

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

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Individual Period			Cumulative Period		
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Changes (%)	Current Year To-date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000	Changes (%)
1. Revenue	10,016	7,919	26%	10,016	7,919	26%
2. Gross Profit/(loss)	2,292	(1,313)	-275%	2,292	(1,313)	-275%
3. Loss before taxation	(212)	(3,727)	-94%	(212)	(3,727)	-94%
4. Loss after taxation	(212)	(3,727)	-94%	(212)	(3,727)	-94%
5. Loss for the period	(212)	(3,727)	-94%	(212)	(3,727)	-94%
6. Loss attributable to owners of the Company	(212)	(3,727)	-94%	(212)	(3,727)	-94%
7. Loss per share (sen)	(0.20)	(3.48)	-94%	(0.20)	(3.48)	-94%
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	0.64	0.65	-2%

Additional Information

	Individual Period			Cumulative Period		
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Changes (%)	Current Year To-date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000	Changes (%)
1. Gross Finance income	278	346	-20%	278	346	-20%
2. Gross Finance costs	41	81	-49%	41	81	-49%

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 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/3/2020 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2019 RM'000	Current Year Period Ended 31/3/2020 RM'000	Preceding Year Corresponding Period Ended 31/3/2019 RM'000
Revenue	10,016	7,919	10,016	7,919
Cost of sales	(7,724)	(9,232)	(7,724)	(9,232)
Gross Profit/ (Loss)	<u>2,292</u>	<u>(1,313)</u>	<u>2,292</u>	<u>(1,313)</u>
Other operating income	186	239	186	239
Operating expenses	<u>(2,492)</u>	<u>(2,611)</u>	<u>(2,492)</u>	<u>(2,611)</u>
Loss from operations	(14)	(3,685)	(14)	(3,685)
Finance income	278	346	278	346
Depreciation	(435)	(307)	(435)	(307)
Finance costs	<u>(41)</u>	<u>(81)</u>	<u>(41)</u>	<u>(81)</u>
Loss before taxation	(212)	(3,727)	(212)	(3,727)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(212)</u>	<u>(3,727)</u>	<u>(212)</u>	<u>(3,727)</u>
Total comprehensive loss for the period	<u>(212)</u>	<u>(3,727)</u>	<u>(212)</u>	<u>(3,727)</u>
Loss attributable to :				
Owners of the Company	(212)	(3,727)	(212)	(3,727)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(212)</u>	<u>(3,727)</u>	<u>(212)</u>	<u>(3,727)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(212)	(3,727)	(212)	(3,727)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	<u>(212)</u>	<u>(3,727)</u>	<u>(212)</u>	<u>(3,727)</u>
Loss per ordinary share (sen)				
Basic	(0.20)	(3.48)	(0.20)	(3.48)
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 2019.

THETA EDGE BERHAD (260002-W)
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QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Unaudited As At 31/3/2020 RM'000	Audited As At 31/12/2019 RM'000
ASSETS		
Non-current assets		
Plant and equipment	4,868	4,479
Right-of-use assets	2,053	2,170
Deferred tax assets	3,902	3,902
Trade Receivable	144	176
	10,967	10,727
Current assets		
Inventories	718	302
Receivables	29,615	23,746
Cash and cash equivalents	34,438	44,839
	64,771	68,887
Total assets	75,738	79,614
EQUITY		
Share capital	107,243	107,243
Reserves	(38,082)	(37,870)
Equity attributable to owners of the Company	69,161	69,373
LIABILITIES		
Current liabilities		
Payables	4,468	8,023
Lease Liabilities	844	816
	5,312	8,839
Non Current liabilities		
Lease Liabilities	1,265	1,402
	1,265	1,402
Total liabilities	6,577	10,241
Total equity and liabilities	75,738	79,614

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019

THETA EDGE BERHAD (260002-W)
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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	<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 2019</u>			
At 1 January 2019 (audited)	107,243	(39,356)	67,887
Comprehensive loss for the financial period	-	(3,727)	(3,727)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 31 March 2019 (audited)	<u>107,243</u>	<u>(43,083)</u>	<u>64,160</u>
 <u>3 months ended 31 March 2020</u>			
At 1 January 2020 (audited)	107,243	(37,870)	69,373
Comprehensive loss for the financial period	-	(212)	(212)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 31 March 2020 (unaudited)	<u>107,243</u>	<u>(38,082)</u>	<u>69,161</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 2019.

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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Unaudited 31/3/2020 RM'000	Unaudited 31/3/2019 RM'000
Cash flow from operating activities		
Net loss before taxation	(212)	(3,727)
Adjustments for:		
Depreciation of plant and equipment	276	774
Depreciation of right-of-use assets	218	-
Finance costs paid	13	81
Finance cost on lease liabilities	28	-
Finance income received	(270)	(346)
Finance income from lease	(8)	-
Bad debts recovered	(36)	(12)
Gain on disposal of Plant and equipment	-	(227)
Operating profit/(loss) before working capital changes	9	(3,457)
Movements in working capital		
Inventories	(416)	(260)
Receivables	(5,793)	1,349
Payables	(3,555)	(2,449)
Cash flow from operations	(9,755)	(4,817)
Finance costs paid	(13)	(81)
Finance income received	270	346
Net cash flow from operating activities	(9,498)	(4,552)
Cash flow used in investing activities		
Purchase of plant and equipment	(665)	(194)
	(665)	(194)
Cash flow used in financing activities		
Lease liabilities	(238)	(754)
Pledged deposits	(371)	(5)
	(609)	(759)
Net movement in cash and cash equivalents	(10,772)	(5,505)
Cash and cash equivalents at beginning of financial period	42,532	44,440
Cash and cash equivalents at end of financial period	31,760	38,935
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	34,438	40,832
Less : Pledged deposits	(2,678)	(1,897)
Cash and cash equivalents	31,760	38,935

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019.

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 2019.

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 2019 except for the following:

Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2020:

- (i) Amendments to MFRS 3, Business Combinations - Definition of a Business
- (ii) Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- (iii) Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform

Other than the below, 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 2020 with practical expedients permitted under the standards.

A.2 Report On the Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2019 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 31/3/2020			Preceding Year Corresponding Period 31/3/2019		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	8,441	1,575	10,016	6,304	1,615	7,919
Gross profit / (loss)	3,365	(1,073)	2,292	(621)	(692)	(1,313)
Other operating income			186			239
Operating expenses			(2,492)			(2,611)
Loss from operations			(14)			(3,685)
Finance income			278			346
Depreciation			(435)			(307)
Finance cost			(41)			(81)
Loss before taxation			(212)			(3,727)

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 March 2020.

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 to date.

A.12 Changes in contingent liabilities and contingent assets

(A) There were no contingent assets for the current quarter and financial year to date.

(B) The changes in the Group's contingent liabilities are as follows:

- (i) Bank guarantees issued mainly to trade customers increased from RM4,488,290 to RM6,317,192 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 2020 RM '000	Balance due from / (to) as at 31 March 2020 RM '000
Lembaga Tabung Haji	Sale of equipment & services	4,314	6,446
TH Properties Sdn Bhd	Sale of equipment & services	87	87
		4,401	6,533

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 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000		Current Year To date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000	
Revenue	10,016	7,919	26%	10,016	7,919	26%
Profit/(loss) from Operations	2,292	(1,313)	>100%	2,292	(1,313)	>100%
Loss Before Finance cost and Taxation	(171)	(3,727)	-95%	(171)	(3,727)	-95%
Loss Before Taxation	(212)	(3,727)	-94%	(212)	(3,727)	-94%
Loss After Taxation	(212)	(3,727)	-94%	(212)	(3,727)	-94%
Loss Attributable to Ordinary Equity Holders of the Parent	(212)	(3,727)	-94%	(212)	(3,727)	-94%

Three (3) months ended 31 March 2020

The Group reported a revenue of RM10.0 million for the three (3) months ended 31 March 2020 as compared to the revenue in the corresponding period in the preceding year of RM7.9 million. The higher revenue of 26% was due to higher project deliverables for a government project in the current quarter.

Correspondingly, the Group reported a smaller loss of RM0.2 million against the loss of RM3.7 million previously.

Information technology

Information technology remains as the main revenue contributor for the Group with over 84% revenue contribution. Revenue from this segment was higher at RM8.4 million for current year to date as compared to RM6.3 million in the preceding year which was mainly contributed from a government project.

Telecommunication services

Revenue from the telecommunication services segment was comparative to the preceding year. The revenue contribution of this segment is 16% as compared to the preceding year of 20%. This segment is reliant on the rollout of the infrastructure projects by the respective telecommunication or equipment providers and correspondingly the number of sites to be given to the Group to deploy.

B.2 Material changes in quarterly results

	Current Quarter 31/3/2020 RM '000	Immediate Preceding Quarter 31/12/2019 RM '000	Changes (%)
Revenue	10,016	21,954	-54%
Profit / (Loss) from operations	(14)	10,181	>-100%
Profit / (Loss) before Finance cost and Taxation	(171)	8,919	>-100%
Profit / (Loss) Before Taxation	(212)	8,793	>-100%
Profit / (Loss) After Taxation	(212)	8,802	>-100%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	(212)	8,802	>-100%

A reassessment and remeasurement was undertaken on the works delivered as per the project milestones in accordance to the provisions of the MFRS 15, resulting in a higher revenue and profit before taxation in the immediate preceding quarter ended 31/12/2019

B.3 Prospects

The Group, similar to many other companies, faced business and operations disruption due to the Movement Control Order (MCO). As the Group's customers are mainly the government, government linked companies and Essential Services, the Group was still able to continue delivering some of its obligations for projects on hand during the MCO. However, due to the MCO, there were delays in acceptance by customers and higher cost of project delivery which has put pressure on the Group's cash position.

The outlook for the financial year is expected to be even more challenging. Disruption from the pandemic is expected to continue with businesses operating in a 'new normal' environment, unfavourable exchange rates and higher costs of sales. Amidst the challenging environment, the Group continues to improve its own productivity and certifications, enhance and expand its existing solutions and services offerings and broaden the customer base.

The Group will also explore other investment opportunities, development of unique products and solutions and strategic alliances in new business segments to strengthen the earnings base and performance in the medium term.

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 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000
Finance & short term investment income	278	346	278	346
Other income	186	227	186	227
Finance cost	13	81	13	81
Finance cost from Right-of-Use assets	28	-	28	-
Depreciation	276	774	276	774
Depreciation from Right-of-Use assets	218	-	218	-
Amortisation/write off of development cost	-	-	-	-
Allowance for doubtful receivables	-	-	-	-
Write off /(recovery) of bad receivables	(36)	(12)	(36)	(12)
Allowance/(writeback) for obsolete inventories	-	-	-	-
Gain / (loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Allowance for impairment of plant and machineries	-	-	-	-
Foreign exchange gain / (loss)	-	-	-	-
Gain / (loss) on derivatives	-	-	-	-

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 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 15 May 2020 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

There were no borrowings as at the current quarter and year to date.

B.11 Lease liabilities

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

Current Quarter - 31/3/2020 (Amount in RM'000)			
	Long term	Short term	Total Lease liabilities
Lease Liabilities	1,265	844	2,109
Total	1,265	844	2,109

Preceding Year Corresponding Quarter -31/3/2019 (Amount in RM'000)			
	Long term	Short term	Total lease liabilities
Lease Liabilities	-	-	-
Total	-	-	-

The lease liabilities relates to the lease of office units and warehouses. The implicit interest rate of lease as at 31 March 2020 was assumed at 5.3% per annum.

B.12 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 15 May 2020, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.13 Changes in material litigations

There were no changes in material litigations as at 15 May 2020, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.14 Dividends

No dividends have been paid, declared or proposed since the end of the Company's previous financial year. The Directors do not recommend any interim dividend for the period under review.

B.15 Loss per share

The basic loss per share for the quarter and year to date ended 31 March 2020 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019	Current Year To Date 31/3/2020	Preceding Year Corresponding Period 31/12/2019
Net loss (RM'000)	(212)	(3,727)	(212)	(3,727)
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)	(0.20)	(3.48)	(0.20)	(3.48)
Diluted EPS /(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.16 Derivatives

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

B.17 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.18 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 21 May 2020.