

THETA EDGE BERHAD

[199301005265 (260002-W)]

(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Individual Period			Cumulative Period		
	Current Year Quarter 31/3/2021 RM'000	Preceding Year Corresponding Quarter 31/3/2020 RM'000	Changes (%)	Current Year To-date 31/3/2021 RM'000	Preceding Year Corresponding Period 31/3/2020 RM'000	Changes (%)
1. Revenue	12,697	10,016	27%	12,697	10,016	27%
2. Gross Profit	1,959	2,292	-15%	1,959	2,292	-15%
3. Loss before taxation	(623)	(212)	>-100%	(623)	(212)	>-100%
4. Loss after taxation	(623)	(212)	>-100%	(623)	(212)	>-100%
5. Loss for the period	(623)	(212)	>-100%	(623)	(212)	>-100%
6. Loss attributable to owners of the Company	(623)	(212)	>-100%	(623)	(212)	>-100%
7. Loss per share (sen)	(0.58)	(0.20)	>-100%	(0.58)	(0.20)	>-100%
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	0.58	0.58	0%

Additional Information

	Individual Period			Cumulative Period		
	Current Year Quarter 31/3/2021 RM'000	Preceding Year Corresponding Quarter 31/3/2020 RM'000	Changes (%)	Current Year To-date 31/3/2021 RM'000	Preceding Year Corresponding Period 31/3/2020 RM'000	Changes (%)
1. Gross Finance income	192	278	-31%	192	278	-31%
2. Gross Finance costs	158	41	285%	158	41	285%

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QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/3/2021 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2020 RM'000	Current Year Period Ended 31/3/2021 RM'000	Preceding Year Corresponding Period Ended 31/3/2020 RM'000
Revenue	12,697	10,016	12,697	10,016
Cost of sales	(10,738)	(7,724)	(10,738)	(7,724)
Gross Profit	<u>1,959</u>	<u>2,292</u>	<u>1,959</u>	<u>2,292</u>
Other operating income	265	186	265	186
Operating expenses	(2,431)	(2,492)	(2,431)	(2,492)
Loss from operations	<u>(207)</u>	<u>(14)</u>	<u>(207)</u>	<u>(14)</u>
Finance income	192	278	192	278
Depreciation	(450)	(435)	(450)	(435)
Allowances and non cash expenses	-	-	-	-
Finance costs	(158)	(41)	(158)	(41)
Loss before taxation	<u>(623)</u>	<u>(212)</u>	<u>(623)</u>	<u>(212)</u>
Taxation	-	-	-	-
Loss for the period	<u>(623)</u>	<u>(212)</u>	<u>(623)</u>	<u>(212)</u>
Total comprehensive loss for the period	<u>(623)</u>	<u>(212)</u>	<u>(623)</u>	<u>(212)</u>
Loss attributable to :				
Owners of the Company	(623)	(212)	(623)	(212)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(623)</u>	<u>(212)</u>	<u>(623)</u>	<u>(212)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(623)	(212)	(623)	(212)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	<u>(623)</u>	<u>(212)</u>	<u>(623)</u>	<u>(212)</u>
Loss per ordinary share (sen)				
Basic	(0.58)	(0.20)	(0.58)	(0.20)
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 2020.

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[199301005265 (260002-W)]

(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Unaudited As At 31/3/2021 RM'000	Audited As At 31/12/2020 RM'000
ASSETS		
Non-current assets		
Plant and equipment	2,010	1,931
Right-of-use assets	2,353	2,557
Trade Receivable	1,891	1,891
	6,254	6,379
Current assets		
Inventories	27	51
Trade and other receivables	11,605	12,603
Contract assets	9,866	12,139
Contract costs	248	1,262
Cash and cash equivalents	43,172	41,559
	64,918	67,614
Total assets	71,172	73,993
EQUITY		
Share capital	107,243	107,243
Reserves	(45,460)	(44,837)
Equity attributable to owners of the Company	61,783	62,406
LIABILITIES		
Current liabilities		
Lease Liabilities	804	789
Hire Purchase	592	592
Trade and other payables	4,135	5,646
Contract liabilities	599	946
	6,130	7,973
Non Current liabilities		
Lease Liabilities	1,640	1,847
Hire Purchase	1,619	1,767
	3,259	3,614
Total liabilities	9,389	11,587
Total equity and liabilities	71,172	73,993

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2020

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	<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 2020</u>			
At 1 January 2020 (audited)	107,243	(37,870)	69,373
Comprehensive profit for the financial period	-	(212)	(212)
	<hr/>	<hr/>	<hr/>
At 31 March 2020 (unaudited)	107,243	(38,082)	69,161
	<hr/>	<hr/>	<hr/>
<u>3 months ended 31 March 2021</u>			
At 1 January 2021 (audited)	107,243	(44,837)	62,406
Comprehensive loss for the financial period	-	(623)	(623)
	<hr/>	<hr/>	<hr/>
At 31 March 2021 (unaudited)	107,243	(45,460)	61,783
	<hr/>	<hr/>	<hr/>

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 2020.

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Unaudited 31/3/2021 RM'000	Unaudited 31/3/2020 RM'000
Cash flow from operating activities		
Net loss before taxation	(623)	(212)
Adjustments for:		
Depreciation of plant and equipment	246	276
Depreciation of right-of-use assets	204	218
Finance costs paid	130	13
Finance cost on lease liabilities	28	28
Finance income received	(170)	(270)
Finance income from lease	(22)	(8)
Bad debts recovered	(50)	(36)
Gain on disposal of Plant and equipment	(1)	-
Operating loss before working capital changes	(258)	9
Movements in working capital		
Inventories	1,038	(416)
Receivables	3,353	(5,793)
Payables	(1,858)	(3,555)
Cash flow from/(used in) operations	2,275	(9,755)
Income tax paid	(10)	-
Finance costs paid	(130)	(13)
Finance income received	170	270
Net cash flow from/(used in) operating activities	2,305	(9,498)
Cash flow used in investing activities		
Purchase of plant and equipment	(324)	(665)
	(324)	(665)
Cash flow (used in)/from financing activities		
Hire purchase	(148)	-
Lease liabilities	(220)	(238)
Pledged deposits	(33)	(371)
	(401)	(609)
Net movement in cash and cash equivalents	1,580	(10,772)
Cash and cash equivalents at beginning of financial period	38,904	42,532
Cash and cash equivalents at end of financial period	40,484	31,760
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	43,172	34,438
Less : Pledged deposits	(2,688)	(2,678)
Cash and cash equivalents	40,484	31,760

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2020.

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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 2020.

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 2020 except for the following:

Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2021:

Amendments to MFRS 4	Insurance contracts: Interest Rate Benchmark Reform—Phase 2
Amendments to MFRS 7	Financial Instrument: Disclosures - Interest Rate Benchmark Reform for phase 2
Amendments to MFRS 9	Financial Instrument: Disclosures - Interest Rate Benchmark Reform for phase 2
Amendments to MFRS 16	Leases: Disclosures - Interest Rate Benchmark Reform for phase 2 Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement : Disclosures - Interest Rate Benchmark Reform for phase 2

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 2021 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 2020 was not qualified.

A.3 Seasonality and cyclicity of operations

The Group's business operations were not materially affected by any seasonal or cyclical factors.

A.4 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter under review and financial year to date.

A.5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter and financial year to date.

A.6 Debt and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

A.7 Dividends

No dividends have been declared and paid during the current quarter and financial year to date.

A.8 Segmental information

	Current Year to Date 31/03/2021			Preceding Year Corresponding Period 31/03/2020		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	11,241	1,456	12,697	8,441	1,575	10,016
Gross profit / (loss)	2,964	(1,005)	1,959	3,365	(1,073)	2,292
Other operating income			265			186
Operating expenses			(2,431)			(2,492)
Loss from operations			(207)			(14)
Finance income			192			278
Depreciation			(450)			(435)
Finance cost			(158)			(41)
Loss before taxation			(623)			(212)

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 2021.

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 RM7,062,916 to RM7,246,362 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 2021 RM '000	Balance due from / (to) as at 31 March 2021 RM '000
Lembaga Tabung Haji	Sale of equipment & services	980	982
TH Properties Sdn Bhd	Sale of equipment & services	24	6
TH Universal Sdn Bhd	Sale of equipment & services	-	4
		1,004	992

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 not carried at fair value as at 31/3/2021				Total fair value 31/3/2021 RM'000	Carrying amount 31/3/2021 RM'000
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
<u>Financial liabilities</u>						
Hire Purchase			2,553	2,553	2,553	2,211
lease liabilities	-	-	2,617	2,617	2,617	2,444
	-	-	5,170	5,170	5,170	4,655

(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 31/3/2021 RM'000	Preceding Year Corresponding Quarter 31/3/2020 RM'000		Current Year To date 31/3/2021 RM'000	Preceding Year Corresponding Period 31/3/2020 RM'000	
Revenue	12,697	10,016	27%	12,697	10,016	27%
Loss from Operations	(207)	(14)	>100%	(207)	(14)	>100%
Loss Before Finance cost and Taxation	(465)	(171)	>100%	(465)	(171)	>100%
Loss Before Taxation	(623)	(212)	>100%	(623)	(212)	>100%
Loss After Taxation	(623)	(212)	>100%	(623)	(212)	>100%
Loss Attributable to Ordinary Equity Holders of the Parent	(623)	(212)	>100%	(623)	(212)	>100%

Three (3) months ended 31 March 2021

The Group reported a revenue of RM12.7 million for the three (3) months ended 31 March 2021 as compared to the revenue of RM10.0 million in the preceding year. The higher revenue of RM2.7 million or 27% was contributed from one-off trading supply of equipment in the current quarter. Margin was lower at 15% as compared to 23% previously due to higher cost of sales. Correspondingly, the Group reported a loss of RM0.6 million against the loss of RM0.2 million previously.

Information technology

Information technology remains as the main revenue contributor for the Group with 89% revenue contribution. Revenue from this segment was higher at RM11.0 million for current year to date as compared to RM8.4 million in the preceding year which was mainly contributed from one-off trading supply of equipment to a customer.

Telecommunication services

The revenue contribution of this segment was RM1.5 million as compared to the preceding year of RM1.6 million. The revenue contribution of this segment is 11% as compared to the preceding year of 16%. 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

	Current Quarter 31/3/2021 RM '000	Immediate Preceding Quarter 31/12/2020 RM '000	Changes (%)
Revenue	12,697	14,858	-15%
Gross profit	1,959	2,353	-17%
Loss from operations	(207)	(328)	-37%
Loss before Finance cost and Taxation	(465)	(731)	-36%
Loss Before Taxation	(623)	(811)	-23%
Loss After Taxation	(623)	(4,751)	>-100%
Loss Attributable to Ordinary Equity Holders of the Parent holders of the parent	(623)	(4,751)	>-100%

The higher loss after taxation in the preceding quarter was mainly due to the derecognition of the deferred tax asset amounting RM3.9 million.

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 31/3/2021 RM'000	Preceding Year Corresponding Quarter 31/3/2020 RM'000	Current Year To Date 31/3/2021 RM'000	Preceding Year Corresponding Period 31/3/2020 RM'000
Short term investment income	170	269	170	269
Finance income from lease receivables	22	9	22	9
Other income	215	186	215	186
Finance cost	130	13	130	13
Finance cost from Right-of-Use assets	28	28	28	28
Depreciation	246	276	246	276
Depreciation from Right-of-Use assets	204	218	204	218
Amortisation/write off of development cost	-	-	-	-
Allowance for doubtful receivables	-	-	-	-
Write off /(recovery) of bad receivables	(50)	(36)	(50)	(36)
Allowance/(writeback) for obsolete inventories	-	-	-	-
Derecognition of deferred taxation asset	-	-	-	-
Allowance for impairment of plant and machineries	-	-	-	-
Foreign exchange gain / (loss)	-	-	-	-
Gain / (loss) on derivatives	-	-	-	-

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2021 RM'000	Preceding Year Corresponding Quarter 31/3/2020 RM'000	Current Year To Date 31/3/2021 RM'000	Preceding Year Corresponding Period 31/3/2020 RM'000
Current year income tax	-	-	-	-
Under/(over) provision for previous period	-	-	-	-
Derecognition of deferred taxation asset	-	-	-	-
	-	-	-	-

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 25 May 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 - 31/3/2021 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	1,619	592	2,211
	Total	1,619	592	2,211

		Preceding Year Corresponding Quarter -31/3/2020 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	-	-	-
	Total	-	-	-

The fixed rate of borrowings as at 31 March 2021 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 - 31/3/2021 (Amount in RM'000)		
		Long term	Short term	Total Lease liabilities
Lease Liabilities		1,640	804	2,444
	Total	1,640	804	2,444

		Preceding Year Corresponding 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

The lease liabilities relates to the lease of office units and warehouses. The implicit interest rate of lease as at 31 March 2021 was assumed at 4.2% per annum(31 March 2020: 5.3%)

B.12 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 25 May 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 25 May 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 March 2021 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2021	Preceding Year Corresponding Quarter 31/3/2020	Current Year To Date 31/3/2021	Preceding Year Corresponding Period 31/3/2020
Net loss (RM'000)	(623)	(212)	(623)	(212)
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)	(0.58)	(0.20)	(0.58)	(0.20)
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 31 March 2021	
	Carrying Amount RM'000	Total Fair Value RM'000	Carrying Amount RM'000	Total Fair Value RM'000	Carrying Amount RM'000	Total Fair Value RM'000
Balance at 01/1/2021	2,636	2,836	2,359	2,723	4,995	5,559
Addition	-	-	-	-	-	-
Repayment/derecognition	(192)	(219)	(148)	(170)	(340)	(389)
Balance as at 31/3/2021	2,444	2,617	2,211	2,553	4,655	5,170

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 31 May 2021.