

THETA EDGE BERHAD

[199301005265 (260002-W)]
(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Individual Period			Cumulative Period		
	Current Year Quarter 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000	Changes (%)	Current Year To-date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000	Changes (%)
1. Revenue	15,839	36,438	-57%	32,386	64,734	-50%
2. Gross Profit	1,775	4,924	-64%	3,135	9,517	-67%
3. (Loss)/Profit before taxation	(3,784)	301	>-100%	(6,703)	486	>-100%
4. (Loss)/Profit after taxation	(3,784)	301	>-100%	(6,703)	486	>-100%
5. (Loss)/Profit for the period	(3,784)	301	>-100%	(6,703)	486	>-100%
6. (Loss)/Profit attributable to owners of the Company	(3,784)	301	>-100%	(6,703)	486	>-100%
7. (Loss)/Profit per share (sen)	(3.21)	0.26	>-100%	(5.68)	0.41	>-100%

	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	0.70	-9%

Additional Information

	Individual Period			Cumulative Period		
	Current Year Quarter 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000	Changes (%)	Current Year To-date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000	Changes (%)
1. Gross Finance income	472	399	18%	1,038	759	37%
2. Gross Finance costs	(182)	(237)	-23%	(398)	(467)	-15%

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QUARTERLY REPORT**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Current Year Quarter Ended 30/06/2024 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2023 RM'000	Current Year Period Ended 30/06/2024 RM'000	Preceding Year Corresponding Period Ended 30/06/2023 RM'000
Revenue	15,839	36,438	32,386	64,734
Cost of sales	(14,064)	(31,514)	(29,251)	(55,217)
Gross Profit	<u>1,775</u>	<u>4,924</u>	<u>3,135</u>	<u>9,517</u>
Other operating income	10	42	11	178
Operating expenses	<u>(5,015)</u>	<u>(3,931)</u>	<u>(8,823)</u>	<u>(7,694)</u>
(Loss)/Profit from operations	(3,230)	1,035	(5,677)	2,001
Finance income	472	399	1,038	759
Depreciation	(844)	(896)	(1,666)	(1,807)
Finance costs	<u>(182)</u>	<u>(237)</u>	<u>(398)</u>	<u>(467)</u>
(Loss)/Profit before taxation	(3,784)	301	(6,703)	486
Taxation	-	-	-	-
Zakat	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the period	<u>(3,784)</u>	<u>301</u>	<u>(6,703)</u>	<u>486</u>
Total comprehensive (loss)/profit for the period	<u>(3,784)</u>	<u>301</u>	<u>(6,703)</u>	<u>486</u>
(Loss)/Profit attributable to :				
Owners of the Company	(3,784)	301	(6,703)	486
(Loss)/Profit for the period	<u>(3,784)</u>	<u>301</u>	<u>(6,703)</u>	<u>486</u>
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	<u>(3,784)</u>	<u>301</u>	<u>(6,703)</u>	<u>486</u>
Total comprehensive (loss)/profit for the period	<u>(3,784)</u>	<u>301</u>	<u>(6,703)</u>	<u>486</u>
(Loss)/Profit per ordinary share (sen)				
Basic	(3.21)	0.26	(5.68)	0.41

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 2023.

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	Unaudited As At 30/06/2024 RM'000	Audited As At 31/12/2023 RM'000
ASSETS		
Non-current assets		
Plant and equipment	5,448	6,087
Right-of-use assets	5,120	6,011
Intangible assets	1,636	1,014
Trade receivables	40,105	40,105
	52,309	53,217
Current assets		
Inventories	60	60
Trade and other receivables	37,626	30,932
Contract assets	14,183	10,659
Contract costs	2,148	2,231
Current tax asset	72	100
Cash and cash equivalents	22,024	54,882
	76,113	98,864
Total assets	128,422	152,081
EQUITY		
Share capital	115,019	115,019
Reserves	(41,183)	(34,480)
Equity attributable to owners of the Company	73,836	80,539
LIABILITIES		
Current liabilities		
Lease liabilities	1,345	1,768
Hire purchase	5,161	5,161
Trade and other payables	38,733	52,608
Contract liabilities	744	690
	45,983	60,227
Non Current liabilities		
Lease liabilities	3,951	4,403
Hire purchase	4,652	6,912
	8,603	11,315
Total liabilities	54,586	71,542
Total equity and liabilities	128,422	152,081

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2023

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	<u>Attributable to the owners of the Company</u>		
	Share capital RM'000	Accumulated profit/(loss) RM'000	Total equity RM'000
<u>6 months ended 30 June 2023</u>			
Comprehensive profit for the financial period	-	486	486
At 30 June 2023 (unaudited)	115,019	(41,538)	73,481
<u>6 months ended 30 June 2024</u>			
Comprehensive loss for the financial period	-	(6,703)	(6,703)
At 30 June 2024 (unaudited)	115,019	(41,183)	83,326

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 2023.

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QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Unaudited 30/06/2024 RM'000	Unaudited 30/06/2023 RM'000
Cash flow from operating activities		
Net (loss)/profit before taxation	(6,703)	486
Adjustments for:		
Depreciation of plant and equipment	775	804
Depreciation of right-of-use assets	891	1,003
Finance costs paid	359	388
Finance cost on lease liabilities	39	79
Finance income received	(206)	(464)
Finance income from lease	(832)	(295)
Gain on fair value of finance lease receivables	-	46
Operating (loss)/profit before working capital changes	(5,677)	2,047
Movements in working capital		
Inventories/Contract costs	915	(10)
Receivables	(10,190)	(27,209)
Payables	(13,741)	18,047
Cash flow used in operations	(28,693)	(7,125)
Income tax paid	(81)	-
Income tax refunded	1	-
Borrowing cost paid	(398)	(388)
Income from deposits with licensed banks	206	464
Net cash flow used in operating activities	(28,965)	(7,049)
Cash flow used in investing activities		
Purchase of plant and equipment	(136)	(489)
Movement in intangible assets	(622)	-
Net cash flow used in investing activities	(758)	(489)
Cash flow used in financing activities		
Repayment of hire purchase	(2,260)	1,490
Lease liabilities	(875)	(2,549)
Pledged deposits	(13)	(825)
Net cash flow used in financing activities	(3,148)	(1,884)
Net movement in cash and cash equivalents	(32,871)	(9,422)
Cash and cash equivalents at beginning of financial period	41,704	34,364
Cash and cash equivalents at end of financial period	8,833	24,942
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	22,024	45,952
Less : Pledged deposits	(13,191)	(21,010)
	8,833	24,942

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2023.

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QUARTERLY REPORT

(A) BASIS OF PREPARATION

A.1 Basis of preparation and significant accounting policies

The interim financial statements are unaudited and have been prepared in accordance with MFRS134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statement.

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 2023 except for the adoption of the pronouncements that became effective from 1 January 2024.

- | | |
|--------------------------|---|
| • Amendments to MFRS 16 | Leases - Lease Liability in a Sale and Leaseback |
| • Amendments to MFRS 101 | Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current |
| • Amendments to MFRS 107 | Statement of Cash Flows |
| • MFRS 7 | Financial Instruments: Disclosures - Supplier Finance Arrangements |

The adoption of these Amendments has not resulted in any material impact on the financial statements of the Group.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been applied by the Group:

- | | |
|--------------------------|--|
| • Amendments to MFRS 121 | The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability |
| • Amendments to MFRS 10 | Consolidated Financial Statements |
| • MFRS 128 | Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

The above pronouncements are either not relevant or do not have any material impact on the interim financial statements of the Group upon their initial application. The Group has adopted the relevant standards from 1 January 2024 with practical expedients permitted under the standards.

A.2 Report on the Financial Statements

The auditors’ report on the financial statement of the Group for the financial year ended 31 December 2023 was not subject to any qualification.

A.3 Seasonality and cyclicity of operations

The results of the Group were not materially affected by any seasonal or cyclical factors during the quarter under review and financial review to date.

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 that have had any 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 paid since the end of the Company's previous financial year.

A.8 Segmental information

	Current Year to Date 30/06/2024			Preceding Year Corresponding Period 30/06/2023		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	10,878	21,508	32,386	9,934	54,800	64,734
Gross profit	1,216	1,919	3,135	1,860	7,657	9,517
Other operating income			11			178
Operating expenses			(8,823)			(7,694)
(Loss)/Profit from operations			(5,677)			2,001
Finance income			1,038			759
Depreciation			(1,666)			(1,807)
Finance costs			(398)			(467)
(Loss)/Profit before taxation			(6,703)			486

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 2023.

A.10 Subsequent events

There were no material events subsequent to the end of the quarter under review.

A.11 Changes in the composition of the Group

There were no material 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 change in the Group's contingent liabilities is as follows:

- (i) Bank guarantees issued mainly to trade customers decreased from RM29,210,966 to RM25,710,034 during the current quarter.

A.13 Material Litigations

There were no material litigations 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 30/06/2024 RM '000	Balance due from as at 30/06/2024 RM '000
Lembaga Tabung Haji	Various ICT services	1,158	1,898
TH Universal Builders Sdn Bhd	Various ICT services	5	22
TH Properties Sdn Bhd	ICT Equipment rental & services	-	124
		1,163	2,044

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 30/06/2024				Total fair value 30/06/2024 RM'000	Carrying amount 30/06/2024 RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<u>Financial liabilities</u>						
Hire Purchase			11,306	11,306	11,306	9,813
	-	-	11,306	11,306	11,306	9,813

(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 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000		Current Year To date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000	
Revenue	15,839	36,438	-57%	32,386	64,734	-50%
(Loss)/ Profit from Operations	(3,230)	1,035	>-100%	(5,677)	2,001	>-100%
(Loss) / Profit Before Finance costs and Taxation	(3,602)	538	>-100%	(6,305)	953	>-100%
(Loss) / Profit Before Taxation	(3,784)	301	>-100%	(6,703)	486	>-100%
(Loss) / Profit After Taxation	(3,784)	301	>-100%	(6,703)	486	>-100%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(3,784)	301	>-100%	(6,703)	486	>-100%

Six (6) months ended 30 June 2024

The Group reported revenue of RM32.4 million as at 30 June 2024 as compared to RM64.7 million in the same period of the previous year, a decrease of 50%. The decrease is primarily attributable to reduced revenue from the Telco segment, which has entered the warranty stage.

Information Technology

The revenue for this segment increased from RM9.9 million to RM10.9 million or 10% for the current reporting period due to the progress of the project milestone.

Telecommunication Services (Telco Services)

The revenue contribution from this segment is RM21.5 million, a decrease of RM33.3 million or 61% from the previous year reporting period. This is mainly due to Telco segment recorded a lower revenue recognition as its current Jendela project nears completion and most of its sites enter the warranty stages.

B.2 Material changes in quarterly results

	Individual Current Quarter 30/06/2024 RM '000	Immediate Preceding Quarter 31/03/2024 RM '000	Changes (%)
Revenue	15,839	16,547	-4%
Gross profit	1,775	1,360	31%
Loss from operations	(3,230)	(2,447)	32%
Loss before Finance costs and Taxation	(3,602)	(2,703)	33%
Loss before Taxation & Zakat	(3,784)	(2,919)	30%
Loss after Taxation & Zakat	(3,784)	(2,919)	30%
Loss attributable to Ordinary Equity Holders of the Parent holders of the parent	(3,784)	(2,919)	30%

The lower loss after tax is mainly attributed to lower revenue from Telco segment which recorded a lower revenue recognition as its current Jendela project nears completion and enters the warranty stages .

B.3 Prospects

The Group remains steadfast in its pursuit of excellence, by monitoring closely its financial standing and taking proactive measures to address any potential challenges while exploring growth opportunities in line with its strategic goals.

The Group had on 9 July 2024, announced that Theta Telecoms Sdn Bhd, a wholly-owned subsidiary of the Group had received an offer letter from Majlis Perbandaran Ampang Jaya (“MPAJ”) for a project on Pembangunan, Penyediaan dan Penyelenggaraan Teknologi Berserta Internet of Things (“IoT”) Bagi Inisiatif Perniagaan Pintar di dalam Kawasan Pentadbiran Ampang Jaya (“MPAJ Project”). The MPAJ Project is a strategic concession initiative for a 20-year period, spanning from July 15, 2024, to July 14, 2044.

The MPAJ Project would allow the Group to expand its revenue base, underpinned by a stable revenue stream and potential margin expansion going forward. For the financial year ending 31 December 2024, the Group aims to meet its contractual obligations and actively pursue new growth opportunities across its business segments. As for the financial year ending 31 December 2024, the Group’s aspirations are to fulfil our existing contractual obligations and to actively seek new opportunities to foster growth across all our business segments.

B.4 Statement of the Board of Directors' opinion on financial estimates, forecasts, projections, internal targets or profit guarantees

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 (Loss) / profit before taxation

The following amounts have been included in arriving at (loss) / profit before taxation:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000	Current Year To Date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000
Short term investment income	70	254	206	464
Finance income from lease receivables	402	145	832	295
Other income	10	42	11	178
Finance costs	(164)	(201)	(359)	(389)
Finance costs from Right-of-Use assets	(17)	(36)	(39)	(78)
Depreciation	(398)	(405)	(775)	(804)
Depreciation from Right-of-Use assets	(445)	(491)	(891)	(1003)

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000	Current Year To Date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000
Current year income tax	-	-	-	-
Under/(over) 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 of the date of this report.

B.10 Group borrowings

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

		Cumulative Quarter - 30/06/2024 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	4,652	5,161	9,813
	Total	4,652	5,161	9,813

		Preceding Year Cumulative Quarter -30/06/2023 (Amount in RM'000)		
		Long term	Short term	Total Borrowing
Unsecured	Hire Purchase	9,490	5,189	14,679
	Total	9,490	5,189	14,679

The fixed rate of borrowings as at 30 June 2024 range from 3.00% to 3.94% (30 June 2023: 3.00%-3.94%).

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:

		Cumulative Quarter - 30/06/2024 (Amount in RM'000)		
		Long term	Short term	Total Lease liabilities
Lease Liabilities		3,951	1,345	5,296
	Total	3,951	1,345	5,296

		Preceding Year Cumulative Quarter - 30/06/2023 (Amount in RM'000)		
		Long term	Short term	Total lease liabilities
Lease Liabilities		5,397	1,776	7,173
	Total	5,397	1,776	7,173

The lease liabilities relate to the lease of office units. The implicit interest rate of lease as at 30 June 2024 was assumed at 4.2% per annum (30 June 2023: 4.2%)

B.12 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as of the date of this report.

B.13 Changes in material litigations

There were no material litigations that might adversely and materially affect the position of the Group as of the date of this report.

B.14 Dividends

The total dividend declared for the current financial year is NIL (2023: RM2.0 million). The Directors do not recommend any interim dividend for the period under review.

B.15 Earning per share

The basic (loss)/profit per share for the quarter and year to date ended 30 June 2024 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2024	Preceding Year Corresponding Quarter 30/06/2023	Current Year To Date 30/06/2024	Preceding Year Corresponding Period 30/06/2023
Net (loss)/ profit (RM'000)	(3,784)	301	(6,703)	486
No of ordinary shares in issue ('000)	117,968	117,968	117,968	117,968
Weighted average number of ordinary shares in issue ('000)	117,968	117,968	117,968	117,968
Basic (LPS)/EPS (sen)	(3.21)	0.26	(5.68)	0.41

Diluted (LPS) / EPS is not computed as there are no outstanding share options or instruments that will dilute the basic profit per share.

B.16 Derivatives

There were 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 30/06/2024	
	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 01/1/2024	6,171	6,389	12,073	13,903	18,244	20,292
Repayment/derecognition	(875)	(915)	(2,260)	(2,597)	(3,135)	(3,512)
Balance as at 30/06/2024	5,296	5,474	9,813	11,306	15,109	16,780

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 28 August 2024.