)
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 27 November 2019.