

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

**QUARTERLY REPORT**

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

|  | Individual Period       |  |                | Cumulative Period       |   |                |
|--|-------------------------|--|----------------|-------------------------|---|----------------|
|  | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Changes<br>(%) | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period | Changes<br>(%) |
|  | 31/12/2020<br>RM'000    | 31/12/2019<br>RM'000                       |                | 31/12/2020<br>RM'000    | 31/12/2019<br>RM'000                      |                |
| 1. Revenue   | 14,858                  | 21,954                                     | -32%           | 47,504                  | 49,896                                    | -5%            |
| 2. Gross Profit  | 2,353                   | 12,341                                     | -81%           | 8,187                   | 12,959                                    | -37%           |
| 3. Profit/(Loss) before taxation                       | (811)                   | 8,793                                      | >-100%         | (3,027)                 | 171                                       | >-100%         |
| 4. Profit/(Loss) after taxation                        | (4,751)                 | 8,802                                      | >-100%         | (6,967)                 | 180                                       | >-100%         |
| 5. Profit/(Loss) for the period                        | (4,751)                 | 8,802                                      | >-100%         | (6,967)                 | 180                                       | >-100%         |
| 6. Profit/(Loss) attributable to owners of the Company | (4,751)                 | 8,802                                      | >-100%         | (6,967)                 | 180                                       | >-100%         |
| 7. Profit/(Loss) per share (sen)                       | (4.43)                  | 8.21                                       | >-100%         | (6.50)                  | 0.17                                      | >-100%         |
| 8. Proposed/Declared dividend per share (sen)          | -                       | -  |                | -                       | -   |                |

|   | As At<br>End Of Current<br>Financial<br>Year End<br>RM | As At<br>Preceding<br>Financial<br>Year End<br>RM | Changes<br>% |
|---|--|---|--------------|
| 9. Net assets per share attributable to owners of the Company | 0.58   | 0.65  | -11%         |

**Additional Information**

|                         | Individual Period       |  |                | Cumulative Period       |   |                |
|-------------------------|-------------------------|--|----------------|-------------------------|---|----------------|
|                         | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Changes<br>(%) | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period | Changes<br>(%) |
|                         | 31/12/2020<br>RM'000    | 31/12/2019<br>RM'000                       |                | 31/12/2020<br>RM'000    | 31/12/2019<br>RM'000                      |                |
| 1. Gross Finance income | 237                     | 353  | -33%           | 1,003                   | 1,283                                     | -22%           |
| 2. Gross Finance costs  | 80                      | 126  | -37%           | 233                     | 237                                       | -2%            |

**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 DECEMBER 2020**

|   | Individual Quarter          |                             | Cumulative Quarter         |                            |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|
|   | Preceding Year              |                             | Preceding Year             |                            |
|   | Current Year                | Corresponding               | Current Year               | Corresponding              |
|   | Quarter Ended<br>31/12/2020 | Quarter Ended<br>31/12/2019 | Period Ended<br>31/12/2020 | Period Ended<br>31/12/2019 |
|   | RM'000                      | RM'000                      | RM'000                     | RM'000                     |
| <b>Revenue</b>  | <b>14,858</b>               | <b>21,954</b>               | <b>47,504</b>              | <b>49,896</b>              |
| Cost of sales   | (12,505)                    | (9,613)                     | (39,317)                   | (36,937)                   |
| <b>Gross Profit</b>                                       | <u>2,353</u>                | <u>12,341</u>               | <u>8,187</u>               | <u>12,959</u>              |
| Other operating income                                    | 211                         | 20                          | 604                        | 330                        |
| Operating expenses  | (2,892)                     | (2,180)                     | (10,611)                   | (10,257)                   |
| <b>Profit /(Loss) from operations</b>                     | <b>(328)</b>                | <b>10,181</b>               | <b>(1,820)</b>             | <b>3,032</b>               |
| Finance income  | 237                         | 353                         | 1,003                      | 1,283                      |
| Depreciation  | (431)                       | (1,077)                     | (1,768)                    | (1,892)                    |
| Allowances and non cash expenses                          | (209)                       | (538)                       | (209)                      | (2,015)                    |
| Finance costs   | (80)                        | (126)                       | (233)                      | (237)                      |
| <b>Profit/(Loss) before taxation</b>                      | <b>(811)</b>                | <b>8,793</b>                | <b>(3,027)</b>             | <b>171</b>                 |
| Taxation  | (3,940)                     | 9                           | (3,940)                    | 9                          |
| <b>Profit/(Loss) for the period</b>                       | <b><u>(4,751)</u></b>       | <b><u>8,802</u></b>         | <b><u>(6,967)</u></b>      | <b><u>180</u></b>          |
| <b>Total comprehensive profit/(loss) for the period</b>   | <b><u>(4,751)</u></b>       | <b><u>8,802</u></b>         | <b><u>(6,967)</u></b>      | <b><u>180</u></b>          |
| <b>Profit/(Loss) attributable to :</b>                    |                             |                             |                            |                            |
| Owners of the Company                                     | (4,751)                     | 8,802                       | (6,967)                    | 180                        |
| Non-controlling interest                                  | -                           | -                           | -                          | -                          |
| <b>Profit/(Loss) for the period</b>                       | <b><u>(4,751)</u></b>       | <b><u>8,802</u></b>         | <b><u>(6,967)</u></b>      | <b><u>180</u></b>          |
| <b>Total comprehensive profit/(loss) attributable to:</b> |                             |                             |                            |                            |
| Owners of the Company                                     | (4,751)                     | 8,802                       | (6,967)                    | 180                        |
| Non-controlling interest                                  | -                           | -                           | -                          | -                          |
| <b>Total comprehensive profit/(loss) for the period</b>   | <b><u>(4,751)</u></b>       | <b><u>8,802</u></b>         | <b><u>(6,967)</u></b>      | <b><u>180</u></b>          |
| <b>Profit/(Loss) per ordinary share (sen)</b>             |                             |                             |                            |                            |
| Basic   | (4.43)                      | 8.21                        | (6.50)                     | 0.17                       |
| 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)  
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**QUARTERLY REPORT**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

|   | Unaudited<br>As At<br>31/12/2020<br>RM'000 | Audited<br>As At<br>31/12/2019<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| <b>Non-current assets</b>                           |  |  |
| Plant and equipment                                 | 1,931                                      | 4,479                                    |
| Right-of-use assets                                 | 2,557                                      | 2,170                                    |
| Deferred tax assets                                 | -  | 3,902                                    |
| Trade Receivable                                    | 1,891                                      | 176                                      |
|   | 6,379                                      | 10,727                                   |
| <b>Current assets</b>                               |  |  |
| Inventories   | 1,313                                      | 302                                      |
| Receivables   | 12,623                                     | 11,172                                   |
| Contract assets                                     | 12,139                                     | 12,574                                   |
| Cash and cash equivalents                           | 41,559                                     | 44,839                                   |
|   | 67,634                                     | 68,887                                   |
| <b>Total assets</b>                                 | <b>74,013</b>                              | <b>79,614</b>                            |
| <b>EQUITY</b>                                       |  |  |
| Share capital                                       | 107,243                                    | 107,243                                  |
| Reserves  | (44,837)                                   | (37,870)                                 |
| <b>Equity attributable to owners of the Company</b> | <b>62,406</b>                              | <b>69,373</b>                            |
| <b>LIABILITIES</b>                                  |  |  |
| <b>Current liabilities</b>                          |  |  |
| Payables  | 5,666                                      | 7,317                                    |
| Contract liabilities                                | 946  | 706                                      |
| Lease Liabilities                                   | 789  | 827                                      |
| Hire Purchase                                       | 268  | -  |
|   | 7,669                                      | 8,850                                    |
| <b>Non Current liabilities</b>                      |  |  |
| Lease Liabilities                                   | 1,847                                      | 1,391                                    |
| Hire Purchase                                       | 2,091                                      | -  |
|   | 3,938                                      | 1,391                                    |
| <b>Total liabilities</b>                            | <b>11,607</b>                              | <b>10,241</b>                            |
| <b>Total equity and liabilities</b>                 | <b>74,013</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 31 DECEMBER 2020**

|  | <u>Attributable to the owners of the Company</u> |  |  |
|--|--|--|--|
|  | Share<br>capital<br>RM'000                       | Accumulated<br>losses<br>RM'000            | Total<br>equity<br>RM'000                  |
| <b><u>12 months ended 31 December 2019</u></b> |  |  |  |
| At 1 January 2019 (audited)                    | 107,243  | (38,050)                                   | <b>69,193</b>                              |
| Comprehensive profit for the financial period  | -  | 180  | <b>180</b>                                 |
|  | <hr style="border-top: 1px solid black;"/>       | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
| At 31 December 2019 (audited)                  | <b>107,243</b>                                   | <b>(37,870)</b>                            | <b>69,373</b>                              |
| <b><u>12 months ended 31 December 2020</u></b> |  |  |  |
| At 1 January 2020 (audited)                    | 107,243  | (37,870)                                   | <b>69,373</b>                              |
| Comprehensive loss for the financial period    | -  | (6,967)                                    | <b>(6,967)</b>                             |
|  | <hr style="border-top: 1px solid black;"/>       | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
| At 31 December 2020 (unaudited)                | <b>107,243</b>                                   | <b>(44,837)</b>                            | <b>62,406</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 31 DECEMBER 2020**

|   | <b>Unaudited</b>  | <b>Audited</b>    |
|---|-------------------|-------------------|
|   | <b>31/12/2020</b> | <b>31/12/2019</b> |
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Cash flow from operating activities</b>                    |                   |                   |
| Net (loss)/profit before taxation                             | (3,027)           | 171               |
| <b>Adjustments for:</b>                                       |                   |                   |
| Depreciation of plant and equipment                           | 1,126             | 1,262             |
| Depreciation of right-of-use assets                           | 875               | 863               |
| Finance costs paid  | 124               | 118               |
| Finance cost on lease liabilities                             | 109               | 119               |
| Finance income received                                       | (882)             | (1,226)           |
| Finance income from lease                                     | (121)             | (57)              |
| Bad debts recovered   | (108)             | (26)              |
| Bad debts written off   | 81                | 30                |
| Impairment of Plant and equipment                             | 213               | -                 |
| Fixed assets written off                                      | 16                | -                 |
| Gain on disposal of Plant and equipment                       | (2)               | -                 |
| (Write back)/Allowance for doubtful debts                     | (101)             | 1,049             |
| Allowance for inventory obsolescence                          | -                 | 259               |
| <b>Operating (loss)/profit before working capital changes</b> | <b>(1,697)</b>    | <b>2,562</b>      |
| <b>Movements in working capital</b>                           |                   |                   |
| Inventories   | (1,011)           | 3,860             |
| Receivables   | 439               | (2,550)           |
| Payables  | (1,421)           | (2,141)           |
| <b>Cash flow used in operations</b>                           | <b>(3,690)</b>    | <b>1,731</b>      |
| Income tax paid   | (28)              | (55)              |
| Income tax refunded   | -                 | 33                |
| Finance costs paid  | (124)             | (118)             |
| Finance income received                                       | 882               | 1,226             |
| <b>Net cash flow (used in)/from operating activities</b>      | <b>(2,960)</b>    | <b>2,817</b>      |
| <b>Cash flow used in investing activities</b>                 |                   |                   |
| Purchase of plant and equipment                               | (1,726)           | (2,622)           |
|   | (1,726)           | (2,622)           |
| <b>Cash flow from/(used in) financing activities</b>          |                   |                   |
| Hire purchase   | 2,359             | (754)             |
| Lease liabilities   | (953)             | (934)             |
| Pledged deposits  | (348)             | (415)             |
|   | 1,058             | (2,103)           |
| <b>Net movement in cash and cash equivalents</b>              | <b>(3,628)</b>    | <b>(1,908)</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>38,904</b>     | <b>42,532</b>     |
| <b>Cash and cash equivalents consist of:</b>                  |                   |                   |
| Deposits, cash & bank balances                                | 41,559            | 44,839            |
| Less : Pledged deposits                                       | (2,655)           | (2,307)           |
| <b>Cash and cash equivalents</b>                              | <b>38,904</b>     | <b>42,532</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)**  
(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:

|                        |  |
|------------------------|--|
| Amendments to MFRS 3   | Business Combinations (Definition of a Business)   |
| Amendments to MFRS 7   | Financial Instrument: Disclosures - Interest Rate Benchmark Reform                       |
| Amendments to MFRS 9   | Financial Instruments  |
| Amendments to MFRS 139 | Financial Instruments: Recognition and Measurement                                       |
| Amendments to MFRS 16  | Leases (COVID-19 Related Rent Concessions)   |
| Amendments to MFRS 101 | Presentation of Financial Statements (Definition of Material)                            |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material) |

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 except the derecognition of the deferred tax asset of RM3.9 million.

#### 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<br>Year to Date<br>31/12/2020 |                             |                 | Preceding Year<br>Corresponding Period<br>31/12/2019 |                             |                 |
|----------------------------------|---------------------------------------|-----------------------------|-----------------|--|-----------------------------|-----------------|
|                                  | Information<br>Technology<br>RM'000   | Telco<br>Services<br>RM'000 | Total<br>RM'000 | Information<br>Technology<br>RM'000                  | Telco<br>Services<br>RM'000 | Total<br>RM'000 |
| Revenue                          | 40,800                                | 6,704                       | 47,504          | 38,858   | 11,038                      | 49,896          |
| Gross profit / (loss)            | 13,862                                | (5,675)                     | 8,187           | 13,025   | (66)                        | 12,959          |
| Other operating income           |                                       |                             | 604             |  |                             | 330             |
| Operating expenses               |                                       |                             | (10,611)        |  |                             | (10,257)        |
| Profit / (Loss) from operations  |                                       |                             | (1,820)         |  |                             | 3,032           |
| Finance income                   |                                       |                             | 1,003           |  |                             | 1,283           |
| Depreciation                     |                                       |                             | (1,768)         |  |                             | (1,892)         |
| Allowances and non-cash expenses |                                       |                             | (209)           |  |                             | (2,015)         |
| Finance cost                     |                                       |                             | (233)           |  |                             | (237)           |
| Loss before taxation             |                                       |                             | (3,027)         |  |                             | 171             |

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 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 RM6,551,936 to RM7,062,916 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 December 2020<br>RM '000 | Balance due from / (to) as at 31 December 2020<br>RM '000 |
|------------------------|------------------------------|---|---|
| Lembaga Tabung Haji    | Sale of equipment & services | 16,099  | 2,643   |
| TH Properties Sdn Bhd  | Sale of equipment & services | 159   | -   |
| TH Bina Sdn Bhd        | Sale of equipment & services | 1,554   | 1,554   |
| Bank Islam             | Sale of equipment & services | 1   | -   |
| THV Management Sdn Bhd | Sale of equipment & services | 2   | 2   |
| TH Universal Sdn Bhd   | Sale of equipment & services | 4   | 4   |
|                        |                              | 17,819  | 4,203   |



**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 other than the below:

| Group                               | Fair value of financial instruments<br>not carried at fair value as at 31/12/2020 |                   |                   |                 | Total<br>fair value<br>31/12/2020<br>RM'000 | Carrying<br>amount<br>31/12/2020<br>RM'000 |
|-------------------------------------|---|-------------------|-------------------|-----------------|---|--|
|                                     | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |   |  |
| <b><u>Financial liabilities</u></b> |   |                   |                   |                 |   |  |
| Hire Purchase                       |   |                   | 2,723             | 2,723           | 2,723                                       | 2,359                                      |
| lease liabilities                   | -   | -                 | 2,836             | 2,836           | 2,836                                       | 2,636                                      |
|                                     | -   | -                 | 5,559             | 5,559           | 5,559                                       | 4,995                                      |

**(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<br>31/12/2020<br>RM'000 | Preceding Year Corresponding Quarter<br>31/12/2019<br>RM'000 |             | Current Year To date<br>31/12/2020<br>RM'000 | Preceding Year Corresponding Period<br>31/12/2019<br>RM'000 |             |
| Revenue   | 14,858                                       | 21,954   | -32%        | 47,504                                       | 49,896  | -5%         |
| Profit/(Loss) from Operations                                       | (328)  | 10,181   | >-100%      | (1,820)                                      | 3,032   | >-100%      |
| Profit/(Loss) Before Finance cost and Taxation                      | (731)  | 8,919  | >-100%      | (2,794)                                      | 408   | >-100%      |
| Profit/(Loss) Before Taxation                                       | (811)  | 8,793  | >-100%      | (3,027)                                      | 171   | >-100%      |
| Profit/(Loss) After Taxation  | (4,751)                                      | 8,802  | >-100%      | (6,967)                                      | 180   | >-100%      |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | (4,751)                                      | 8,802  | >-100%      | (6,967)                                      | 180   | >-100%      |

Twelve (12) months ended 31 December 2020

The Group reported a revenue of RM47.5 million for the twelve (12) months ended 31 December 2020 as compared to the revenue of RM49.9 million in the preceding year. The telecommunication division's lower revenue and higher costs brought down the Group's gross margin, resulting in the loss from operations of RM1.8 million. The Group also made a prudent decision to derecognize the deferred tax asset of RM3.9 million. Correspondingly, the Group reported a loss of RM7 million against the profit of RM0.2 million previously.

Information technology

Information technology remains as the main revenue contributor for the Group with 86% revenue contribution. Revenue from this segment was higher at RM40.8 million for current year to date as compared to RM38.9 million in the preceding year which was mainly contributed from a government project.

Telecommunication services

The revenue contribution of this segment was RM6.7 million as compared to the preceding year of RM11.0 million. The lower revenue of 39% and high cost of operations was due to lesser number of sites readiness for works and delay in delivery acceptance by customers during the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO) period until end of this reporting.

## B.2 Material changes in quarterly results

|  | Current Quarter<br>31/12/2020 | Immediate<br>Preceding<br>Quarter<br>30/9/2020 | Changes |
|--|-------------------------------|--|---------|
|  | RM '000                       | RM '000  | (%)     |
| Revenue  | 14,858                        | 12,581   | 18%     |
| Gross profit   | 2,353                         | 3,527  | -33%    |
| Profit/(Loss) from operations  | (328)                         | 962  | >-100%  |
| Profit/(Loss) before Finance cost and Taxation   | (731)                         | 728  | >-100%  |
| Profit/(Loss) Before Taxation  | (811)                         | 678  | >-100%  |
| Profit/(Loss) After Taxation   | (4,751)                       | 678  | >-100%  |
| Profit/(Loss) Attributable to Ordinary Equity<br>Holders of the Parent holders of the parent | (4,751)                       | 678  | >-100%  |

## B.3 Prospects

The outlook for the financial year 2021 is expected to remain challenging as we expect disruption from the pandemic with uncertainties in the global and local economy to continue in 2021. As the Group's customers are mainly the government, government linked companies and Essential Services, the Group will be able to continue delivering some of its obligations for projects on hand during any imposition of the Movement Control Order (MCO). However, we expect there will be disruption in the rollout of new projects, delays in acceptance by customers and higher cost of project delivery which will put pressure on the Group's earnings and cash position.

Amidst the challenging environment, the Group continues to improve productivity and enhance its existing solutions and services offerings and broaden the customer base. The Group will monitor and manage the operations with vigilance with efforts to improve performance of all segments as well as implementing measures to reduce further operating expenditure.

The Group will also continue to explore strategic 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<br>31/12/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31/12/2019<br>RM'000 | Current<br>Year To Date<br>31/12/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31/12/2019<br>RM'000 |
| Short term investment income                      | 212                                     | 296  | 882   | 1,226   |
| Finance income from lease receivables             | 25                                      | 57   | 121   | 57  |
| Other income                                      | 137                                     | 20   | 494   | 330   |
| Finance cost                                      | 49                                      | 7  | 124   | 118   |
| Finance cost from Right-of-Use assets             | 31                                      | 119  | 109   | 119   |
| Depreciation                                      | 285                                     | 214  | 1,126   | 1,262   |
| Depreciation from Right-of-Use assets             | 34                                      | 863  | 875   | 863   |
| Amortisation/write off of development cost        | -                                       | -  | -   | -   |
| Allowance for doubtful receivables                | (101)                                   | 303  | (101)   | 1,499   |
| Write off /(recovery) of bad receivables          | 9                                       | 9  | (27)  | 4   |
| Allowance/(writeback) for obsolete inventories    | -                                       | -  | -   | 259   |
| Derecognition of deferred taxation asset          | 3,902                                   | -  | 3,902   | -   |
| Allowance for impairment of plant and machineries | 213                                     | -  | 213   | -   |
| Foreign exchange gain / (loss)                    | -                                       | -  | -   | -   |
| Gain / (loss) on derivatives                      | -                                       | -  | -   | -   |

**B.6 Taxation**

|  | Individual Quarter                      |  | Cumulative Quarter                              |   |
|--|---|--|---|---|
|  | Current Quarter<br>31/12/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31/12/2019<br>RM'000 | Current<br>Year To Date<br>31/12/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31/12/2019<br>RM'000 |
| Current year income tax                    | 29                                      | 20   | 29  | 20  |
| Under/(over) provision for previous period | 9                                       | (29)   | 9   | (29)  |
| Derecognition of deferred taxation asset   | 3,902                                   | -  | 3,902   | -   |
|  | 3,940                                   | (9)  | 3,940   | (9)   |

**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 24 February 2021, 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 borrowing as at the end of the reporting period are as follows:

|           |               | Current Quarter - 31/12/2020<br>(Amount in RM'000) |            |                 |
|-----------|---------------|--|------------|-----------------|
|           |               | Long term  | Short term | Total Borrowing |
| Unsecured | Hire Purchase | 2,091  | 268        | 2,359           |
|           | <b>Total</b>  | <b>2,091</b>                                       | <b>268</b> | <b>2,359</b>    |

|           |               | Preceding Year Corresponding Quarter -31/12/2019<br>(Amount in RM'000) |            |                 |
|-----------|---------------|--|------------|-----------------|
|           |               | Long term  | Short term | Total Borrowing |
| Unsecured | Hire Purchase | -  | -          | -               |
|           | <b>Total</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>        |

The fixed rate of borrowings as at 31 December 2020 is from 3.03% to 3.38%.

All the borrowings are denominated in Ringgit Malaysia and are guaranteed by the Company.

## B.11 Lease liabilities

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

|                   |              | Current Quarter - 31/12/2020<br>(Amount in RM'000) |            |                         |
|-------------------|--------------|--|------------|-------------------------|
|                   |              | Long term  | Short term | Total Lease liabilities |
| Lease Liabilities |              | 1,847  | 789        | 2,636                   |
|                   | <b>Total</b> | <b>1,847</b>                                       | <b>789</b> | <b>2,636</b>            |

|                   |              | Preceding Year Corresponding Quarter -31/12/2019<br>(Amount in RM'000) |            |                         |
|-------------------|--------------|--|------------|-------------------------|
|                   |              | Long term  | Short term | Total lease liabilities |
| Lease Liabilities |              | 1,391  | 827        | 2,218                   |
|                   | <b>Total</b> | <b>1,391</b>   | <b>827</b> | <b>2,218</b>            |

The lease liabilities relates to the lease of office units and warehouses. The implicit interest rate of lease as at 31 December 2020 was assumed at 4.2% per annum(31 December 2019: 5.3%)

**B.12 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at 24 February 2021, 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 24 February 2021, 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 December 2020 are computed as follows:

|  | Individual Quarter            |  | Cumulative Quarter                    |   |
|--|-------------------------------|--|---------------------------------------|---|
|  | Current Quarter<br>31/12/2020 | Preceding Year<br>Corresponding<br>Quarter<br>31/12/2019 | Current<br>Year To Date<br>31/12/2020 | Preceding Year<br>Corresponding<br>Period<br>31/12/2019 |
| Net profit/(loss) (RM'000)                                 | (4,751)                       | 8,802  | (6,967)                               | 180   |
| 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)                                     | (0.79)                        | 8.21   | (2.86)                                | 0.17  |
| 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 except for the below.

|                          | Lease Liabilities            |                               | Hire Purchase                |                               | Balance as at<br>31 December 2020 |                               |
|--------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|
|                          | Carrying<br>Amount<br>RM'000 | Total Fair<br>Value<br>RM'000 | Carrying<br>Amount<br>RM'000 | Total Fair<br>Value<br>RM'000 | Carrying<br>Amount<br>RM'000      | Total Fair<br>Value<br>RM'000 |
| Balance at 01/01/2020    | 2,218                        | 2,382                         | -                            | -                             | 2,218                             | 2,382                         |
| Addition                 | 1,482                        | 1,522                         | 2,627                        | 3,032                         | 4,109                             | 4,554                         |
| Repayment/derecognition  | (1,064)                      | (1,068)                       | (268)                        | (309)                         | (1,332)                           | (1,377)                       |
| Balance as at 31/12/2020 | 2,636                        | 2,836                         | 2,359                        | 2,723                         | 4,995                             | 5,559                         |

**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 26 February 2021.