

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

**QUARTERLY REPORT**

**SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Individual Period			Cumulative Period		
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Changes (%)	Current Year To-date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000	Changes (%)
1. Revenue	10,049	8,799	14%	20,065	16,718	20%
2. Gross Profit/(loss)	15	823	-98%	2,307	(490)	-571%
3. Loss before taxation	(2,682)	(3,175)	-16%	(2,894)	(6,902)	-58%
4. Loss after taxation	(2,682)	(3,175)	-16%	(2,894)	(6,902)	-58%
5. Loss for the period	(2,682)	(3,175)	-16%	(2,894)	(6,902)	-58%
6. Loss attributable to owners of the Company	(2,682)	(3,175)	-16%	(2,894)	(6,902)	-58%
7. Loss per share (sen)	(2.50)	(2.96)	-16%	(2.70)	(6.44)	-58%
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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Changes (%)	Current Year To-date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000	Changes (%)
1. Gross Finance income	262	309	-15%	540	655	-18%
2. Gross Finance costs	62	8	675%	103	89	16%

**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 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/6/2020 RM'000	Preceding Year Corresponding Quarter Ended 30/6/2019 RM'000	Current Year Period Ended 30/6/2020 RM'000	Preceding Year Corresponding Period Ended 30/6/2019 RM'000
<b>Revenue</b>	<b>10,049</b>	<b>8,799</b>	<b>20,065</b>	<b>16,718</b>
Cost of sales	(10,034)	(7,976)	(17,758)	(17,208)
<b>Gross Profit/ (Loss)</b>	<u>15</u>	<u>823</u>	<u>2,307</u>	<u>(490)</u>
Other operating income	115	54	301	293
Operating expenses	(2,570)	(2,664)	(5,062)	(5,275)
<b>Loss from operations</b>	<b>(2,440)</b>	<b>(1,787)</b>	<b>(2,454)</b>	<b>(5,472)</b>
Finance income	262	309	540	655
Depreciation	(441)	(273)	(876)	(580)
Allowances and non cash expenses	(1)	(1,416)	(1)	(1,416)
Finance costs	(62)	(8)	(103)	(89)
<b>Loss before taxation</b>	<b>(2,682)</b>	<b>(3,175)</b>	<b>(2,894)</b>	<b>(6,902)</b>
Taxation	-	-	-	-
<b>Loss for the period</b>	<b><u>(2,682)</u></b>	<b><u>(3,175)</u></b>	<b><u>(2,894)</u></b>	<b><u>(6,902)</u></b>
<b>Total comprehensive loss for the period</b>	<b><u>(2,682)</u></b>	<b><u>(3,175)</u></b>	<b><u>(2,894)</u></b>	<b><u>(6,902)</u></b>
<b>Loss attributable to :</b>				
Owners of the Company	(2,682)	(3,175)	(2,894)	(6,902)
Non-controlling interest	-	-	-	-
<b>Loss for the period</b>	<b><u>(2,682)</u></b>	<b><u>(3,175)</u></b>	<b><u>(2,894)</u></b>	<b><u>(6,902)</u></b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(2,682)	(3,175)	(2,894)	(6,902)
Non-controlling interest	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(2,682)</u></b>	<b><u>(3,175)</u></b>	<b><u>(2,894)</u></b>	<b><u>(6,902)</u></b>
<b>Loss per ordinary share (sen)</b>				
Basic	(2.50)	(2.96)	(2.70)	(6.44)
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 2019.

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

**QUARTERLY REPORT**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	<b>Unaudited As At 30/6/2020 RM'000</b>	<b>Audited As At 31/12/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	2,717	4,479
Right-of-use assets	1,832	2,170
Deferred tax assets	3,902	3,902
Finance lease receivables	2,601	176
	11,052	10,727
<b>Current assets</b>		
Inventories	3,721	302
Receivables	24,780	23,746
Cash and cash equivalents	36,671	44,839
	65,172	68,887
<b>Total assets</b>	<b>76,224</b>	<b>79,614</b>
<b>EQUITY</b>		
Share capital	107,243	107,243
Reserves	(40,764)	(37,870)
<b>Equity attributable to owners of the Company</b>	<b>66,479</b>	<b>69,373</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7,832	8,023
Lease Liabilities	862	816
	8,694	8,839
<b>Non Current liabilities</b>		
Lease Liabilities	1,051	1,402
	1,051	1,402
<b>Total liabilities</b>	<b>9,745</b>	<b>10,241</b>
<b>Total equity and liabilities</b>	<b>76,224</b>	<b>79,614</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 2019

**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 2020**

	<u>Attributable to the owners of the Company</u>		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<b><u>6 months ended 30 June 2019</u></b>			
At 1 January 2019 (audited)	107,243	(39,356)	<b>67,887</b>
Comprehensive loss for the financial period	-	(6,902)	<b>(6,902)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 30 June 2019 (unaudited)	<b>107,243</b>	<b>(46,258)</b>	<b>60,985</b>
<b><u>6 months ended 30 June 2020</u></b>			
At 1 January 2020 (audited)	107,243	(37,870)	<b>69,373</b>
Comprehensive loss for the financial period	-	(2,894)	<b>(2,894)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 30 June 2020 (unaudited)	<b>107,243</b>	<b>(40,764)</b>	<b>66,479</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 2019.

**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 2020**

	<b>Unaudited 30/6/2020 RM'000</b>	<b>Unaudited 30/6/2019 RM'000</b>
<b>Cash flow from operating activities</b>		
Net loss before taxation	(2,894)	(6,902)
<b>Adjustments for:</b>		
Depreciation of plant and equipment	555	1,417
Depreciation of right-of-use assets	438	-
Finance costs paid	49	89
Finance cost on lease liabilities	54	-
Finance income received	(480)	(655)
Finance income from lease	(60)	-
Bad debts recovered	(36)	(17)
Loss/(Gain) on disposal of Plant and equipment	1	(276)
Other Income	(265)	-
Allowance for doubtful debts	-	1,150
Allowance for inventory obsolescence	-	266
<b>Operating loss before working capital changes</b>	<b>(2,638)</b>	<b>(4,928)</b>
<b>Movements in working capital</b>		
Inventories	(3,419)	(370)
Receivables	(1,062)	1,546
Payables	(191)	(4,682)
<b>Cash flow used in operations</b>	<b>(7,310)</b>	<b>(8,434)</b>
Finance costs paid	(49)	(89)
Finance income received	480	655
<b>Net cash flow used in operating activities</b>	<b>(6,879)</b>	<b>(7,868)</b>
<b>Cash flow used in investing activities</b>		
Purchase of plant and equipment	(1,161)	(217)
	(1,161)	(217)
<b>Cash flow used in financing activities</b>		
Lease liabilities	(459)	(754)
Pledged deposits	(20)	(15)
	(479)	(769)
<b>Net movement in cash and cash equivalents</b>	<b>(8,519)</b>	<b>(8,854)</b>
Cash and cash equivalents at beginning of financial period	42,532	44,440
<b>Cash and cash equivalents at end of financial period</b>	<b>34,013</b>	<b>35,586</b>
<b>Cash and cash equivalents consist of:</b>		
Deposits, cash & bank balances	36,671	37,493
Less : Pledged deposits	(2,658)	(1,907)
<b>Cash and cash equivalents</b>	<b>34,013</b>	<b>35,586</b>

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)**  
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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 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 30/6/2020			Preceding Year Corresponding Period 30/6/2019		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	17,985	2,080	20,065	13,247	3,471	16,718
Gross profit / (loss)	5,128	(2,821)	2,307	971	(1,461)	(490)
Other operating income			301			239
Operating expenses			(5,062)			(5,275)
Loss from operations			(2,454)			(5,472)
Finance income			540			655
Depreciation			(876)			(580)
Allowances and non-cash expenses			(1)			(1,416)
Finance cost			(103)			(89)
Loss before taxation			(2,894)			(6,902)

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 30 June 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 RM6,317,192 to RM6,435,231 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 2020 RM '000	Balance due from / (to) as at 30 June 2020 RM '000
Lembaga Tabung Haji	Sale of equipment & services	9,127	3,792
TH Properties Sdn Bhd	Sale of equipment & services	117	31
TH Bina Sdn Bhd	Sale of equipment & services	1,554	1,554
		10,798	5,377

**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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000		Current Year To date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000	
Revenue	10,049	8,799	14%	20,065	16,718	20%
Profit/(loss) from Operations	(2,440)	(1,787)	21%	(2,454)	(5,472)	-55%
Loss Before Finance cost and Taxation	(2,620)	(3,167)	-26%	(2,791)	(6,813)	-59%
Loss Before Taxation	(2,682)	(3,175)	-24%	(2,894)	(6,902)	-58%
Loss After Taxation	(2,682)	(3,175)	-24%	(2,894)	(6,902)	-58%
Loss Attributable to Ordinary Equity Holders of the Parent	(2,682)	(3,175)	-24%	(2,894)	(6,902)	-58%

Six (6) months ended 30 June 2020

The Group reported a revenue of RM20.0 million for the six (6) months ended 30 June 2020 as compared to the revenue in the corresponding period in the preceding year of RM16.7 million. The higher revenue of 20% was due to higher project deliverables for a government project in the current quarter.

Correspondingly, the Group reported a smaller loss of RM2.9 million against the loss of RM6.9 million previously.

Information technology

Information technology remains as the main revenue contributor for the Group with over 90% revenue contribution. Revenue from this segment was higher at RM18.0 million for current year to date as compared to RM13.2 million in the preceding year which was mainly contributed from a government project.

Telecommunication services

The revenue contribution of this segment is RM2.1 million as compared to the preceding year of RM3.5 million. The revenue was reduced by 40% due to lesser number of sites readiness and delay in delivery acceptance during the movement control order period until the end of this reporting date.

## B.2 Material changes in quarterly results

	Current Quarter 30/6/2020 RM '000	Immediate Preceding Quarter 31/3/2020 RM '000	Changes (%)
Revenue	10,049	10,016	-
Gross profit	15	2,292	-99%
Loss from operations	(2,440)	(14)	>100%
Loss before Finance cost and Taxation	(2,620)	(171)	>100%
Loss Before Taxation	(2,682)	(212)	>100%
Loss After Taxation	(2,682)	(212)	>100%
Loss Attributable to Ordinary Equity Holders of the Parent holders of the parent	(2,682)	(212)	>100%

Higher costs of project delivery and delays in acceptance by customers during the Movement Control Order (MCO) resulted in the minimal gross profit in the current quarter as compared to the preceding quarter. Correspondingly the Group reported a loss from operations of RM2.4 million in the current quarter.

## 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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000
Finance & short term investment income	262	309	540	655
Other income	115	54	301	293
Finance cost	62	8	103	89
Finance cost from Right-of-Use assets	26	-	54	-
Depreciation	220	643	438	1,417
Depreciation from Right-of-Use assets	221	-	438	-
Amortisation/write off of development cost	-	-	-	-
Allowance for doubtful receivables	-	1,150	-	1,150
Write off / (recovery) of bad receivables	-	(5)	-	(17)
Allowance/(writeback) for obsolete inventories	-	-	-	266
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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 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 12 August 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 - 30/6/2020 (Amount in RM'000)		
	Long term	Short term	Total Lease liabilities
Lease Liabilities	1,051	862	1,913
<b>Total</b>	<b>1,051</b>	<b>862</b>	<b>1,913</b>

	Preceding Year Corresponding Quarter -30/6/2019 (Amount in RM'000)		
	Long term	Short term	Total lease liabilities
Lease Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

The lease liabilities relates to the lease of office units and warehouses. The implicit interest rate of lease as at 30 June 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 12 August 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 12 August 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 30 June 2020 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/6/2020	Preceding Year Corresponding Quarter 30/6/2019	Current Year To Date 30/6/2020	Preceding Year Corresponding Period 31/12/2019
Net loss (RM'000)	(2,682)	(3,175)	(2,894)	(6,902)
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)	(2.50)	(2.96)	(2.70)	(6.44)
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 19 August 2020.