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SHARE REGISTRAR

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Unit 32-01, Level 32, Tower A
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AUDITORS

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants
Level 10, KPMG Tower
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PRINCIPAL BANKERS

AmBank Islamic Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : THETA
Stock Code : 9075

WEBSITE

www.theta-edge.com

BOARD OF DIRECTORS



DATO' RICHARD GEORGE AZLAN BIN ABAS
Independent Non-Executive Director



DATO' ADI AZUAN BIN ABDUL GHANI
Non-Independent Non-Executive Director



DATO' SYED SALEH BIN SYED ABDUL RAHMAN
Non-Independent Non-Executive Director



A. SHUKOR BIN S.A. KARIM
*Group Managing Director
& Chief Executive Officer*

A photograph of four members of the Board of Directors standing in a modern office lobby. From left to right: a man in a dark suit and blue tie, a man in a dark suit and blue tie, a man in a dark suit and blue tie, and a woman in a blue patterned hijab and dress. The background shows a well-lit interior with wood paneling and a large window.

TAN SRI DATO' HASHIM BIN MEON
Chairman, Non-Independent Non-Executive Director

MOHAMED RIDZA BIN MOHAMED ABDULLA
Senior Independent Non-Executive Director

ABDUL HALIM BIN JANTAN
Independent Non-Executive Director

ANIS ZUHANI BINTI AHMAD
Non-Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' HASHIM BIN MEON **CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Tan Sri Dato' Hashim Bin Meon, male, aged 69, a Malaysian, was appointed to the Board of Theta Edge Berhad as a Non-Independent Non-Executive Director on 1 July 2011 and re-designated as Chairman, Non-Independent Non-Executive Director on 1 April 2012. He graduated with a Master in Public Administration from University of Southern California and Bachelor of Arts (Hons) from University of Malaya.

He served the Malaysian Public Service for over 33 years since 1970 in several ministries and departments in various capacities. His last position was as Secretary General, Ministry of Defence, Malaysia prior to his retirement in September 2003. His wide range of experience includes Human Resources Management, ICT, Education and Training (including a stint as Senior Consul for Education at the Malaysian Consulate (Education) Sydney, Australia (1976-1980).

He also served as State Secretary, Selangor (1995-1999). In the field of training and ICT, he played significant role in several Government computerization programmes. He was Head of Computer Training at the National Institute of Public Administration (INTAN – 1982-1984), Director ICT, MAMPU and Director ICT Unit, Prime Minister Office (1985-1990). He was also involved in major landmark of ICT developments including creation of MIMOS (Malaysian Institute of Microelectronics System), an R&D agency for ICT in Malaysia (1985) and was also founder member of MDeC (Multimedia Development Corporation – 1996-1999), a government agency created for the implementation of Multimedia Super Corridor (MSC) project initiated by Malaysian Government in 1995.

In the organisations that he headed, he was responsible and personally supervised the implementation of ICT initiatives such as introduction of video-conferencing facilities and extensive usage of email communication among members of the organisation at state level (Selangor) and Ministry of Defence.

Upon his retirement, he continued his service in the private sector as chairman/member of the board of several companies. He participates actively in a several voluntary and non-governmental organizations (NGO) related to leadership and strategy, mental health, human resource development and Islamic propagation and education.

He was on the Board of Lembaga Tabung Haji (**TH**) from 2011 until 2015. He also served on the Board of Universiti Pertahanan Nasional Malaysia (UPNM) since 2007 until 2016 and in recognition for his long service and contribution to the University, he was conferred an Honorary Doctorate in Computer Science by UPNM in 2016. Currently, he sits on the Board of AXA Affin General Insurance Berhad, Yayasan Kebajikan Nusantara, The Mental Health Foundation and Permuafakatan Badan Ilmiah Nasional.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He is a representative of **TH**, the major shareholder of the Company. He has no conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) which appears in the Annual Report. He has never been convicted for any offence.

Other than the above, he has no directorship in other public and listed companies.

**DATO' SYED SALEH BIN SYED ABDUL RAHMAN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Dato' Syed Saleh Bin Syed Abdul Rahman, male, aged 55, a Malaysian, was appointed to the Board of Theta Edge Berhad as a Non-Independent Non-Executive Director on 1 July 2011. He holds a BEng (Tech) in Civil Engineering and Master in Business Administration from the University of Wales, Cardiff, Wales, United Kingdom.

He has spent the last 28 years of his career actively involved in various fields such as Corporate Finance & Services, Fund Management, Business Development, Equity & Property Investments and Hajj Management.

Between 2004 to 2006, he was given the additional responsibility to spearhead one of Lembaga Tabung Haji's (**TH**) subsidiaries, as the CEO of TH Travel & Services Sdn. Bhd. He was also a Board member representing **TH** as one of the founding member in the Minority Shareholders Watchdog Group (2002-2004).

Currently, he is the Senior General Manager of **TH**. He is a representative of **TH**, the major shareholder of the Company.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) which appears in the Annual Report. He has never been convicted for any offence.

He has no directorship in other public and listed companies.

**DATO' ADI AZUAN BIN ABDUL GHANI
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Dato' Adi Azuan Bin Abdul Ghani, male, aged 46, a Malaysian, was appointed to the Board of Theta Edge Berhad as a Non-Independent Non-Executive Director on 26 February 2004. He graduated with UK BSc. (Honours) Accounting from Queen's University of Belfast, UK. He is now a Fellow Member of the Association of Chartered Certified Accountants, UK, ACCA (FCCA) and also a member of Malaysian Institute of Accountants (MIA).

He started his professional career in the auditing and accounting fields with PricewaterhouseCoopers, Kuala Lumpur in 1996 and was principally involved in the provision of audit and accounting services, mainly to banking and financial institutions before joining Lembaga Tabung Haji (**TH**) as the Divisional Head of Group Accounts in July 2002.

Currently, he is the Chief Operating Officer of **TH**. He represents **TH** on the Board of Y.S.P. Southeast Asia Holding Berhad since 1 December 2004.

He is a representative of **TH**, the major shareholder of the Company. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) which appears in the Annual Report. He has never been convicted for any offence.

Other than the above, he has no directorship in other public and listed companies.

BOARD OF DIRECTORS' PROFILE

Cont'd

ANIS ZUHANI BINTI AHMAD **NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

Anis Zuhani Binti Ahmad, female, aged 46, a Malaysian, was appointed to the Board of Theta Edge Berhad as a Non-Independent Non-Executive Director on 19 November 2015. She graduated with Master in Business Administration from Universiti Teknologi Mara (UiTM) and B.Ed. TESL (Hons) from University Kebangsaan Malaysia.

She has vast experience working in the private sector, holding key positions in several organisations including as a General Manager in Maju Holdings Group of Companies and Assistant General Manager in Bank Islam Malaysia Berhad. She has more than 15 years of extensive experience in Strategic Planning and Integrated Communication Management.

She is now the General Manager, Group Public Affairs and Corporate Communication with Lembaga Tabung Haji (**TH**) since 2013. She is a representative of **TH**, the major shareholder of the Company. She is a member of the Nomination Committee.

She has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. She has no conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) which appears in the Annual Report. She has never been convicted for any offence.

She has no directorship in other public and listed companies.

MOHAMED RIDZA BIN MOHAMED ABDULLA **SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mohamed Ridza Bin Mohamed Abdulla, male, aged 47, a Malaysian, was appointed to the Board of Theta Edge Berhad as an Independent Non-Executive Director on 7 November 2007 and was appointed as the Senior Independent Non-Executive Director on 20 May 2014. He holds a Bachelor of Law (First Class Honours) from the International Islamic University, Malaysia and was admitted as a member of the Institute of Chartered Secretaries and Administrators (London) (ICSA) in 1994. He is a Fellow Member of the Institute of Chartered Secretaries and Administrators (FCIS), a Fellow of the Malaysian Society of Adjudicators and an Associate Member of the Chartered Institute of Arbitrators (ACI Arb).

He began his career as an advocate and solicitor at the firm of Rashid & Lee in Malaysia. He later joined Arab Malaysian Corporation Berhad ("AMCB") as the group legal adviser. Being the group legal adviser, he was instrumental in setting up the legal department of the Amcorp Group of Companies. He left AMCB to become the General Legal Counsel of Technip Asia Pacific based in Kuala Lumpur and was previously attached at Technip headquarters in Paris, France. He is now the Managing Partner of Mohamed Ridza & Co. Prior to opening the firm, he was a partner and was head of his division at Zaid Ibrahim & Co.

He is the Chairman of the Audit and Risk Management Committee and the Nomination Committee and a member of the Remuneration Committee.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest with the Company and has never been convicted for any offence.

He has no directorship in other public and listed companies.

ABDUL HALIM BIN JANTAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Abdul Halim Bin Jantan, male, aged 59, a Malaysian, was appointed to the Board of Theta Edge Berhad as an Independent Non-Executive Director on 8 August 2014. With over 35 years of experience, he is well known as a wise mentor and a resourceful advisor in the insurance broking industry. He is currently the Chief Executive Officer of Sterling Insurance Brokers (Sterling), an Insurance Broking and Consulting company which he started up in year 2000.

Prior to embarking his broking journey, he spent 14 years at American Malaysian Insurance Berhad (AMI), being his last position as the CEO of AMI. At AMI, he led the Underwriting and Claims Team responsible for the underwriting and claims administration for the construction and erection of the STAR and Putra Light Rail Transit Insurance Programme, led the growth of the company from a gross premium level of RM80 million to RM 150 million with consistent profitability over 6 years period, led the establishment of a subsidiary company, Asia Pacific Risk Management Centre (APRMC) and strategically established new divisions to create synergy and niche market.

At Sterling, he had developed and pioneered the insurances for power plant and large industrialized risks particularly in mega construction projects, including Malakoff Corporation Group, Sarawak Power Generation Sdn Bhd, Jimah Energy Ventures Sdn Bhd, C.T. Power Limited (Mauritius), Astronautic Technology Sdn Bhd, Indah Water Konsortium and Malaysian Resources Corporation Bhd.

Through the years, he has successfully established Sterling as the Premium Independent Power Plant (IPP) broker in the insurance and reinsurance market. He is expanding its portfolio into a more specialised industry i.e. Aviation, Marine Hull and Space.

In the field of training and ICT, he is the owner and director of Ultis Asia Sdn Bhd (Ultis Asia), an IT company that operates as an outsource provider offering to the market a comprehensive employee benefits solutions comprising from business consultancy to software application and IT Infrastructure. Ultis Asia is a collaboration with Scion Global Sdn Bhd, a subsidiary of Patimas Computer Berhad comprises of IT experts with wide and varied experience from multinational insurance corporations as well as software Research & Development, bringing expertise in software application development and IT infrastructure. It introduces a sophisticated & comprehensive integrated business solution for insuring group employee benefits that would allow Underwriters, Corporations and SMEs to effectively and efficiently improve their overall processes.

He is a member of the Audit and Risk Management Committee and the Nomination Committee.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest with the Company and has never been convicted for any offence.

He has no directorship in other public and listed companies.

BOARD OF DIRECTORS' PROFILE Cont'd

DATO' RICHARD GEORGE AZLAN BIN ABAS INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Richard George Azlan Bin Abas, male, aged 53, a Malaysian, was appointed as Group Managing Director and Chief Executive Officer of Theta Edge Berhad on 15 June 2010 and re-designated to Executive Director on 1 April 2012 and to Non-Independent Non-Executive Director on 20 May 2014. On 1 June 2016, he has been re-designated as the Independent Non-Executive Director. He holds a Bachelor of Commerce from the University of Western Australia. He is a Fellow and Asia Councilor of Chartered Accountants Australia New Zealand and a Chartered Accountant of the Malaysian Institute of Accountants.

He articulated with Arthur Andersen from 1984 to 1989 and served the Arab-Malaysian Group from 1990 to 1996. He was the Group Chief Executive Officer of YPJ (Johor Education Foundation) Holdings Sdn Bhd from 1997 to 2002. He is presently Chief Executive Officer of Malaysian Directors Academy (MINDA). He sits on the Board of High-5 Conglomerate Berhad. He is a member of the Remuneration Committee.

He has no family relationship with any director and/or major shareholder of the Company. Details of his shareholdings held in the Company are disclosed on pages 139 to 142 of the Annual Report. He has no conflict of interest with the Company and has never been convicted for any offence.

Other than the above, he has no directorship in other public and listed companies.

A. SHUKOR BIN S.A. KARIM
GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

A. Shukor Bin S.A. Karim, male, aged 60, a Malaysian, was appointed to the Board of Theta Edge Berhad as an Independent Non-Executive Director on 15 June 2010 and re-designated to Executive Director on 1 April 2012. On 1 December 2012, he has been re-designated as the Group Managing Director and Chief Executive Officer. He graduated with a BSc. (Honours) in Computation from the University of Manchester, Institute of Science and Technology, UK.

He began his career with the Government of Malaysia, Statistics Department in 1979. He later join Sapura Group in 1982 where he was one of the founding members of Sapura Information Technology (IT) and developed Sapura's IT business to be one of Malaysia's biggest IT company with more than 1,000 employees in ASEAN and revenues exceeding RM600 million per annum in the late nineties with more than 20 subsidiaries involved in various aspects of the IT industry, from sales and distribution, systems integration to software development and IT education.

He was involved in many high profiles IT projects in Malaysia and abroad. Amongst others, he was the Managing Director of STH Consortium which implemented the Total Airport Management System in KLIA. He was also involved in the Design and Implementation of the Cable plant for KLCC and in E- Government projects for the implementation of Generic Office Environment for the Government of Malaysia.

He was also an Executive Director in Telecom Smart School Sdn Bhd, which implemented the Smart School Project for the Ministry of Education in Malaysia. He was directly involved in the setting up of the Asia Pacific Institute of Information Technology (APIT) which is today one of Malaysia's biggest IT education institute. He also was deeply involved in the development of the IT Industry in Malaysia and served as Chairman of Persatuan Industri Komputer Dan Multimedia, Malaysia (PIKOM) from 1993 to 1995. He also served as Director in the Multimedia Development Corporation (now MDec) for 2 years in the mid 1990.

Currently, he sits on the Board of Green Packet Berhad ("Green Packet") as an Independent Non Executive Director since 21 May 2008. He was the Chairman of Packet One Networks (Malaysia) Sdn Bhd, a wholly owned subsidiary of Green Packet from 2011 to 2014.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest with the Company and has never been convicted for any offence.

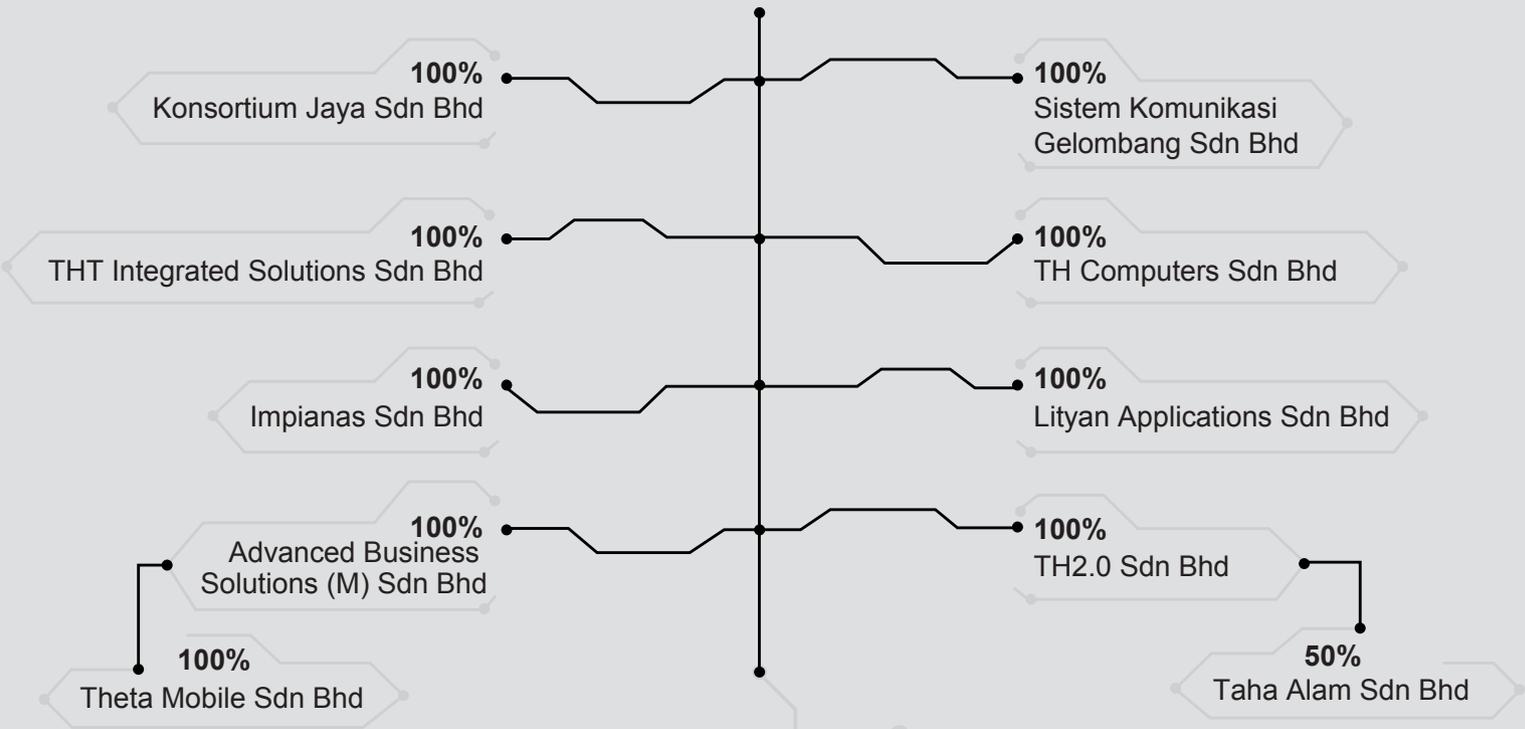
Other than the above, he has no directorship in other public and listed companies.

CORPORATE STRUCTURE



thetaedge^(260002-W)
BERHAD

A Member of the Tabung Haji Group 





KEY SENIOR MANAGEMENT

1. A. SHUKOR BIN S.A. KARIM
*Group Managing Director
& Chief Executive Officer*
2. KAREN YAP PIK LI
Chief Financial Officer
3. OTHMAN BIN OMAR
Chief Operating Officer
4. DR. NAS TAMIMI BIN IBRAHIM
Chief Technology Officer



KEY SENIOR MANAGEMENT'S PROFILE

A. SHUKOR BIN S.A. KARIM **GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

A. Shukor Bin S.A. Karim, male, aged 60, a Malaysian, was appointed to the Board of Theta Edge Berhad as an Independent Non-Executive Director on 15 June 2010 and re-designated to Executive Director on 1 April 2012. On 1 December 2012, he has been re-designated as the Group Managing Director and Chief Executive Officer. He graduated with a BSc. (Honours) in Computation from the University of Manchester, Institute of Science and Technology, UK.

He began his career with the Government of Malaysia, Statistics Department in 1979. He later join Sapura Group in 1982 where he was one of the founding members of Sapura Information Technology (IT) and developed Sapura's IT business to be one of Malaysia's biggest IT company. He was involved in many high profiles IT projects in Malaysia and abroad. Amongst others, he was the Managing Director of STH Consortium which implemented the Total Airport Management System in KLIA and was also involved in the Design and Implementation of the Cable plant for KLCC and in E-Government projects.

He was also an Executive Director in Telecom Smart School Sdn Bhd, which implemented the Smart School Project for the Ministry of Education in Malaysia. He was directly involved in the setting up of the Asia Pacific Institute of Information Technology (APIT) which is today one of Malaysia's biggest IT education institute. He also was deeply involved in the development of the IT Industry in Malaysia and served as Chairman of Persatuan Industri Komputer Dan Multimedia, Malaysia (PIKOM) from 1993 to 1995. He also served as Director in the Multimedia Development Corporation (now MDec) for 2 years in the mid 1990.

Currently, he sits on the Board of Green Packet Berhad ("Green Packet") as an Independent Non Executive Director since 21 May 2008. He was the Chairman of Packet One Networks (Malaysia) Sdn Bhd, a wholly owned subsidiary of Green Packet from 2011 to 2014.

He has no family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries. He has no conflict of interest with the Company and has never been convicted for any offence. Other than the above, he has no directorship in other public and listed companies.

KAREN YAP PIK LI **CHIEF FINANCIAL OFFICER**

Karen Yap Pik Li, female, aged 44, a Malaysian, was appointed as the Chief Financial Officer of Theta Edge Berhad on 1 January 2010. She is an Associate Member of the Chartered Institute of Management Accountants UK, (CIMA) (ACMA) and also carries the designation of Chartered Global Management Accountant (CGMA) from the Association of International Certified Professional Accountants (the Association). She is also a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and holds a Diploma in Commerce (Management Accounting) from Kolej Tunku Abdul Rahman.

She began her career with the Finance Department of formerly Lityan Holdings Berhad on 1 September 1995 as an Accounts Executive and in the ensuing years, held various positions including General Manager of Corporate Services. She has more than 20 years of experience and involvement in the accounting, financial, procurement, businesses, project operations and all the corporate exercises and restructuring undertaken by the Group to date.

She is responsible for the management of all financial and commercial aspects of the Group's business and operations and overseeing the corporate, finance and treasury, procurement, human resource and administration, warehousing and logistics, the company secretarial and regulatory functions of the Group.

She has no family relationship with any director and/or major shareholder of the Company and has no directorships in any public and listed companies. She has no conflict of interest with the Company and has never been convicted for any offence.

KEY SENIOR MANAGEMENT'S PROFILE Cont'd

OTHMAN BIN OMAR **CHIEF OPERATING OFFICER**

Othman Bin Omar, male, aged 60, a Malaysian, was appointed as the Chief Operating Officer of Theta Edge Berhad on 30 September 2010. He graduated with a Master in Business Administration from University of Strathclyde, United Kingdom and BSc. In Agribusiness from Universiti Pertanian Malaysia.

He served the Malaysian Public Service for over 15 years since 1981. He started with Malaysian Industrial Development Authority (MIDA) (1981) involved in formulation of investment policy and promotion of foreign director investment. He served Ministry of International Trade and Industry (MITI) (1983-1996) and held various positions including Deputy Commissioner General, Malaysia Pavilion Universal Exposition Seville Spain, Director, Malaysia Pavilion Taejon World Expo Republic of Korea and Principle Assistant Director, International Trade in charge of European Union & Asean countries.

He joined formerly Lityan Holdings Berhad (Lityan) in 1996 as General Manager, Investment and later was appointed as the Chief Executive Officer, Lityan (Philippines) Inc. (LPI) from 1998 to 2003, mainly overseeing the operation of Public Phones in Philippines with Globe Telecom Philippines. He was re-designated to Senior General Manager in Lityan in 2003 focusing on main project implementation, in all government agencies amongst others SPEKS, SAGA and ANGKASA.

He is currently overseeing the telecommunication division and account management of Accountant General Department.

He has no family relationship with any director and/or major shareholder of the Company and has no directorships in any public and listed companies. He has no conflict of interest with the Company and has never been convicted for any offence.

DR. NAS TAMIMI BIN IBRAHIM **CHIEF TECHNOLOGY OFFICER**

Dr. Nas Tamimi Bin Ibrahim, male, aged 54, a Malaysian, was appointed as a Senior General Manager – Special Projects of Theta Edge Berhad on 1 September 2012 and re-designated to Chief Technology Officer on 4 April 2017. He received his BSc. in Computer Science (First Class Honours) from Universiti Teknologi Malaysia in 1986, and doctorate in Management Information Systems from University of Bradford, United Kingdom in 1997. He started his career in 1986 as Analyst Programmer and later promoted to Systems Administrator at Malaysian International Shipping Corporation Bhd (MISC) before joining Telekom Malaysia in 1990. In Telekom Malaysia he was appointed as Senior Systems Analyst and later promoted to Systems Manager in charge of the implementation of Corporate Information Data Warehouse and Executive Information Systems (EIS) before pursuing his Doctorate study in 1994.

Upon completion of his Doctorate study in 1997 he was appointed as Head of Consultancy and Customer Solution where he is primarily responsible for providing total customer solution and consultancy services for major customers' of Telekom Malaysia. He has successfully managed and implemented several customer solutions.

In 1999, he was appointed as the Project Director of Telekom Malaysia's subsidiary namely Telekom Smart School Sdn Bhd (TSS), where he was responsible delivering Smart School Integrated Solution for MSC Flagship Application for the Ministry of Education (MOE). He was later promoted to be the Chief Executive Officer of TSS from 2003 until 2007.

After serving TM/TSS for about 18 years, in January 2008, he left TM/TSS and joined a Joint Venture company as Project Director cum Chief Operating Officer (COO) responsible for securing and rolling out of e-Tanah project. In June 2009, he again moved on and worked for iLaunch Sdn. Bhd. as Project Director cum COO mainly responsible for e-Tanah pilot project recovery and operations in Penang.

He is now heading the Solution Delivery division in Theta Edge Berhad mainly responsible in delivering the IT projects undertaken by the Group.

He has no family relationship with any director and/or major shareholder of the Company and has no directorships in any public and listed companies. He has no conflict of interest with the Company and has never been convicted for any offence.

FINANCIAL HIGHLIGHTS

FIVE (5) YEARS FINANCIAL HIGHLIGHTS

		FY2016	FY2015	FY2014	FY2013	FY2012
FINANCIAL RESULTS						
Revenue	RM'000	136,316	150,482	98,319	94,903	75,292
Gross profit	RM'000	25,723	24,810	8,050	6,123	4,990
Gross profit	%	19%	16%	8%	6%	7%
Profit/(loss) before finance costs, taxation, allowances and other non cash items	RM'000	8,240	7,591	(5,606)	(6,982)	(8,417)
Profit/(loss) before finance costs and taxation	RM'000	3,229	3,013	(6,765)	(7,609)	(6,679)
Finance costs	RM'000	1,530	580	355	403	227
Profit/(loss) for the year	RM'000	1,657	2,294	(7,130)	(8,017)	(6,972)
Basic Earnings/(loss) per share	Sen	1.55	2.14	(6.65)	(7.48)	(6.50)
FINANCIAL POSITION						
Total assets	RM'000	98,829	137,882	82,438	86,362	92,468
Net assets	RM'000	68,104	66,445	64,151	71,281	79,298
Number of ordinary shares in issue	'000	107,243	107,241	107,241	107,241	107,241
Net assets per share	RM	0.64	0.62	0.60	0.66	0.74
Cost bearing borrowings	RM'000	11,951	49,136	4,207	3,009	888
Gearing		0.18	0.74	0.07	0.04	0.01
SHARE PERFORMANCE						
Year high	RM	0.48	0.48	0.65	0.58	0.70
Year low	RM	0.24	0.23	0.20	0.22	0.25
Year close	RM	0.29	0.28	0.33	0.39	0.30
Trading volume for the year	'000	18,051	12,182	22,204	10,028	5,363
Market capitalisation	RM'000	31,100	30,027	35,390	41,824	32,172

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED SHAREHOLDERS AND STAKEHOLDERS

On behalf of the Board of Directors, I am pleased to present our Annual Report and Audited Financial Statements for the financial year ended 31 December 2016.

BUSINESS AND OPERATIONS

The Group's business activities comprise of Information Technology (IT) system integration (SI) works and provision of telecommunication engineering and communication services in the Technology, Media and Telecommunication (TMT) industry. The Group's business is primarily in Malaysia.

The IT SI work has been and continue to be the Group's main core business for the last three (3) decades. As a turnkey contractor, the deliverables are normally end to end from feasibility studies up to post project support and maintenance. The customers are mainly the Government ministries and agencies as well as other government linked companies including the Group's parent company Lembaga Tabung Haji (**TH**) and its group of companies.

In the telecommunication segment, the Group provides civil, mechanical and electrical (CME) works and engineering services to the local telecommunication companies and to the multi-national telecommunication equipment vendors. The Group through one of its wholly-owned subsidiary company possesses Network Facilities Provider (NFP), Network Service Provider (NSP) and Application Service Provider (ASP) licenses from the Malaysian Communications and Multimedia Commission (MCMC) which business includes undertaking Universal Service Provision (USP) projects and provision of satellite communication services.

FINANCIAL RESULTS

Statements of Profit & Loss

In FY2016, the Group posted a lower revenue of RM136.3 million as compared to RM150.5 million previously. The reduction on revenue of about 9% is due to the higher trading project in FY2015 which contract had expired in the previous year itself. The improvement at the profit before finance costs, taxation, allowance and other non-cash items (EBITA) is mainly because of improvement of gross margin due to higher revenue contribution and composition from value added services and operations and maintenance works.

The Group's profit before finance costs and taxation improved by 7% to RM3.2 million from RM3.0 million previously. The Group's depreciation had increased by 52% due to acquisition of IT assets as well as the recognition of full year depreciation in FY2016 for acquisition of material IT assets in mid FY2015.

The Group had also made an allowance for doubtful debts of RM4.3 million based on the assessment of the recoverability of certain long outstanding debts. The higher cost of financing in FY2016 was mainly due to the utilization of trust receipts facilities for the requirements of a project.

Correspondingly, the Group reported a profit for the year of RM1.7 million against RM2.3 million from the preceding year.

Statements of Financial Position

Total assets of the Group had reduced by 28% mainly from reduction of inventories which were converted to revenues and collected receivables which was used to reduce the Group's liabilities and bank borrowings. Correspondingly the Group's liabilities had reduced from RM71.4 million to RM30.7 million in FY2016.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS Cont'd

The Group's gearing is low and at a manageable level. The bank borrowings as at the end of FY2016 were mainly to fund the capital expenditure for the purposes of desktop managed services projects.

OPERATING ACTIVITIES

The Group does not present segmental or geographical financial reporting as the Group's business is mainly in Malaysia and the Group's business has no diverse business outside the TMT industry.

IT SI works remains the major contributor to the Group's business contributing approximately 88% of the Group's total revenue for both FY2016 and FY2015. However as SI works are based on milestones progress, the revenues are uneven as it is only recognized progressively. The higher revenue in the IT segment revenue in FY2015 was mainly due to the supply of IT equipment and accessories under a Price Agreement contract to a major customer since May 2005. The contract expired on 31 August 2015 and was not renewed as the customer has called for a tender directly with the equipment manufacturers. As the project is for the supply of IT equipment, the margins derived from the project are very thin. Therefore the expiry of the contract did not significantly affect the future earnings of the Group. The Group's major SI works delivered in FY2016 comes from The Provision Of Hardware, Software, Training And Implementation For "Sistem Perakaunan Akruan Kerajaan Negeri" [The Accruals Accounting System For 11 State Treasuries] ("1speks") For Jabatan Akauntan Negara Malaysia. The completion of the project to date as at FY2016 was about 93%.

The provision of telecommunication services contributes approximately 12% of the Group's total revenue. Similarly, works in the telecommunication services are also milestones based and revenues recognized progressively. The revenue for this segment was higher in FY2015 due to the significant delivery milestones of a Time 3 extension Phase 1 USP project under the MCMC in FY2015. Revenues for FY2016 mainly comprise fiberisation works, CME, operations and maintenance works for Long Term Evolution (LTE) network projects for the telecommunication companies.

The revenues derived from **TH** and its group of companies constitute approximately 30% of the Group revenue for the financial year.

The business environment in FY2016 was challenging. Projects which were secured two to three years back were impacted with increased costs due to the depreciation of the ringgit against all major currencies which resulted in lower margins. The Group also experience similar challenges plagued by the industry in terms of manpower retention and skillset requirements.

INDUSTRY PROSPECTS

The National ICT Association of Malaysia (PIKOM) remains bullish on ICT outlook in 2017 despite the economic uncertainties and the depreciation of the Ringgit. Malaysia's overall ICT market is expected to feel the positive impact of the disruptive technologies and digital economic growth. Gartner forecasts that the ICT spending in Malaysia would be above RM70 billion for 2017.

Growth is expected to come largely from the telecommunication segment as well as areas such as cloud computing, mobility, big data, e-commerce, the IoT (Internet of Things) and digital governance. Similar to the previous years, 2017 will see initiatives largely driven by Government, to globalize, increase competitiveness, promote human capital development, lead the digital trend and accelerate growth of demand in the Malaysian ICT industry. The growth of the telecommunication and communication industry is expected to remain strong with the roll-out of the long term evolution network (LTE) by telecommunication providers.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS Cont'd

GROUP STRATEGIES

For the past few years, the Group had been focusing building annuity businesses, concessions, leveraging on its own intellectual properties and domain knowledge and forays into in niched areas to move from an uneven revenue trend to sustainable and recurring revenue. There are no major shift or changes to the Group's strategies and action plans. The Group continues to leverage on the support of its major shareholder and its Group of companies.

OUTLOOK

The Group expects 2017 to remain a challenging year. The cost of ICT products and services had increased due to the depreciation of the Ringgit against major foreign currencies. The reduction in operating and capital expenditure of some key market segments is expected to continue to put competitive and margin pressures on the Group. The challenges in getting the relevant skillsets and manpower retention is expected to remain.

Nevertheless the Group is striving to increase operational efficiency including renegotiation of commercial terms to taper the rising material and resources costs in order to maintain the similar margins and also leverage on business partners for the fulfilment of manpower or skillsets requirements.

The Group expects that IT SI works will remain the main contributor to the FY2017 revenues. However the Group is focussing to expand its services in the telecommunication segment as it expects that the contribution from this segment will increase in tandem with the growth in the industry. The completion of the Time 3 USP project in FY2016 saw the completion and handover of ten (10) constructed telecommunication towers to MCMC. This marks the first direct foray of the Group into USP projects.

During the course of the year, the Group expects to add on to its order book to sustain its 2017 financials and to begin 2018 with a healthy order book on hand. The Group is optimistic that it can continue the profitable trend in 2017. The Group will also put in effort and focus to move forward our investments in the Mukmin brand and green technology sector for them to contribute positively to the Group in the near to medium term.

Nevertheless, barring unforeseen circumstances, the Group expects that the results for the financial year 2017 to be better than 2016.

CORPORATE DEVELOPMENT

January 2017 saw the resignation of Datuk Nor Badli Munawir bin Mohamad Alias Lafti from the Board of Directors. We would like to convey our appreciation and thank you to Datuk Nor Badli for his leadership, guidance and support rendered during his tenure as the previous Group Managing Director and Chief Executive Officer and member of the Board.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our shareholders, Regulatory Authorities, customers, business partners and associates, main bankers and financial institutions and especially to all of our employees for their perseverance and unwavering support given to the Group thus far bringing us to this point. I would also like to express my appreciation to my fellow members of the Board for their invaluable guidance, efforts and support.

SUSTAINABILITY REPORT

The Group is committed to conduct and manage our business with good governance practices and in a socially responsible manner. Sustainability is an integral part of the business and the group adopted the Bursa Malaysia's Corporate Social Responsibility ("CSR") Framework which covers the following four (4) main areas:

EMPLOYEES AND WORKPLACE

We fully embrace workplace diversity and believe that a diverse workforce can supply a greater variety of solutions, perspectives, and ideas that are essential to meet the demands of fluctuating markets and customers. We ensure that our human resource policies, programs, and practices in various aspects such as employment relationship, recruitment and salary administration, are all in conformance with applicable laws and regulations of the Malaysian Government policy.

1. Performance Management

The Group hire well rounded talents locally and provide opportunities for these future leaders to flourish and contribute positively to the Group. The Performance Management System (PMS) ties the performance of each employee to the organization's direction and business goals, while holistically assessing employee performance.

2. Workplace Diversity

The Group believes there is strength in diversity and we are privileged to draw on the talents of a varied workforce which is well-represented in terms of age, gender and length of service. A diverse workforce enables the Group increase its competitiveness in the current globalized and challenging industry.

No of Employees

		Total	Gender		ETHNICITY			
		Headcount	M	F	Malay	Chinese	Indian	Others
Senior Management	1%	4	3	1	3	1	-	-
Head of Business								
Divisions	1%	5	5	-	4	-	1	-
Managers	15%	56	38	18	45	7	3	1
Executives	76%	280	169	111	272	5	2	1
Non-Executives	7%	25	15	10	24	-	1	-
		370	230	140	348	13	7	2
			62.2%	37.8%	94.1%	3.5%	1.9%	0.5%

EMPLOYEES AND WORKPLACE cont'd

		Total Headcount	AGE					WORK SERVICE (YEARS)					
			< 30	30 - 39	40 - 49	50 - 59	60 above	< 5	5 - 10	11 - 15	16 - 20	21 - 25	> 25
Senior Management Head of Business Divisions	1%	4	-	-	1	1	2	2	-	-	-	2	-
Managers	15%	56	4	15	32	3	2	29	18	2	1	5	1
Executives	76%	280	119	121	34	6	-	216	48	7	3	3	3
Non-Executives	7%	25	14	5	2	4	-	16	-	1	-	-	-
		370	137	141	72	16	4	265	77	10	4	10	4
			37.0%	38.1%	19.5%	4.3%	1.1%	71.6%	20.8%	2.7%	1.1%	2.7%	1.1%

3. Human Capital Development

In a dynamic ICT environment, it is imperative to keep the workforce relevant and kept abreast of the changes in the industry. The Group continues to invest in its employees through training and development in assisting them to work towards their goals and aspirations. During the financial year ended 31 December 2016, 55 employees attended various trainings in the areas of technical trainings, technology updates and soft-skills.

4. Health and Safety

The promotion of Occupational Safety & Health (OSH) is a shared objective between the management and employees at all levels. The Group aims to prevent illness, injury and property damage, and to protect employees from foreseeable occupational hazards. Where necessary, employees are provided safety equipment as appropriate to the work being performed.

The Group had recently renewed its NIOSH for Occupational Safety and Health Management System OHSAS 18001:2007 for Management of project for ICT and Telecommunication on 7 February 2017.

5. Employee Engagement

We advocate a good work-life balance amongst the employees in order to improve morale and productivity. For the year under review, the Group has organized various activities to strengthen the relationship with the employees amongst others; Hari Raya Open House, Hari Raya gift for the Social Club Members, Movie Leisure Time with employees.

During the financial year, team building events were also organized for the whole company in batches with the objective of fostering closer relationship between the different business units and across levels.

SUSTAINABILITY REPORT Cont'd

COMMUNITY

The Group is committed to ensure a continuous community engagement as part of its corporate responsibility initiatives.

The Group is dedicated in providing practical learning and workplace application experience opportunity for internship students. These internship programs are for a minimum of (2) two months and up to (6) six months in duration. In 2016, the Group has trained (45) forty-five students with varied skill and expertise from (11) eleven Universities and Colleges. They were trained on-the-job experience and exposed with wide variety of tasks and responsibilities.

During the financial year, the Group also has provided valuable assistance in the form of monetary or in kind to the underprivileged and local communities as follows :

- Hari Raya Shopping with Anak-anak Yatim Damai Kuang – 29 June 2016
- Hari Raya Open House – 19 July 2016
- Charity Visit to Children Welfare Home – 30 July 2016
- Charity Visit to Handicapped & Disable Children's Association of Klang – 30 July 2016
- Charity Visit to Rumah Anak-Anak Yatim Damai Kuang – 30 July 2016

MARKET PLACE

1. Corporate Governance

The Group recognises the importance of practising the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance stakeholders' value and to ensure that the best practices are adopted and implemented wherever possible. The Group is committed in providing the investment community and the public with timely, complete and accurate updates of the Group based on the principles of transparency, integrity and good corporate governance. Our corporate website aims to deliver comprehensive information in full compliance with the Best Practices in Corporate Disclosure, enabling our stakeholders to gain a better understanding of the Group's performance and operations.

2. Code of Business Ethics

The Group adopted the Code of Business Ethics published by its holding company, Lembaga Tabung Haji. The Code of Business Ethics is published in the Company's website at www.theta-edge.com.

The Code of Business Ethics also covers whistle-blowing provisions which provides the policy and information on the appropriate feedback channels to facilitate whistle-blowing.

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its operations. During the financial year, the Malaysian Anti-Corruption Commission ("MACC") held a talk and Round Table discussion with the management level of the Group on the issues of integrity in doing business in the ICT industry. The management team also individually signed an integrity pledge to uphold integrity in all of their business conduct.

Subsequently a seminar on integrity was held by the MACC for the rest of the Group's employees.

MARKET PLACE cont'd3. Corporate Disclosure Practices

The Group recognizes the importance of timely dissemination of accurate and material information relating to business and operations to stakeholders. The Group adheres to the disclosure requirements under the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), the Malaysian Financial Reporting Standards and any other relevant Acts, Laws or Regulations.

4. Corporate Website

Other than the public announcements through BMSB, the Group's website at www.theta-edge.com provide the public with information on the Group and other information including a channel for stakeholders to submit queries to the Group via this website.

ENVIRONMENT

The Group is committed to create environmental awareness among employees and reinforce responsible behavior that supports a cleaner living environment, sustainable resources, good public health in workplace and all surrounding areas. The Group promotes and encourages its staffs to use resources efficiently and effectively.

SUSTAINABILITY REPORT Cont'd

Arrival of Mukmin



Annual General Meeting



Big Data Analytics



Business Plan Briefing 2016



Integrity Talk by Malaysian Anti-Corruption Commission



SUSTAINABILITY REPORT

Cont'd

Safety Audit at Site



ISPEK Hardware to All Eleven (11) State Treasuries





Handicapped Disabled Children's Association of Klang

Selangor Children Welfare Home



Rumah Anak Yatim Damai Kuang



Hari Raya Open House



Hari Raya Shopping with Anak Yatim Damai Kuang

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Theta Edge Berhad (“Company”) is committed to a corporate culture that is based on the principles and best practices of corporate governance and is practised by the Company and its subsidiaries (“the Group”).

The Group will continue to endeavor to adhere to all the key Principles and Best Practices of the Malaysian Code on Corporate Governance 2012 (“the Code”) in its effort to observe high standards of transparency, accountability and integrity to its shareholders and various stakeholders.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board provides the overall governance as well as stewardship and oversight for the direction and management of the Company and Group.

In discharging its duties and functions effectively, the Board delegates certain responsibilities to its Board Committees and the implementing of the Group’s strategies, policies and decisions as well as the day to day operations of the Group to the Management which is led by the Group Managing Director and Chief Executive Officer (“CEO”).

1.2 Clear Roles and Responsibilities

The Board is entrusted to ensure that the Group operates with integrity in compliance with all the rules and regulations in the best interest of the shareholders and stakeholders. The Board’s roles and responsibilities amongst others include:

- (i) Reviewing, adopting and monitoring the Group’s strategic direction, annual business and operating plans and financial budgets;
- (ii) Identifying and managing principal risks affecting the Group;
- (iii) Reviewing the adequacy and integrity of the Group’s management information, risk management and internal controls;
- (iv) Reviewing and approving the quarterly and yearly financial results to ensure that they are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements ;
- (v) Reviewing and approving material investment, acquisition or disposal of assets;
- (vi) Reviewing and approving the appointment, remuneration and succession planning for senior management;
- (vii) Developing and implementing shareholders’ communication policy.



STATEMENT ON CORPORATE GOVERNANCE Cont'd

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES cont'd

1.3 Code of Ethics

The Board observes the Directors' Code of Ethics established by the Companies Commission of Malaysia. The Group adopts the Code of Business Ethics published by its holding company, Lembaga Tabung Haji. The Code of Business Ethics is published in the Company's website at www.theta-edge.com.

The Code of Business Ethics also covers whistle-blowing provisions which provides the policy and information on the appropriate feedback channels to facilitate whistle-blowing.

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its operations. The Company had on 13 April 2012 signed the Malaysian Corporate Integrity Pledge. The Group pledges that it will abide by the Anti-Corruption Principles in the conduct of its business and operations with all stakeholders.

1.4 Sustainability Strategies

The Board views the commitment to sustainability and Environmental, Social and Governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates. The Corporate Sustainability Statement in this Annual Report provides further details on how efforts on sustainability are taken by the Board and Management. Details of the Group's key corporate responsibility activities in 2016 can be found in the Sustainability Report on pages 20 to 23 of this Annual Report.

1.5 Access to Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of the corporate announcements released to Bursa Malaysia Securities Berhad ("BMSB"), any amendment to BMSB's Main Market Listing Requirements ("Listing Requirements") and any pertinent Regulatory changes. All Directors have access to the management and auditors for independent view and advice.

In furtherance of their duties, the Directors may seek independent professional advice if necessary, at the expense of the Company.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES cont'd

1.6 Company Secretary

The Company Secretaries, Ms Cynthia Louis and Ms Chew Mei Ling are Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA).

The Company Secretaries whose appointment and removal is subject to the Board's approval, attend all Board and Board Committee meetings. The Board has direct access to the advice and services of the Company Secretaries who is responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-

- Statutory duties as required under the Companies Act, 2016, Main Market Listing Requirements of BMSB and Capital Market and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committee Meetings;
- Maintaining records for the purpose of meeting statutory obligations;
- Assisting the Board with the preparation of announcements for release to BMSB and the Securities Commission Malaysia; and
- Rendering advice and support to the Board and Management.

1.7 Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. More information on the Board Charter can be found on the Company's website at www.theta-edge.com.

The Board will review the Board Charter as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

The Board Charter was last reviewed in August 2013.

2 STRENGTHEN COMPOSITION

Board Committees

The Board delegated certain responsibilities to the Board Committees i.e. Audit and Risk Management Committee, Nomination Committee and Remuneration Committee who operate within the approved terms of reference. The Board Committees discuss the subject matter, put forward recommendations and report to the Board for final decision.

(a) Audit and Risk Management Committee (“ARMC”)

The primary objective of the ARMC is to assist the Board in fulfilling its responsibility relating to accounting, risk management and reporting practices of the Group. The ARMC is accorded all resources required to perform its duties, have full and unrestricted access to any information pertaining to the Group, have direct communication channels with the external and internal Auditors and is entitled to obtain any external legal or other independent professional advice as necessary. The composition of the ARMC is as follows:-

Mohamed Ridza bin Mohamed Abdulla (Chairman)
(Senior Independent Non-Executive Director)

Datuk Nor Badli Munawir bin Mohamad Alias Lafti (Member) *(Resigned 27 January 2017)*
(Independent Non-Executive Director)

Abdul Halim bin Jantan (Member) *(Appointed 1 June 2016)*
(Independent Non-Executive Director)

Dato’ Adi Azuan bin Abdul Ghani (Member)
(Non-Independent Non-Executive Director)

The Terms of Reference is detailed in the ARMC report on pages 52 to 58.

(b) Remuneration Committee (“RC”)

The RC is appointed by the Board and has no executive powers. The appointment of a committee member automatically terminates when the member ceases to be a Director. The composition of the RC is as follows:-

Dato’ Adi Azuan bin Abdul Ghani (Chairman)
(Non-Independent Non-Executive Director)

Mohamed Ridza bin Mohamed Abdulla (Member)
(Senior Independent Non-Executive Director)

Datuk Nor Badli Munawir bin Mohamad Alias Lafti (Member) *(Resigned 27 January 2017)*
(Independent Non-Executive Director)

Dato’ Richard George Azlan bin Abas (Member) *(Appointed 4 April 2017)*
(Independent Non-Executive Director)

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

Board Committees cont'd

(b) Remuneration Committee ("RC") cont'd

The RC comprising of three (3) Non-Executive Directors, majority of whom are Independent, has the primary responsibility to provide assistance to the Board in determining, reviewing and developing a remuneration policy and reward system for the Board, personnel designated "Chief" and above and other strategic position such as internal auditor, legal officer and risk officer. The remuneration package links rewards to corporate and individual performance. A remuneration policy is presently in place to ensure the levels of remuneration are sufficiently attractive to retain Directors and Key Senior Management.

The RC shall meet at least once a year and may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. The RC through its Chairman shall report to the Board at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the RC.

Terms of Reference

1. To review and recommend to the Board the remuneration package for Executive and Non-Executive Directors and assists the Board in ensuring that the remuneration of the Executive and Non-Executive Directors commensurate with the responsibilities and duties undertaken by the Board members.
2. To review and recommend to the Board the salaries increment, bonus and other incentives for:-
 - (i) the Group's employees; and
 - (ii) the internal auditor, legal officer, risk officer and key senior employees designated "Chief" and above.
3. The Board as a whole determines the remuneration of each Director. Directors do not participate in decision regarding their own remuneration package.

(c) Nomination Committee

The details of the Nomination Committee as per the paragraph 2.1 below.

2 STRENGTHEN COMPOSITION cont'd

2.1 Nomination Committee ("NC")

The NC is a committee of the Board with the function of recommending appointments to the Board, Board Committees and personnel designated "Chief" and above and other strategic positions such as internal auditor, legal officer and risk officer.

Membership

- (i) The NC comprises a minimum of two (2) members, all of whom are Non-Executive Directors with the majority being Independent Directors.
- (ii) The term of office of each member of the NC shall be one year and is subject to re-appointment thereafter at the discretion of the Board.
- (iii) The Board shall ensure that any vacancy in the NC is filled within three (3) months of such vacancy arising.
- (iv) The appointment of a committee member automatically terminates when the member ceases to be a Director.

The composition of the NC during the financial year was as follows:-

Datuk Nor Badli Munawir bin Mohamad Alias Lafti (Chairman) *(Resigned 27 January 2017)*
(Independent Non-Executive Director)

Mohamed Ridza bin Mohamed Abdulla (Chairman) *(Redesignated 4 April 2017)*
(Senior Independent Non-Executive Director)

Abdul Halim bin Jantan (Member) *(Appointed 1 September 2016)*
(Independent Non-Executive Director)

Anis Zuhani Binti Ahmad (Member) *(Appointed 4 April 2017)*
(Non-Independent Non-Executive Director)

Meetings

The NC shall meet at least once a year and may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. Additional meetings shall be scheduled if considered necessary by the Committee members or Chairman. Where necessary and appropriate, any decision of the NC may be made by a majority of the members via a Circular Resolution.

The NC through its Chairman shall report to the Board at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the NC.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

2.1 Nomination Committee ("NC") cont'd

Quorum

Two (2) members of the NC present in person or via video or tele-conference or other electronic means, enabling simultaneous visual or audio communication shall constitute a quorum for meeting of the NC.

Voting

A resolution put to the vote of the Meeting shall be decided on a show of hands. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote (except where 2 members form the quorum).

Terms of Reference

The NC shall:-

- (i) Assess and recommend to the Board, the candidature of new directors (whether proposed by the Board, Senior Management, shareholders or third party referrals).

In making its recommendations, the NC shall take into consideration the following criteria:

- the candidate's resume, curriculum vitae and qualification and time to effectively discharge his/her role as a Director of the Company;
 - character, integrity, competence, wisdom, ability to work as a team to support the Board, understanding of the business environment and in the case of candidates for the position of Independent Non-Executive Directors, the independence and ability to discharge such responsibilities as expected from the Independent Non-Executive Director;
 - whether the candidate has any conflict of interest with the Company; and
 - any other relevant criteria as may be determined by the NC from time to time.
- (ii) Develop criteria to assess the independence of the Independent Directors.
 - (iii) To identify and recommend to the Board candidates suitable for appointment as members of Committees of the Board and personnel designated "Chief" and above and other strategic positions such as internal auditor, legal officer and risk officer.

2 STRENGTHEN COMPOSITION cont'd

2.1 Nomination Committee ("NC") cont'd

Terms of Reference cont'd

The NC shall cont'd:-

- (iv) To annually review the performance of the Board, its Committees as well as the effectiveness of the Board and Board Committees, the required mix of skills, experience and other qualities of which the Board Members as well as the personnel designated "Chief" should bring to the Board.
- (v) To review the succession plans for the Board and personnel designated "Chief" and training programmes for Directors.
- (vi) To assess and recommend the re-election/re-appointment of directors upon the expiry of their terms of appointment.
- (vii) To consider the balance of the Board and Board Committees membership and determine the core competencies and skills required of the Board in order to discharge its duties effectively.
- (viii) To introduce policy(ies) or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

The nomination and election process of Board Members are as follows:-

(i) *Appointment of New Directors*

The Board does not set specific criteria for the selection and assessment of candidate for appointment as director. Consideration would be taken on the need, amongst others, to meet the regulatory requirement such as the Companies Act, 2016 and the Listing Requirements. Importance is placed on consideration that would add value to the Board and the Company.

The NC is responsible to recommend candidates to the Board to fill vacancies arising from resignation, retirement or other reasons or if there is a need to appoint additional directors with the required skills or profession to the Board in order to provide the diversity and close the competency gap in the Board identified by the NC. The potential candidate(s) may be proposed by existing directors, senior management, shareholders or third party referrals.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors cont'd

(i) *Appointment of New Directors cont'd*

Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation on the proposed candidates.

The assessment/evaluation process may include amongst others, a review of the candidates' resume, curriculum vitae and qualifications. The NC would also assess the candidates' integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties and functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidates, the NC would make its recommendation to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidates.

(ii) *Annual Assessment of Existing Directors & Board Committees*

Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

During the financial year under review, to ensure the Board would be able to discharge its duties and responsibilities effectively, the NC has carried out:-

- (a) an assessment of the Directors, which includes the self-assessment carried out by the individual Directors;
- (b) a review on the retirement of Directors by rotation eligible for re-election at the 23rd Annual General Meeting;
- (c) an assessment on the independence of the Independent Directors; and
- (d) a review and assessment on the Board Committees.

There were no major concerns arising from the results of the assessments.

The Nomination Committee (NC) undertook an evaluation on the ARMC and the assessment criteria include effectiveness and quality, external and internal audits and financial reporting. The NC and the Board was satisfied with the performance and effectiveness of the ARMC.

2 STRENGTHEN COMPOSITION cont'd

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors cont'd

(ii) *Annual Assessment of Existing Directors & Board Committees cont'd*

During the financial year the NC also reviewed the composition of the Board Committees and Board of the subsidiary companies. The NC recommended the following changes which was approved by the Board:-

- (a) Abdul Halim bin Jantan as an additional member of the ARMC effective 1 June 2016 and a member of the NC effective 1 September 2016; and
- (b) The appointments of certain existing board members as directors of subsidiary companies.

In May 2016, the NC also reviewed and amended its Terms of Reference in line with the amendments in Listing Requirements of BMSB during the financial year.

(iii) *Re-election of Directors*

In accordance with the provisions of the Company's Constitution, at least one-third (1/3) of the Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office and shall be eligible for re-election at each Annual General Meeting ("AGM"). Consequently, each Director shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are appointed to the Board during the year shall retire and seek re-election at the next AGM to be held following their appointments.

2.3 Remuneration policies

The objectives of the Directors' remuneration policies are to attract, retain and motivate the Directors serving the Board of the Company. The Board through the RC shall ensure that the levels of remuneration are sufficient to attract and retain quality Directors required to manage the strategic direction and oversight of the Group.

The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors. In the case of non-executive directors, the levels of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive directors concerned.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

2.3 Remuneration policies cont'd

Directors' Remuneration

Details of Directors' remuneration for the financial year ended 31 December 2016 are set out as below:-

	Fees (RM)	Salary & Bonus (RM)	Benefit-in kind (RM)	Retirement benefit (RM)	Other Emoluments (RM)	Total (RM)
Group						
Executive Directors	-	561,500	-	612,500	160,667	1,334,667
Non-Executive Directors	333,750	-	-	-	274,000	607,750
Company						
Executive Directors	-	561,500	-	612,500	160,667	1,334,667
Non-Executive Directors	210,000	-	-	-	274,000	484,000

The number of Directors whose total Group remuneration falls within the following bands for the financial year ended 31 December 2016 are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,000 and below Abdul Halim bin Jantan Anis Zuhani binti Ahmad		2
RM50,001 to RM100,000 Dato' Syed Saleh bin Syed Abdul Rahman Dato' Richard George Azlan bin Abas Mohamed Ridza bin Mohamed Abdulla Datuk Nor Badli Munawir bin Mohamad Alias Lafti		4

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

2.3 Remuneration policies cont'd

Directors' Remuneration cont'd

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM100,001 to RM150,000 Tan Sri Dato' Hashim bin Meon Dato' Adi Azuan bin Abdul Ghani		2
RM1,300,001 to RM1,350,000 A. Shukor bin S.A Karim	1	

During the financial year, the RC conducted a review of the remuneration levels of the Directors taking into account various factors which include the time commitment required, the fiduciary and statutory duties required under the various laws and regulations.

(i) Directors' Fees of the Company

	Number	Current Fee Per Annum (RM)	Proposed Fee Per Annum (RM)
Chairman of the Board	1	35,000	80,000
Chairman of the ARMC	1	25,000	50,000
Non-Executive Directors	6	25,000	30,000
Group Managing Director & Chief Executive Officer	1	-	-
TOTAL	9	210,000	310,000

The Company will be seeking the approval for the additional increase of RM100,000 Directors' fees for the current financial year ended 31 December 2016 in the forthcoming Twenty-Fourth (24th) Annual General Meeting (AGM). The proposed increase in Directors' fees is to reflect the additional responsibilities of the Non-Executive Directors as the Directors focus areas have expanded considerably. The additional proposed fees is not paid until the approval of the shareholders in the forthcoming AGM.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

2 STRENGTHEN COMPOSITION cont'd

2.3 Remuneration policies cont'd

Directors' Remuneration cont'd

(ii) Meeting Fees

	Board Per Meeting RM	ARMC Per Meeting RM	NC / RC Per Meeting RM
Chairman	3,000	3,000	2,000
Non-Executive Member	1,500	2,500	1,500
Group Managing Director & Chief Executive Officer	-	-	-

(iii) Director's Fees of Subsidiary Companies

The RC also proposed that the Directors who also sit on the Board of the subsidiary companies are to be paid RM5,000 per annum per company after considering the fiduciary duties and responsibilities expected of the Directors sitting on their respective Boards. The fees are to be applied retrospectively from the financial year ended 31 December 2015.

(iv) Non-Executive Directors

The Non-executive Directors are not entitled to any other benefits or incentive plans with the exception of the Directors & Officers Insurance coverage.

(v) Group Managing Director & Chief Executive Officer ("CEO")

The CEO is not entitled to the above Directors' fees or any meeting fees for Board or Board Committee meetings he attends for the Company or subsidiary companies. The CEO's remuneration package reflected in his service contract is structured taking into account the fixed compensation which includes basic salaries, retirement benefits, leave passage and allowances and a variable performance-linked bonus. The CEO's contract is reviewed every two (2) years.

(vi) Senior Management

Disclosure of the Senior Management's remuneration is set out in the Annual Audited Financial Statements in this Annual Report.

2 STRENGTHEN COMPOSITION cont'd

2.3 Remuneration policies cont'd

Directors' Remuneration cont'd

(vii) *Group Employees Increment*

During the financial year, the RC reviewed and assessed the proposed increment of the Group's employees proposed by the Management. The increment had taken into account the financial position and performance of the Group, the individual performance, inflationary rates, supply and demand as well as industry benchmark.

(viii) *Directors & Officers (D&O) Insurance*

The Directors together with the officers of the Group are covered under the D&O insurance in respect of any liabilities or claims arising from them discharging their duties as Directors and Officers of the Group, provided they have not acted negligently, fraudulently or in breach of their duties.

3 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Listing Requirements.

On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

None of the Independent Director disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was satisfied with the level of independence demonstrated by all Independent Directors.

During the financial year, the NC carried out an assessment of the Directors and recommended the re-election of directors at the Twenty-Fourth (24th) Annual General Meeting to the Board.

3.2 Tenure of Independent Director

The Board is aware of the recommendation 3.2 and 3.3 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-executive Director upon completion of nine (9) years tenure. The Board must justify the decision and seeks shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the Independent Director has served a cumulative term of nine (9) years.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

3 REINFORCE INDEPENDENCE cont'd

3.3 Shareholders' approval for re-appointment as Independent Non-Executive Director after a tenure of nine years

In the last Twenty-Third (23rd) Annual General Meeting, the shareholders had given the approval for Encik Mohamed Ridza bin Mohamed Abdulla, whose term of office as Independent Director of the Company had exceeded nine (9) years on 7 November 2016 to be retained as Independent Non-Executive Director of the Company.

The NC and the Board are confident that Encik Mohamed Ridza bin Mohamed Abdulla can be tasked to discharge his duties and responsibilities independently and objectively notwithstanding his tenure on the Board. The Company will seek its shareholders' approval on the retention of Encik Mohamed Ridza bin Mohamed Abdulla to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM.

3.4 Separate position of the Chairman and CEO

The roles of the Chairman of the Board and the CEO are segregated. The Chairman is primarily responsible for the proper conduct and workings of the Board whilst the CEO is responsible for the day-to-day running of the business and implementation of Board's strategies, policies and decisions.

3.5 Composition of the Board

The Board currently consist of eight (8) members comprising the Chairman, who is a Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director.

The Board has complied with Paragraph 15.02 of the Listing Requirements which requires at least two directors or one-third of the Board, (whichever is the higher) to be Independent Directors. The presence of Independent Directors provides objectivity and independent judgment to decision making.

3 REINFORCE INDEPENDENCE cont'd

3.5 Composition of the Board cont'd

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Although Theta does not have a majority of Independent Directors on its Board, the Board believes that the current composition is appropriate given the collective skills and experience of the Directors and Theta Group's current size and nature of Theta's business. Further, the Board is of the view that with the current Board size, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the Board size and composition as may be needed.

The Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They, particularly the Independent Non-Executive Directors, are actively involved in various Board Committees. They provide guidance, unbiased, fully balanced and independent and objective views, advice and judgment to various areas such as performance monitoring, enhancement of corporate governance and controls so as to safeguard the interest of shareholders and stakeholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

It is a mandatory practice to have the Directors concerned to declare their interests and abstain from the decision making process when a potential conflict of interest arises.

Board Diversity

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as management, information technology, telecommunication, finance and law. The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities. A brief profile of each Director is presented from page 6 to page 11 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

3 REINFORCE INDEPENDENCE cont'd

3.5 Composition of the Board cont'd

Board Diversity cont'd

The broad experience matrix, age and gender diversity of the Board during the financial year was as follows:

Directors	Industry / Background experience							Age composition				Gender	
	Public Service	Accounting / Finance / Corporate Finance	Corporate	Financial services	Legal/Regulatory	Oil & Gas	Telecommunication, Media & Technology	46-50	51-55	56-60	61-70	Male	Female
Tan Sri Dato' Hashim bin Meon	√		√				√				√	√	
Dato' Adi Azuan bin Abdul Ghani	√	√	√	√				√				√	
Dato' Syed Saleh bin Syed Abdul Rahman	√	√	√	√					√			√	
Anis Zuhani binti Ahmad	√	√	√				√	√					√
Mohamed Ridza bin Mohamed Abdulla		√	√	√	√	√	√	√				√	
Abdul Halim bin Jantan			√	√			√			√		√	
Datuk Nor Badli Munawir bin Mohamad Alias Lafti*		√	√			√	√		√			√	
Dato' Richard George Azlan bin Abas		√							√			√	
A. Shukor bin S.A. Karim	√		√			√	√			√		√	

Note * Includes Datuk Nor Badli Munawir bin Mohamad Alias Lafti who resigned from the Board on 27 January 2017.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

3 REINFORCE INDEPENDENCE cont'd

3.5 Composition of the Board cont'd

Board Diversity cont'd

The Company does not have a policy on gender, ethnicity and age group for candidates to be appointed on the Board. The Group does not practice any form of gender, ethnicity and age group for all directors and the selection criteria for appointment will be based on skills, experience and knowledge as the Group provides equal opportunity to candidates based on merit.

However with the appointment of Puan Anis Zuhani binti Ahmad to the Board on 19 November 2015, the Company had move a step closer to meet the gender diversity policy.

4 FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2016. In compliance with the Listing Requirements, all the Directors do not hold directorships more than that prescribed under the Listing Requirements. There were six [6] Board of Directors' Meetings held during the financial year ended 31 December 2016 and the details of the attendance of the Directors' Meetings and Committees are as follows:-

Directors	Board of Directors	ARMC	NC	RC
Tan Sri Dato' Hashim bin Meon	6/6	-	-	-
Dato' Adi Azuan bin Abdul Ghani	6/6	6/6	-	3/3
Dato' Syed Saleh bin Syed Abdul Rahman	4/6	-	-	-
Anis Zuhani binti Ahmad	4/6	-	-	-
Mohamed Ridza bin Mohamed Abdulla	6/6	6/6	3/3	3/3
Abdul Halim bin Jantan *	5/6	2/3	0/0	-
Datuk Nor Badli Munawir bin Mohamad Alias Lafti	5/6	6/6	3/3	3/3
Dato' Richard George Azlan bin Abas	5/6	-	-	-
A. Shukor bin S.A. Karim	6/6	-	-	-
Total Number of Meetings	6	6	3	3

ARMC - Audit & Risk Management Committee

NC - Nomination Committee

RC - Remuneration Committee

Note * Encik Abdul Halim bin Jantan was appointed as a ARMC member effective 1 June 2016 and NC member effective 1 September 2016. There were three (3) ARMC meetings and no NC meeting held after his appointment.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

4 FOSTER COMMITMENT cont'd

4.2 Training

All the Directors of the Company have attended the Mandatory Accreditation Programme. Directors are encouraged to attend relevant seminars and conferences to enhance their skills and knowledge and to keep abreast with the latest developments on laws and regulations.

For the year under review, the training programmes and seminars attended by the Directors are as follows:

Directors	Seminar/Forum/Conference/Training	Date
Tan Sri Dato' Hashim Bin Meon	Memperkasa Perkhidmatan Awam Merentasi Era Transformasi	7 to 9 October 2016
Dato' Syed Saleh Bin Syed Abdul Rahman	Total Quality Management Pencegahan Pengubahan Wang Haram dan Pencegahan Pembiayaan Keganasan untuk Pengurusan Kanan TH	3 November 2016 29 November 2016
Dato' Adi Azuan Bin Abdul Ghani	Total Quality Management Pencegahan Pengubahan Wang Haram dan Pencegahan Pembiayaan Keganasan untuk Pengurusan Kanan TH	3 November 2016 29 November 2016
Anis Zuhani Binti Ahmad	Mandatory Accreditation Programme for PLC Pencegahan Pengubahan Wang Haram dan Pencegahan Pembiayaan Keganasan untuk Pengurusan Kanan TH	13 to 14 January 2016 29 November 2016
Mohamed Ridza Bin Mohamed Abdulla	The New and Revised Auditor Reporting Standards: Implications to Financial Institutions Distinguished Board Leader Ship Series – Cyber-Risk Oversight Distinguished Board Leadership Series – Avoiding Financial Myopia Malaysian Financial Reporting Standards 9 Distinguished Board Leadership Series – Effective Board Evaluation FinTech: Business Opportunity or Disruptor Risk Management Committee Anti-Money Laundering and Countering Financing of Terrorism Islamic Finance Innofest 2016 – Energising Innovation in Islamic Financial Services	20 January 2016 16 March 2016 19 April 2016 27 April 2016 25 July 2016 4 August 2016 5 to 6 September 2016 4 October 2016 24 November 2016

STATEMENT ON CORPORATE GOVERNANCE Cont'd

4 FOSTER COMMITMENT cont'd

4.2 Training cont'd

Directors	Seminar/Forum/Conference/Training	Date
Abdul Halim Bin Jantan	MARIM - Scene Setting for Global Risk Outlook	24 March 2016
	Human Capital Development Seminar - Changing Times, New Mindset, New Expectations	22 August 2016
	Technology and Applications for Disaster Management	19 to 20 October 2016
	2nd International Conference 2016 (TADMIC16) - Turning Risks into Results	
Dato' Richard George Azlan Bin Abas	The International Auditing & Assurance Standards Board roundtable	14 April 2016
	Enhancing Audit Quality	15 April 2016
	Audit Committee Institute Breakfast roundtable - Sustainability Reporting	26 April 2016
	International Foundations of Directorship	15 to 17 August 2016
	Future Tensions in Professional Associations	23 August 2016
	The Future of Work : How Can We Adapt to Survive and Thrive?	1 September 2016
	MDEC Fintech Conference	5 September 2016
	Professional Accountants The Future	5 September 2016
	A Question of Ethics - Navigating Ethical Failure in the Banking and Finance Industry	22 September 2016
	MINDA PowerTalk "Bridging the Gap via Stakeholders Engagement"	18 October 2016
	Malaysian Code on Corporate Governance	27 October 2016
	Building High Performance Directors	31 October to 3 November 2016
	MIA International Accountants Conference	15 to 16 November 2016
	The Cybersecurity Threat and How Board Should Mitigate the Risks	18 November 2016
	AGM Best Practice Guide for Listed Companies	21 November 2016
A. Shukor Bin S.A. Karim	Program Bicara Integriti	26 April 2016
	Big Data & Analytics, Turn Data Into Competitive Advantage	18 August 2016

STATEMENT ON CORPORATE GOVERNANCE Cont'd

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the ARMC and approved by the Board of Directors prior to submission to BMSB.

Statement of Directors' Responsibilities

The financial statements of the Group and of the Company have been drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgements and estimates that are prudent and reasonable; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the requirements of Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

5.2 External Auditors

The Company's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of the financial statements.

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the relevant regulations and applicable approved accounting standards in Malaysia. The external auditors attend ARMC meetings when necessary and have direct access to the ARMC and internal auditors for independent discussion.

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING cont'd

5.2 External auditors cont'd

Independence of Auditors

The Board through the ARMC reviews and assess the independence of the External Auditors on a yearly basis and recommends to the shareholders for re-appointment at the Annual General Meeting. The External Auditors also declare their independence to the ARMC during the review of the Financial Statements.

6 RECOGNISE AND MANAGE RISKS

6.1 Risk Framework

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Risk Management and Internal Control is set out on page 59 of the Annual Report.

6.2 Internal Audit Function

The Internal Audit & Risk Management Department ("IARMD") is an in-house department, independent of the activities or operations of other operating units.

The Head of the IARMD reports directly to the ARMC, to perform regular review and appraisal of the effectiveness of risk management, internal control and governance processes of the Group. Accordingly, activities carried out include risk assessment and internal audits addressing both financial and operational aspects.

In carrying out internal audit review, detailed reports were issued to the ARMC covering operational aspects such as procurement and tendering processes, contract and project management. Apart from highlighting any deficiency or areas requiring the management's attention, the reports also included recommendations as well as proposed corrective actions to be implemented by the management. Follow-up audits were then carried-out to determine whether corrective actions had been taken by the management.

The Head of the Internal Audit also provides assurance to the Board that the internal controls are operating effectively and was also given the opportunity to meet with the ARMC without the presence of the management.

STATEMENT ON CORPORATE GOVERNANCE Cont'd

7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board observes the Corporate disclosure Guide issued by the BMSB which can be viewed from BMSB's website at www.bursamalaysia.com as well as adhering to and complying with the disclosure requirements of the Listing Requirements.

The Company's corporate website provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and annual reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders have equal access to such information.

8 RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:-

- (i) The Annual Report;
- (ii) The various disclosures and announcements made to BMSB including the Quarterly Results and Annual Results;
- (iii) Briefings to the Company's key investors or other investment community in order to provide them a better understanding of the Group's operations and explanation to any concern highlighted; and
- (iv) The website at www.theta-edge.com which shareholders as well as members of the public are invited to access for the latest information on the Group.

8.1 Encourage shareholder participation at general meetings

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings are held as and when required.

8.2 Poll Voting

In line with the recent amendments to the Main Market Listing Requirements of BMSB, the Company will implement poll voting for all the resolutions set out in the Notice of AGM and EGM.

8 RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS cont'd

8.3 Effective communication and proactive engagements with shareholders

The Board also encourages shareholders to communicate through other channels and has identified En Mohamed Ridza bin Mohamed Abdulla as the Senior Independent Non-Executive Director to whom concerns from the public may be conveyed. En Mohamed Ridza bin Mohamed Abdulla can be contacted via the following channel:-

c/o Theta Edge Berhad
A-3A-3A, Block A, Oasis Square Office
Jalan PJU 1A/7A
Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan

Email: SID@theta-edge.com

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

Pursuant to Paragraph 15.25 of the Listing Requirements, the Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

This statement is made at the Board of Directors' Meeting held on 4 April 2017.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE COMPOSITION AND MEETINGS

The Audit and Risk Management Committee (ARMC) comprises of four (4) members of the Board all of whom are Non-Executive Directors and three (3) of whom are Independent Directors:-

Chairman	: En. Mohamed Ridza bin Mohamed Abdulla	<i>(Senior Independent Non-Executive Director)</i>
Members	: Datuk Nor Badli Munawir bin Mohamad Alias Lafti	<i>(Independent Non-Executive Director) (Resigned 27 January 2017)</i>
	Dato' Adi Azuan bin Abdul Ghani	<i>(Non-Independent Non-Executive Director)</i>
	Abdul Halim bin Jantan	<i>(Independent Non-Executive Director) (Appointed 1 June 2016)</i>

Following the resignation of Datuk Nor Badli Munawir bin Mohamad Alias Lafti from the ARMC on 27 January 2017, the composition of the ARMC still comprise of at least three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors.

The ARMC met six (6) times during the financial year 2016 and the record of attendance of the ARMC Members is as follows:-

	Number of meetings	
	Attended	Held
Mohamed Ridza bin Mohamed Abdulla	6	6
Datuk Nor Badli Munawir bin Mohamad Alias Lafti <i>(Resigned 27 January 2017)</i>	6	6
Dato' Adi Azuan bin Abdul Ghani	6	6
Abdul Halim bin Jantan <i>(Appointed 1 June 2016)</i>	2	3

Terms of Reference

The objective of the ARMC is to assist the Board to review the adequacy and integrity of Group's financial administration and reporting, internal control and risk management systems, including the management information system and systems of compliance with the applicable laws, regulations, rules, directives and guidelines.

The ARMC's Terms of Reference was reviewed and amended in May 2016.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

Balance and Composition

1. The members of the ARMC are to be appointed by the Board and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.
2. None of the members of the ARMC shall be an Alternate Director. Members of the ARMC shall elect a Chairman from among themselves who is an Independent Non-Executive Director.
3. At least two (2) members of the ARMC must be financially literate with sufficient financial experience and ability and at least one member of ARMC must be an Accountant or have such other qualification as defined by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").
4. The ARMC shall have a mixture of expertise and experience, including an understanding of the industry(ies) in which the Group operates.
5. A Member of the ARMC may relinquish their membership in the ARMC with prior written notice to the Company Secretary.
6. The Nomination Committee shall review the terms of office of the ARMC annually.
7. In the event of any vacancies arising in the ARMC resulting in non-compliance of Paragraphs 2 and 3 above, the vacancy should be filled within three (3) months of it arising.

Authority

1. In carrying out its duties and responsibilities, the ARMC shall, at the expense of the Company:-
 - a) have the authority to investigate any activity within its Terms of Reference;
 - b) have full, free and unrestricted access to the Group's records, properties, personnel and other resources;
 - c) have direct communication channels with the external and internal auditors;
 - d) be able to obtain independent professional or other advice in furtherance of its duties; and
 - e) be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of the other Directors and employees, whenever deemed necessary.
2. The ARMC is not authorised to implement its recommendations on behalf of the Board but shall report its recommendations back to the Board for consideration and implementation.
3. Where the ARMC is of the view that a matter reported by it to the Board has been not satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the ARMC is authorised to promptly report such matter to BMSB.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

Duties and Responsibilities

1. Nomination and appointment of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors.
2. To recommend the nomination of a person or persons as external auditors.
3. To discuss with the external auditors before the audit commences, the nature and scope of audit, and any other matters as the external auditors may wish to discuss (without the presence of the management, if necessary).
4. To act as an intermediary between the management or other employees, and the external auditors.
5. To review with the External Auditor the following before reporting the same to the Board:-
 - a) the audit plan;
 - b) evaluation of the system of internal controls;
 - c) their Audit Report;
 - d) the assistance given by the employees of the Company; and
 - e) the management letter and management response.
6. To review the quarterly results and year-end financial statements before submission to the Board for approval, focusing particularly on:-
 - a) any changes in accounting policies and practices;
 - b) significant adjustments and unusual events arising from the audit;
 - c) litigation that could affect results materially;
 - d) the going concern assumption; and
 - e) compliance with accounting standards in Malaysia and other legal requirements.
7. In relation to the internal audit function:-
 - a) review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has necessary authority to carry out its work;
 - b) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - c) review the appraisal or assessment of the performance of members of the internal audit function;
 - d) review the independence of internal audit function;
 - e) approve any appointment or termination of senior staff members of the internal audit function; and
 - f) being informed of any resignation of internal audit staff members and to provide the resigning staff member an opportunity to submit his/her reasons for resigning.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

Duties and Responsibilities cont'd

8. To consider and report back to the Board any related party transaction and conflict of interest situation that may arise within the Group including any course of conduct that raises questions of management integrity.
9. To consider the major findings of internal investigation and the respective management's responses.
10. To review and verify the allocation of share options given to the Group's eligible employees is in accordance with the criteria for the employees share option scheme ("ESOS") and the Main Market Listing Requirements of BMSB at the end of each financial year.
11. To review and consider the appropriateness and adequacy of internal process for risk oversight and management. In particular, the ARMC shall:-
 - a) review the Enterprise Risk Profile/Register to ensure comprehensive and effective management key risks;
 - b) review and recommend risk management strategies, policies and risk tolerance limits for Board's approval;
 - c) develop and implement adequate risk assessment, monitoring and management policies and procedures;
 - d) ensure the risk management framework is embedded and consistently applied throughout the Group;
 - e) review the appropriateness of management response to key risk areas and follow-up on management risk treatment action plans reported by the Risk Working Committee ("RWC");
 - f) provide regular reporting and timely update on the operations of the Enterprise Risk Management ("ERM") framework to the Board; and
 - g) receive regular reports on the risk profile, material risks (both financial and non-financial) faced by the Group and action plans taken by the management to mitigate the risks.
12. In relation to major business investment proposals and/or feasibility:-
 - a) to review and evaluate the viability of the proposal/feasibility study prepared that all risks have been considered and are within the Group's strategic goals; and that action plans or strategies to mitigate identified risks are adequate;
 - b) to conduct meetings with the project sponsor(s) and Chief Executive Officer ("CEO"), if necessary, to discuss risk matters related to the proposal; and
 - c) to make recommendation to the Board on the appropriate course of action to take.
13. To oversee the Group's internal compliance and control systems establish by the management, including reviewing the effectiveness of these systems and approving management's programmes and policies to ensure effectiveness.
14. To review and recommend the proposed provisions, allowances and/or writing off of assets in excess of RM1,000,000.00.
15. To recommend the disposal(s) of assets in excess of RM1,000,000.00.
16. Any other functions as directed by the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

Meeting and Minutes

1. The ARMC shall meet at least four (4) times during a financial year, but additional meetings may be called at any time at the discretion of the Chairman. In order to form a quorum, the quorum for meeting shall be at least two (2) members where a majority of members present must be Independent Directors.
2. The Executive Directors, Financial Officers and internal auditor and a representative of the external auditors shall normally attend the meetings but may be asked to leave a meeting as and when deemed necessary by the ARMC. Other persons may attend meetings only upon the invitation of the ARMC. However, at least twice a year the ARMC shall meet with the external auditors without the presence of executive board members and employees.
3. The Company Secretary is the Secretary of the ARMC.
4. Minutes of the meetings shall be duly entered into the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC. The minutes shall be formally tabled to the Board for noting and action.

Website

The ARMC written terms of reference is made available on the website of the Company at www.theta-edge.com.

Summary of Activities of the ARMC

A summary of the ARMC activities for the financial year ended 31 December 2016 are as follows:

Financial Reporting Review

- a) reviewed the Group's audited financial statements for the financial year ended 31 December 2015 and discussed significant audit findings with the external auditors before recommending the same for the Board's approval.
- b) reviewed the quarterly financial report of the Group including variances against budgets and targets, changes in assets and liabilities, equities and cashflow.
- c) reviewed and recommended the unaudited quarterly financial results for the Board's approval prior to their release to BMSB.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

Summary of Activities of the ARMC cont'd

External Audit

- a) reviewed and discussed with the external auditors the nature, materiality and scope of their audit plan and the proposed audit fees for the Group for the financial year ended 31 December 2016 before the commencement of the audit.
- b) reviewed the performance and independence of external auditors.
- c) without the presence of Executive Directors and Management, discussed with the External Auditors on the assistance provided by Management during the course of audit, the competency of the finance and accounting team and the adequacy of the Group's internal control.
- d) discussed the updates of new developments in accounting standards issued by the Malaysian Accounting Standards Board.

Internal Audit and Risk Management

- a) reviewed the internal auditors' plan for year 2016 and Risk Management Annual Plan.
- b) reviewed the internal audit reports as well as follow up audit reports issued by the Internal Audit & Risk Management Department and thereafter discussed the management's actions taken to improve the systems of internal control.
- c) reviewed the identified corporate risk assessment and risk mitigation plans on a quarterly basis.
- d) discussed with the Internal Auditor without the presence of Executive Directors and Management on the process carried out and reporting structure of the reports.

Related Party Transactions

- a) reviewed the related party transactions that arose within the Group.

Others

- a) reviewed The Statement on Risk Management & Internal Control prior to submission to the Board for consideration and inclusion in the Annual Report.
- b) reviewed and amended the ARMC Terms of Reference.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT Cont'd

INTERNAL AUDIT & RISK MANAGEMENT FUNCTION

The Internal Audit & Risk Management Department (“IARMD”) is an in-house department, independent of the activities or operations of other operating units.

The Head of the IARMD reports directly to the ARMC, to perform regular review and appraisal of the effectiveness of risk management, internal control and governance processes of the Group. Accordingly, activities carried out include risk assessment and internal audits addressing both financial and operational aspects.

In carrying out internal audit review, detailed reports were issued to the ARMC covering operational aspects such as procurement and tendering processes, contract and project management, costing and tendering. Apart from highlighting any deficiency or areas requiring the management’s attention, the reports also included recommendations as well as proposed corrective actions to be implemented by the management. Follow-up audits were then carried-out to determine whether corrective actions had been taken by the management.

During the year, an internal audit and follow-up audit was performed on the Procurement and Solution Delivery Business Unit which covered the areas mentioned above. The selection and the areas covered were prioritized largely based on the risk profiles of the business units within the Group.

The cost incurred by the in-house IARMD in relation to the conduct of the Internal Audit and risk management functions of the Group for the financial year ended 31 December 2016 amounted to RM274,728.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control (“Statement”) is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which requires the Board of Directors (“Board”) to include in its Company Annual Report a statement about the state of its internal control. The Malaysian Code on Corporate Governance requires all listed companies to establish and maintain a sound risk management framework and internal control system to safeguard shareholders’ investment and the company’s assets.

Accordingly, the Board is pleased to provide the Statement that was prepared in accordance with the “Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers” issued by Bursa Malaysia Securities Berhad (“BMSB”) which outlines the nature and scope of internal control and risk management of the Group during the financial year.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system and reviewing its adequacy and integrity of the system, to safeguard the interests of the shareholders and Group’s assets. The Board is of the view that the risk management framework and internal control system are designed to manage, rather than eliminate the Group’s risks within an acceptable risk tolerance, to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of losses and fraud.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the Group are updated and reviewed from time to time to suit the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the annual report.

KEY INTERNAL CONTROL ELEMENTS

The key elements of the internal control system established by the Board provide the required oversight and effective governance of internal control the following:

1) Authority and Responsibility

Audit and Risk Management Committee (“ARMC”)

The Board through the ARMC provides the oversight on the risk management and internal control matters relating to the activities of the Group. The ARMC reviews the adequacy and effectiveness of the risk management and internal control on an on-going basis including approving risk management strategies, frameworks, risk tolerance and policies. The ARMC assists the Board in identifying, assessing, managing and controlling the risks in areas of strategic, operational, legal, finance and other risks to ensure that the risk management process is in place and functioning.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

KEY INTERNAL CONTROL ELEMENTS cont'd

1) Authority and Responsibility cont'd

Board Committees

The Board also delegated certain responsibilities to Board Committees such as the Nomination Committee and Remuneration Committee to assist the Board in its responsibilities and oversight function within its respective Terms of Reference and report to the Board of their recommendations when required.

Management Committee

The Management is responsible to implement the Board's policies and direction and to ensure that the day to day management of the Group's activities in achieving those objectives is consistent with the Board's risk strategy, risk appetite and policies. The daily running of the business is entrusted to the Group Managing Director ("GMD") and Chief Executive Officer ("CEO") and the management team. Under the purview of the CEO, the Heads of respective Business Divisions and departments of the Group are empowered with responsibility of managing their respective operations. The GMD & CEO actively communicate the Board's expectations through the weekly management and sales meetings senior management and Heads of Business Divisions. Matters pertaining to action items in achieving business objectives as well as operational and financial risks are deliberated and decided.

Project Steering Committees ("PSC")

PSC is established for certain key large projects to provide the oversight, review and monitoring of the project procurement processes, implementation and deliverables as well as key issues pertaining to the operations of the projects. PSC members usually comprise of key senior management and include the relevant Head of Business Divisions.

Any material issues that arise from the matters deliberated in the Management Committee and PSCs is highlighted and reported to the ARMC and Board.

2) Organisation Structure

The Group has an established organisation structure with clear defined lines of authority, responsibility and accountability to meet its business strategies and objectives within a reasonable control environment.

3) Risk Management Framework

An Enterprise Risk Management Framework ("ERMF") has been established to ensure that the risk management framework is embedded and consistently adopted throughout the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

KEY INTERNAL CONTROL ELEMENTS cont'd

3) Risk Management Framework cont'd

Risk Governance

The Board has established a governance structure with clear delineated responsibilities, authority limits and accountability aligned to business and operation requirements which will support the maintenance of a strong control environment. It has extended the responsibilities of the Board through the ARMC to include assessment of internal controls through the Internal Audit and Risk Management Department. The ARMC shall act within its term of reference and authority delegated by the Board to ensure that the ERMF is embedded and consistently adopted throughout the Group.

Risk Appetite

Risk appetite is defined as the level of risk the Group is prepared to accept to achieve its strategic direction and business objectives. The risk parameters will change on an on-going basis depending on the prevailing business environment, changes in strategies and business objectives and stakeholders' expectations.

Risk Management Processes

An approach is undertaken to balance risk or impact against returns or objectives and is established for all relevant material risks. Each business divisions analyses and identifies the material risks in relation to the respective business and operations on a periodic basis. The risk are then assessed and measured to quantify and assess the risk impact and likelihood. Risk controls and mitigation plan are put in place to as measures to control and mitigate risk based on prioritized risk. Risk are then monitored and report on the progress and compliance and is then reported to the ARMC on a periodic basis.

Risk Culture

The key factors of the Group's risk culture include the following:-

- Strong top down approach and corporate governance approach driven by the Board;
- Organisation with clear defined roles and responsibilities and clear policies, procedures and guidelines;
- Integrity in fiduciary duties and adherence to business ethics; and
- Compliance to prevailing laws, regulations and internal controls.

During the year under review, the Group has established a Corporate risk profile consisting of identified material risks in the areas of business, financial, project management and operations. The impact of these risks were assessed and evaluated against the Group's risk tolerance. Each risk is regularly reviewed and reported to the ARMC and Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

KEY INTERNAL CONTROL ELEMENTS cont'd

4) Internal Audit Function

The Internal Audit Department (“IAD”) was set up by Board to provide independent assurance of the adequacy of internal control and governance systems. Internal audit activities are guided by an Internal Audit Charter which is approved by the ARMC.

IAD carries out regular reviews on business processes to assess the adequacy and effectiveness of internal control, compliance with regulations, and highlight significant risks and control weaknesses affecting the Group. IAD also performs ad-hoc tasks, investigations or reviews as and when requested by the Board, ARMC and Management.

ARMC meetings are held regularly to deliberate audit findings, management responses, and to monitor actions taken by Management in areas with significant control weaknesses. Follow-up audits are conducted to review the adequacy and effectiveness of corrective actions taken by management on all significant matters raised. IAD’s annual audit plans are reviewed and approved by the ARMC to ensure the adequacy of coverage of significant and high-risk areas.

The Head of Internal Audit and Risk Management was given the opportunity to meet with the ARMC without the presence of the management.

5) Planning, Monitoring and Reporting

Annual Operating Plans & Budgets

Operating plans and budgets are prepared by the respective Heads of Business Divisions on an annual basis. The Group’s operating plan and budgets are presented to the Board for deliberations and approval. Actual performance against budgets are presented to the ARMC and Board on a quarterly basis highlighting key factors contributing to the variances, if any.

Financial Reporting

The Board monitors the Group’s performance by reviewing the quarterly results and operations and examines the announcement made to the Bursa Securities. These are reviewed by the ARMC before they are tabled to the Board.

Related Party Transactions

All related party transactions are reported to the ARMC and Board on a quarterly basis.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

KEY INTERNAL CONTROL ELEMENTS cont'd

5) **Planning, Monitoring and Reporting cont'd**

Management & Sales Meeting

Progress of revenues against target and key sales activities to achieve the business objectives are discussed with the Heads of Business Divisions in the weekly management and sales meeting.

Project Progress

Certain key project progress is being monitored and reviewed by the respective Project Steering Committees on a periodic basis.

Material Litigation and Corporate Updates

The Board also receives reports on the updates of material litigation or any pertinent corporate matters when occurred and during the Board meetings held on a periodic basis.

6) **Internal Controls, Policies and Procedures**

Business Process

A system of internal controls is reflected in the business processes which is based on segregation of duties, is in place to ensure the compliance to the limits of authority and adequate independent checks within the multi-tier authorization and approval processes.

Authority Limit

The Board has established a Discretionary Authority Limit ("DAL") for approving revenue and capital expenditures for each level of management and has also established cheque signatories' authority level for approving payments. Major capital investments, acquisitions and disposals exceeding a certain threshold must be referred to the Board or relevant Committee for approval.

Procurement

There is a centralised and coordinated procurement function for purchases of assets and inventories, project development and maintenance expenditures, which enables the Group to leverage on the economies of scale and ensures adherence to authority limits, policies and procedures. Aided by efficient procurement and accounting process, the Group is capable of keeping track of the accuracy, integrity and recording of its assets and expenditures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

KEY INTERNAL CONTROL ELEMENTS cont'd

6) Internal Controls, Policies and Procedures cont'd

Human Resource

The Group emphasises on human resource development and training as it recognizes the value of its staff in contributing to its growth. There are proper guidelines within the Group for recruitment, performance appraisals and promotion to ensure that only suitably qualified and competent personnel across all levels of management are hired and retained. The Group is also dedicated to continuously develop employees with the relevant and appropriate skills by conducting regular training programs to ensure staff is adequately trained and competent in discharging their responsibilities.

7) Business Code of Ethics and Conduct

The Board observes the Directors' Code of Ethics established by the Companies Commission of Malaysia. The Group adopts the Code of Business Ethics published by its holding company, Lembaga Tabung Haji. The Code of Business Ethics is published in the Company's website at www.theta-edge.com. The Code of Ethics also covers whistle-blowing provisions which provides the policy and information on the appropriate feedback channels to facilitate whistle-blowing. The Code of Ethics is communicated to the staff for their awareness and adherence through annual reminder and during the induction of new employees. The employees are also required to provide declaration of conflict of interest upon recruitment and updates on an annual basis.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that based on the current business environment and condition, the Group's current risk management and internal control system are operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system is satisfactory and no material internal control failures or any of the reported weaknesses have resulted in material losses or contingencies during the financial year under review. The Board is of the view that the present system of internal control is adequate for the Group to manage its risks and to achieve its business objectives. The Board is committed in ensuring that the Group continuously reviews the internal control system so that it is effective in enhancing shareholders' investments and safeguarding the Group's assets.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion of the Annual Report of the Company for the financial year ended 31 December 2016.

CONCLUSION

The Board is of the view that the present system of internal control is adequate for the Group to manage its risks and to achieve its business objectives. The Board is committed in ensuring that the Group continuously reviews the internal control system so that it is effective in enhancing shareholders' investments and safeguarding the Group's assets.

This statement was made in accordance with a resolution of the Board of Director dated 4 April 2017.

ADDITIONAL COMPLIANCE INFORMATION

(i) Utilisation of Proceeds

There were no proceeds received by the Company from any corporate proposals other than of RM2,398.00 which was the proceeds from the exercise of 2,000 warrants at an exercise price of RM1.199 resulting in an additional 2,000 ordinary shares at a par value of RM1.00 each which were issued and listed on 13 July 2016.

(ii) Share Buy-Back

There were no share buybacks during the year.

(iii) Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2016. The existing Employees Share Options Scheme had expired on 12 May 2016 and the Warrants was removed from the official list of Bursa Malaysia Securities Berhad with effect from 9.00 a.m, 5 July 2016.

(iv) American Depository Receipt (ADR) of Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programmes during the financial year ended 31 December 2016.

(v) Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or management by any regulatory bodies during the financial year.

(vi) Audit and Non-Audit Fees

The fees payable to the external auditors, Messrs KPMG Desa Megat PLT in relation to the audit and non-audit services rendered to the Company and its subsidiary companies for the financial year ended 31 December 2016 are as follows:

	The Group RM	The Company RM
Audit fees	132,000	45,000
Non audit fees	17,400	15,000

(vii) Profit Guarantee

There is no Profit Guarantee received by the Company for the financial year ended 31 December 2016.

(viii) Variation in Results

The Theta Edge Group's audited result for the financial year ended 31 December 2016 has not varied by 10% or more from the Theta Edge Group's unaudited results for the 4th quarter ended 31 December 2016 as previously announced.

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

(ix) Material Contracts

There are no material contract(s) (not being contracts entered into in the ordinary course of business) by the Theta Edge Group involving directors and substantial shareholders' interest with the Company and/its subsidiary companies during the financial year.

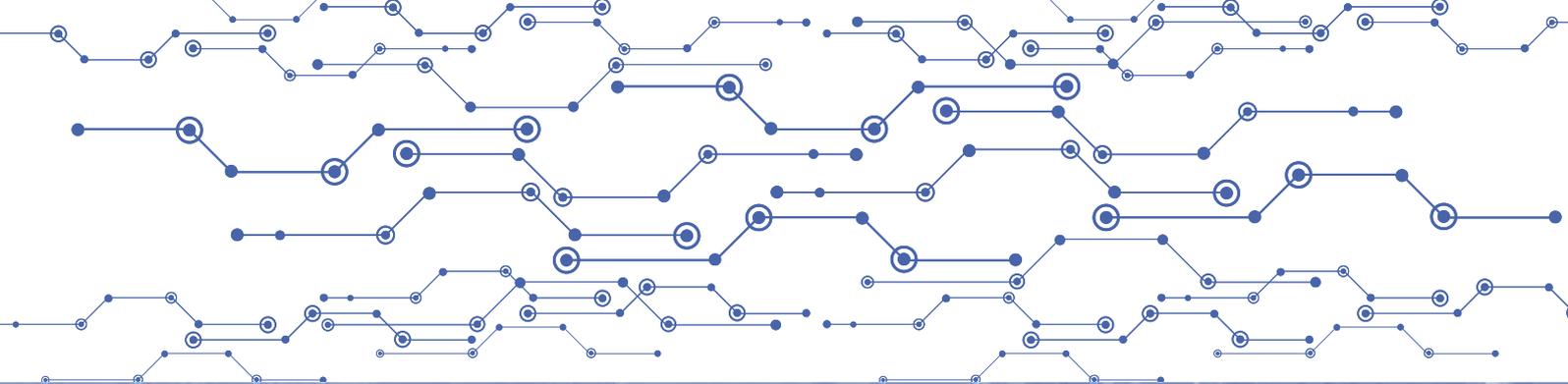
(x) Recurrent Related Party Transaction of a Revenue or Trading Nature

The Company had at the Annual General Meeting held on 18 May 2016 obtained the shareholders' mandate to enter into Recurrent Related Party Transactions ("RRPT") of a revenue nature, which are necessary for the day-to day operations on the terms not more favourable to the related party than those available to the public and not to the detriment of the minority shareholders.

The breakdown of the aggregate value and type of recurrent related party transactions conducted pursuant to the shareholders' mandate for the financial year ended 31 December 2016 is set out below:

Related Party with whom the Group is transacting	Nature of Transactions	Company within the Group involved in RRPT	Interested Related Party	Aggregate value (RM)
Lembaga Tabung Haji Group (" TH Group") (Recipient)	(i) The Provision of ICT application support services (ii) The Provision of maintenance for ICT hardware and software systems (iii) The Provision of all related ICT system integration, system implementation and related services (iv) The Provision of telecommunication and data transmission services (v) The Provision of desktop managed services and hardware leasing	Theta Group (Provider)	* TH Group, Tan Sri Hashim bin Meon, Dato' Syed Saleh bin Syed Abdul Rahman, Dato' Adi Azuan bin Abdul Ghani and Anis Zuhani binti Ahmad	40,687,175

Note * Lembaga Tabung Haji (**TH**) is the holding company of the Company
Tan Sri Hashim bin Meon, Dato' Syed Saleh bin Syed Abdul Rahman, Dato' Adi Azuan bin Abdul Ghani and Anis Zuhani binti Ahmad are the directors of the Company and were nominated and appointed by **TH** and they are deemed interested in the transactions.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to: Owners of the Company	1,657	3,663

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDEND

No dividend was paid nor declared during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Dato' Hashim bin Meon
 Dato' Syed Saleh bin Syed Abdul Rahman
 Dato' Adi Azuan bin Abdul Ghani
 Dato' Richard George Azlan bin Abas
 Mohamed Ridza bin Mohamed Abdulla
 Abdul Halim bin Jantan
 A. Shukor bin S.A. Karim
 Anis Zuhani binti Ahmad
 Datuk Nor Badli Munawir bin Mohamad Alias Lafti *(Resigned on 27 January 2017)*

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.1.2016	Number of ordinary shares			At 31.12.2016
		Bought	Sold	Cancelled	
Interests in the Company					
Dato' Richard George Azlan bin Abas	910,000	-	-	-	910,000
Warrants in the Company					
Dato' Richard George Azlan bin Abas	546,900	-	-	(546,900)	-
	At 1.1.2016	Granted	Exercised	Cancelled	At 31.12.2016
Employees' share option scheme					
Dato' Richard George Azlan bin Abas	667,000	-	-	(667,000)	-

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT Cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of full time employees of the holding corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES OR DEBENTURES

There were no changes in the authorised capital of the Company. During the financial year the issued and paid up capital of the Company was increased from 107,241,269 ordinary shares of RM1.00 each to 107,243,269 ordinary shares of RM1.00 each with the issuance of 2,000 ordinary shares of RM1.00 pursuant to the exercise of warrants at a price of RM1.199 per share. The shares were issued and listed on 13 July 2016. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 11 May 2011, the Company's shareholders approved the establishment of an ESOS. On 12 May 2016, the ESOS has expired.

The options offered to take up unissued ordinary shares of RM1 each and the exercise price is as follows:

Date of offer	Expiry date	Exercise price	At 1.1.2016	Number of options over ordinary shares			At 31.12.2016
				Granted	Exercised	Forfeited	
14 June 2011	12 May 2016	RM1.05	2,559,000	-	-	(2,559,000)	-

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT Cont'd

AUDITORS

The auditors, KPMG Desa Megat PLT (converted from a conventional partnership, KPMG Desa Megat & Co., on 27 December 2016), have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tan Sri Dato' Hashim bin Meon

Director

.....
A. Shukor bin S.A Karim

Director

Kuala Lumpur,

Date: 15 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Plant and equipment	3	14,542	12,294	537	146
Intangible assets	6	1,505	2,371	-	-
Investments in subsidiaries	4	-	-	67,701	62,419
Investment in joint venture	5	21	134	-	-
Deferred tax assets	7	3,902	3,902	-	-
Total non-current assets		19,970	18,701	68,238	62,565
Inventories	8	14,407	33,114	-	-
Current tax assets		-	75	-	-
Trade and other receivables	9	20,549	34,602	18,058	18,702
Cash and cash equivalents	10	43,903	51,390	5,706	2,072
Total current assets		78,859	119,181	23,764	20,774
Total assets		98,829	137,882	92,002	83,339
Equity					
Share capital	11	107,243	107,241	107,243	107,241
Reserves	12	(39,139)	(40,796)	(28,288)	(31,951)
Equity attributable to owners of the Company		68,104	66,445	78,955	75,290
Liabilities					
Loans and borrowings	13	3,979	3,672	-	-
Total non-current liabilities		3,979	3,672	-	-
Loans and borrowings	13	7,972	45,464	-	-
Current tax liabilities		103	87	-	-
Trade and other payables	15	18,671	22,214	13,047	8,049
Total current liabilities		26,746	67,765	13,047	8,049
Total liabilities		30,725	71,437	13,047	8,049
Total equity and liabilities		98,829	137,882	92,002	83,339

The notes on pages 79 to 131 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		136,316	150,482	10,346	8,721
Cost of sales		(110,593)	(125,672)	(4,279)	(3,338)
Gross profit		25,723	24,810	6,067	5,383
Other operating income		16	1,077	2,728	7,829
Selling and distribution costs		(4,140)	(3,871)	-	-
Administrative expenses		(11,668)	(9,383)	(679)	(5,226)
Other expenses		(7,107)	(9,350)	(4,531)	(3,239)
Results from operating activities		2,824	3,283	3,585	4,747
Finance income		518	271	78	26
Finance costs		(1,530)	(580)	-	-
Share of losses of equity accounted joint venture, net of tax		(113)	(541)	-	-
Profit before income tax	16	1,699	2,433	3,663	4,773
Income tax expense	17	(42)	(139)	-	-
Total comprehensive income for the year		1,657	2,294	3,663	4,773
Basic earnings per ordinary share (sen)	18	1.55	2.14		
Diluted earnings per ordinary share (sen)	18	N/a	**		

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to the owners of the Company			Total equity RM'000
	Share capital RM'000	Share option reserve RM'000	Accumulated losses RM'000	
Group				
At 1 January 2015	107,241	1,897	(44,987)	64,151
Total comprehensive income for the year	-	-	2,294	2,294
At 31 December 2015/1 January 2016	107,241	1,897	(42,693)	66,445
<i>Contributions by and distributions to owners of the company</i>				
- Issue of ordinary shares	2	-	-	2
- Expired ESOS forfeited	-	(1,897)	1,897	-
Total transactions with owners of the Company	2	(1,897)	1,897	2
Total comprehensive income for the year	-	-	1,657	1,657
At 31 December 2016	107,243	-	(39,139)	68,104
	Note 11	Note 12	Note 12	
Company				
At 1 January 2015	107,241	1,897	(38,621)	70,517
Total comprehensive income for the year	-	-	4,773	4,773
At 31 December 2015/1 January 2016	107,241	1,897	(33,848)	75,290
<i>Contributions by and distributions to owners of the company</i>				
- Issue of ordinary shares	2	-	-	2
- Expired ESOS forfeited	-	(1,897)	1,897	-
Total transactions with owners of the Company	2	(1,897)	1,897	2
Total comprehensive income for the year	-	-	3,663	3,663
At 31 December 2016	107,243	-	(28,288)	78,955
	Note 11	Note 12	Note 12	

The notes on pages 79 to 131 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities				
Profit before income tax	1,699	2,433	3,663	4,773
<i>Adjustments for:</i>				
Depreciation of plant and equipment	7,686	5,041	57	67
Development cost written off	-	228	-	-
Amortisation of development cost	866	925	-	-
Plant and equipment written off	106	5	29	-
Waiver for amount due to subsidiary company	-	-	2,728	-
Provision for litigation	105	2,490	105	2,490
Share of losses of equity-accounted joint venture, net of tax	113	541	-	-
Allowance for impairment of goodwill	-	657	-	-
Impairment loss on trade receivables	4,339	-	323	-
Impairment loss on amount due from subsidiaries	-	-	4,015	683
Reversal of impairment for diminution in investment in subsidiaries	-	-	(5,282)	(7,829)
Fair value movement	-	(5)	-	-
Bad debts written off	-	8	-	-
Finance costs	1,530	580	-	-
Finance income	(518)	(271)	(78)	(26)
Operating profit before changes in working capital	15,926	12,632	5,560	158
Changes in working capital:				
Inventories	18,707	(14,923)	-	-
Trade and other receivables	9,714	(2,409)	(3,694)	(4,823)
Trade and other payables	(3,466)	5,644	2,165	4,849
Cash generated from operating activities c/f	40,881	944	4,031	184

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016 Cont'd

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash generated from operating activities b/f	40,881	944	4,031	184
Finance costs paid	(1,530)	(580)	-	-
Finance income received	518	271	78	26
Income tax paid	(171)	(125)	-	-
Income tax refunded	38	19	-	-
Net cash generated from operating activities	39,736	529	4,109	210
Cash flows from investing activity				
Purchase of plant and equipment	(10,040)	(13,124)	(477)	(6)
Net cash used in investing activity	(10,040)	(13,124)	(477)	(6)
Cash flows from financing activities				
Proceeds from Share options exercised	2	-	2	-
(Repayment)/Proceeds from trust receipts	(41,575)	41,575	-	-
Increase/(Repayment) of revolving credit	1,900	(4,000)	-	-
Proceeds from finance lease liabilities	6,888	11,336	-	-
Repayment of finance lease liabilities	(4,398)	(3,982)	-	-
Movement in pledged deposits	1,564	(794)	(1,126)	(723)
Net cash (used in)/generated from financing activities	(35,619)	44,135	(1,124)	(723)
Net changes in cash and cash equivalents	(5,923)	31,540	2,508	(519)
Cash and cash equivalents at 1 January	46,893	15,353	266	785
Cash and cash equivalents at 31 December	40,970	46,893	2,774	266

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

Cont'd

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise of the following statement of financial position amounts:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	15,432	7,253	2,934	1,807
Cash and bank balances	28,471	44,137	2,772	265
	43,903	51,390	5,706	2,072
Less : Pledged deposits	(2,933)	(4,497)	(2,932)	(1,806)
	40,970	46,893	2,774	266

Included in cash and bank balances of the Group is Nil (2015: RM29,599,000) which is placed in an escrow account to be utilised against the trust receipt facilities as seen in Note 13 to the financial statements.

Acquisition of plant and equipment

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM10,040,000 (2015: RM13,124,000) of which RM6,888,000 (2015: RM11,336,000) were acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENT

Theta Edge Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office and principal place of business

A-3A-3A, Block A, Oasis Square Office,
Jalan PJU 1A/7A, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in joint venture.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

The ultimate holding corporation is Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act, 1995 (Act 535).

The financial statements were approved by the Board of Directors on 15 March 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

1. Basis of preparation cont'd

(a) Statement of compliance cont'd

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration**
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation cont'd

(a) Statement of compliance cont'd

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those marked with "*" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2019 for those accounting standards that are effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

1. Basis of preparation cont'd

(a) Statement of compliance cont'd

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

2. Significant accounting policies cont'd

(a) Basis of consolidation cont'd

(ii) Business combinations cont'd

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

2. Significant accounting policies cont'd

(a) Basis of consolidation cont'd

(v) Joint arrangements cont'd

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

2. Significant accounting policies cont'd

(b) Financial instruments cont'd

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective profit method.

All financial assets are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Significant accounting policies cont'd

(b) Financial instruments cont'd

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

2. Significant accounting policies cont'd

(c) Plant and equipment cont'd

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then the component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Computer equipment	3-5 years
• Office and test equipment	5-10 years
• Furniture & fittings	10 years
• Motor vehicles	5 years
• Renovation	5-7 years
• Plant and machinery	10 years
• Digital media infrastructure	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies cont'd

(d) Leased assets cont'd

(i) Finance lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of lease cost on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. Significant accounting policies cont'd

(e) Intangible assets cont'd

(i) Research and development cont'd

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- capitalised development costs - 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies cont'd

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. Significant accounting policies cont'd

(h) Impairment cont'd

(ii) Other assets cont'd

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

2. Significant accounting policies cont'd

(i) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the statements of comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

(j) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-employment benefits

Defined contribution plan

The Group's and the Company's contributions to the defined contribution plan ('Employees Provident Fund') are charged to the statement of comprehensive income in the period in which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. Significant accounting policies cont'd

(j) Employee benefits cont'd

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free profit rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken up into account in determining fair value.

(k) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. Significant accounting policies cont'd

(k) Revenue and other income cont'd

(ii) Income from Islamic investment accounts

Income from Islamic investment accounts is recognised as it accrues using the effective profit method in profit or loss except for profit income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. Significant accounting policies cont'd

(l) Income tax cont'd

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(m) Borrowings costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective profit method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(n) Contingent liabilities

The Group and the Company does not recognise contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company of a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

2. Significant accounting policies cont'd

(o) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical asset or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises the transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. Plant and equipment

Group	Computer equipment RM'000	Office Furniture and test equipment RM'000	and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Capital work-in progress RM'000	Digital media infra- structure RM'000	Total RM'000
Cost									
At 1 January 2015	5,149	1,001	219	629	2,740	15,468	6,247	7,135	38,588
Additions	12,137	618	-	-	369	-	-	-	13,124
Written off	(147)	(31)	(9)	-	(125)	(13,678)	(6,247)	-	(20,237)
<hr/>									
At 31 December 2015/ 1 January 2016	17,139	1,588	210	629	2,984	1,790	-	7,135	31,475
Additions	8,580	62	5	-	671	722	-	-	10,040
Reclassification	521	-	-	-	-	-	-	(521)	-
Written off	(15)	-	(194)	-	(1,447)	-	-	-	(1,656)
<hr/>									
At 31 December 2016	26,225	1,650	21	629	2,208	2,512	-	6,614	39,859
<hr/>									
Depreciation and impairment losses									
At 1 January 2015									
Accumulated depreciation	4,627	437	109	378	1,560	9,308	-	6,178	22,597
Accumulated impairment loss	-	5	5	-	3	5,520	6,242	-	11,775
	4,627	442	114	378	1,563	14,828	6,242	6,178	34,372

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. Plant and equipment cont'd

Group	Computer equipment RM'000	Office Furniture and test equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Capital work-in progress RM'000	Digital media infra- structure RM'000	Total RM'000
Depreciation for the year	3,574	233	20	108	373	297	-	436	5,041
Written off									
Accumulated depreciation	(147)	(27)	(4)	-	(121)	(8,158)	-	-	(8,457)
Accumulated impairment loss	-	(5)	(5)	-	(3)	(5,520)	(6,242)	-	(11,775)
At 31 December 2015/ 1 January 2016									
Accumulated depreciation	8,054	643	125	486	1,812	1,447	-	6,614	19,181
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
	8,054	643	125	486	1,812	1,447	-	6,614	19,181
Depreciation for the year	6,626	203	11	97	368	381	-	-	7,686
Written off									
Accumulated depreciation	(15)	-	(126)	-	(1,409)	-	-	-	(1,550)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. Plant and equipment cont'd

Group	Computer equipment RM'000	Office Furniture and test equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Capital work-in progress RM'000	Digital media infra-structure RM'000	Total RM'000
At 31 December 2016									
Accumulated depreciation	14,665	846	10	583	771	1,828	-	6,614	25,317
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
	14,665	846	10	583	771	1,828	-	6,614	25,317
Carrying amounts									
At 1 January 2015	522	559	105	251	1,177	640	5	957	4,216
At 31 December 2015/ 1 January 2016	9,085	945	85	143	1,172	343	-	521	12,294
At 31 December 2016	11,560	804	11	46	1,437	684	-	-	14,542

At 31 December 2016, the net carrying amount of leased computer equipment and leased motor vehicle were RM9,756,000 (2015: RM8,538,000) and RM46,000 (2015: RM143,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. Plant and equipment cont'd

Company	Computer equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost					
At 1 January 2015	132	119	31	275	557
Additions	6	-	-	-	6
At 31 December 2015/ 1 January 2016	138	119	31	275	563
Additions	7	4	1	465	477
Transfer	228	7	-	-	235
Written off	-	-	(31)	(275)	(306)
At 31 December 2016	373	130	1	465	969
Accumulated depreciation					
At 1 January 2015	104	32	12	202	350
Depreciation for the year	9	12	3	43	67
At 31 December 2015/ 1 January 2016	113	44	15	245	417
Depreciation for the year	7	12	2	36	57
Transfer	228	7	-	-	235
Written off	-	-	(17)	(260)	(277)
At 31 December 2016	348	63	-	21	432
Carrying amounts					
At 1 January 2015	28	87	19	73	207
At 31 December 2015/ 1 January 2016	25	75	16	30	146
At 31 December 2016	25	67	1	444	537

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. Investment in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	97,902	97,902
Less: Impairment loss	(30,201)	(35,483)
	67,701	62,419

Details of subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest			
			2016		2015	
			Direct %	Indirect %	Direct %	Indirect %
Advanced Business Solutions (M) Sdn. Bhd.	Malaysia	Dealers, software writers, compilers and testers, system developers, trainers and consultants in computers and all services related to information technology industry	100	-	100	-
Impianas Sdn. Bhd.	Malaysia	Public mobile data network operator	100	-	100	-
Konsortium Jaya Sdn. Bhd.	Malaysia	Sales and maintenance of computers and telecommunication equipment, peripherals and related services	100	-	100	-
Lityan Applications Sdn. Bhd.	Malaysia	Marketing of computer products, provision of application development services and all other computer related activities	100	-	100	-

NOTES TO THE FINANCIAL STATEMENTS Cont'd

4. Investment in subsidiaries cont'd

Details of subsidiaries are as follows: cont'd

Name of company	Principal place of business	Principal activities	Effective equity interest			
			2016		2015	
			Direct %	Indirect %	Direct %	Indirect %
Sistem Komunikasi Gelombang Sdn. Bhd.	Malaysia	Supply of telecommunication equipment and services and provision of customised total systems integration services and solutions	100	-	100	-
THT Integrated Solutions Sdn. Bhd.	Malaysia	Information technology solutions	100	-	100	-
TH Computers Sdn. Bhd.	Malaysia	Distributions of computers and computers related equipment	100	-	100	-
TH2.0 Sdn. Bhd.	Malaysia	Investment holding company	100	-	100	-
Theta Mobile Sdn. Bhd.	Malaysia	Carrying on business associated with or in promotion of IT industry	-	100	-	100

5. Investment in joint venture

	Group	
	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	3,000	3,000
Share of post-acquisition losses	(2,979)	(2,866)
	21	134

NOTES TO THE FINANCIAL STATEMENTS Cont'd

5. Investment in joint venture cont'd

The details of the joint venture, incorporated in Malaysia, is as follows:

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Taha Alam Sdn. Bhd. *	To carry on the business of providing product and services relating to Hajj and umrah related operations globally	50	50

* not audited by KPMG Desa Megat PLT

6. Intangible assets

Group	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost			
At 1 January 2015	59,132	4,042	63,174
Written off	-	(228)	(228)
At 31 December 2015/1 January 2016/ 31 December 2016	59,132	3,814	62,946

NOTES TO THE FINANCIAL STATEMENTS

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6. Intangible assets cont'd

Group	Goodwill RM'000	Development cost RM'000	Total RM'000
Amortisation and impairment loss			
At 1 January 2015			
Accumulated amortisation	18,069	518	18,587
Accumulated impairment loss	40,406	-	40,406
	58,475	518	58,993
Amortisation for the year	-	925	925
Impairment loss	657	-	657
At 31 December 2015/1 January 2016			
Accumulated amortisation	18,069	1,443	19,512
Accumulated impairment loss	41,063	-	41,063
	59,132	1,443	60,575
Amortisation for the year	-	866	866
At 31 December 2016			
Accumulated amortisation	18,069	2,309	20,378
Accumulated impairment loss	41,063	-	41,063
	59,132	2,309	61,441
Carrying amounts			
At 1 January 2015	657	3,524	4,181
At 31 December 2015/1 January 2016	-	2,371	2,371
At 31 December 2016	-	1,505	1,505

Development costs

The development costs represent cost incurred to further develop and enhance the existing accounting software and development of the KJ-iFinancials and Enterprise Hajj Registration and Management System ("EHRAMS"), both which had been registered with the Intellectual Property Corporation of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

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7. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Group Assets/Net		Company Assets/Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax loss carry-forwards	3,902	3,902	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax loss carry-forwards	90,926	103,291	7,616	16,166
Other deductible temporary differences	49,781	47,158	50,058	45,687
	140,707	150,449	57,674	61,853

Deferred tax assets have not been recognised in respect of these items due to history of recent losses and because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

8. Inventories

	Group	
	2016 RM'000	2015 RM'000
Equipment and supplies, at cost	475	750
Work-in-progress	13,932	32,364
	14,407	33,114
Recognised in profit or loss:		
Equipment and supplies recognised as cost of sales	34	35,351

9. Trade and other receivables

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade receivables		11,138	23,395	389	759
Less : Impairment loss		(1,608)	(947)	(323)	-
		9,530	22,448	66	759
Amount due from ultimate holding corporation	9.1	3,578	3,364	139	28
Amount due from related companies	9.2	6,954	3,985	56	373
Less : Impairment loss		(3,678)	-	-	-
		16,384	29,797	261	1,160

NOTES TO THE FINANCIAL STATEMENTS

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9. Trade and other receivables cont'd

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-trade					
Amount due from subsidiaries	9.3	-	-	65,301	60,579
Less: Impairment loss		-	-	(47,508)	(43,493)
				17,793	17,086
GST claimable		595	2,762	-	-
Other receivables		226	142	-	-
Deposits		2,340	1,298	4	456
Prepayments		1,004	603	-	-
		4,165	4,805	17,797	17,542
		20,549	34,602	18,058	18,702

9.1 Amount due from ultimate holding corporation

The amounts due from ultimate holding corporation is in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

9.2 Amounts due from related companies

The amounts due from related companies are in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

9.3 Amounts due from subsidiaries

The amounts due from subsidiaries are cost free, unsecured and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

10. Cash and cash equivalents

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits placed with licensed banks	10.1	15,432	7,253	2,934	1,807
Cash and bank balances	10.2	28,471	44,137	2,772	265
		43,903	51,390	5,706	2,072

10.1 Deposits placed with licensed banks

Included in deposits placed with licensed banks of the Group and the Company is RM2,933,000 (2015: RM4,497,000) and RM2,932,000 (2015: RM1,806,000), respectively, pledged for bank guarantees.

10.2 Cash and bank balances

Included in cash and bank balances of the Group is Nil (2015: RM29,599,000) which is placed in an escrow account to be utilised against the trust receipt facilities, as seen in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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11. Share capital

Group and Company	Amount 2016 RM'000	Number of shares 2016 ('000)	Amount 2015 RM'000	Number of shares 2015 ('000)
Authorised:				
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	107,241	107,241	107,241	107,241
Issued of ordinary shares	2	2	-	-
At 31 December	107,243	107,243	107,241	107,241

12. Reserves

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share option reserve	-	1,897	-	1,897
Accumulated losses	(39,139)	(42,693)	(28,288)	(33,848)
	(39,139)	(40,796)	(28,288)	(31,951)

Share option reserve

The amount from the share option reserve is transferred to accumulated losses pursuant to the expiry of the Employees Share Option Scheme on 12 May 2016.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

13. Loans and borrowings

	Note	2016 RM'000	Group 2015 RM'000
Non-current			
Finance lease liabilities	13.1	3,979	3,672
Current			
Trust receipts	13.2	-	41,575
Revolving credit	13.2	1,900	-
Finance lease liabilities	13.1	6,072	3,889
		7,972	45,464
		11,951	49,136

13.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2016 RM'000	Borrowing cost 2016 RM'000	Present value of minimum lease payments 2016 RM'000	Future minimum lease payments 2015 RM'000	Borrowing cost 2015 RM'000	Present value of minimum lease payments 2015 RM'000
Less than one year	6,654	582	6,072	4,258	369	3,889
Between one and five years	4,366	387	3,979	4,117	445	3,672
	11,020	969	10,051	8,375	814	7,561

13.2 Revolving credit and Trust receipts

The revolving credit and trust receipts are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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14. Share-based payments

On 14 June 2011, the Company granted share options to any employee, including Executive Directors of the Company and its subsidiaries ("Eligible Person") to purchase shares in the Company under the Employees Share Option Scheme ("ESOS" or "SCHEME") approved by the shareholders of the Company on 11 May 2011. The Company had not granted further share options since then. In accordance with the Scheme, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grants of the share options scheme is as follows; all options are to be settled by physical delivery of shares:

Grant date	Number of options ('000)	Vesting conditions	Contractual life of options
14 June 2011	5,909	No vesting conditions	5 years

The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2016	Number of options ('000) 2016	Weighted average exercise price 2015	Number of options ('000) 2015
Outstanding at 1 January	RM1.05	2,559	RM1.05	2,964
Forfeited during the year	RM1.05	(2,559)	RM1.05	(405)
Outstanding at 31 December	Nil	-	RM1.05	2,559
Exercisable at 31 December	Nil	Nil	RM1.05	2,559

14. Share-based payments cont'd

The options outstanding at 31 December 2016 have an exercise price of Nil (31 December 2015: RM1.05) and no weighted average contractual life during the financial year (31 December 2015: 0.5 years).

The fair value of service in return of share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

Fair value of share options and assumptions	2016	2015
Fair value at grant date	N/a*	RM0.34
Weighted average share price	N/a	RM0.8372
Share price at grant date	N/a	RM0.8372
Expected volatility (weighted average volatility)	N/a	50.54%
Option life (expected weighted average life)	N/a	0.5 years
Risk-free profit rate	N/a	3.27%

Value of employee services received for issue of share options

There are no share options expense recognised in profit or loss of the Group nor the Company as there were no options issued or exercised during the financial year (2015: no options issued or exercised).

* The ESOS has expired on 12 May 2016.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

15. Trade and other payables

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade payables		12,801	13,312	-	-
Amount due to subsidiary	15.1	-	-	2,217	1,667
		12,801	13,312	2,217	1,667
Non-trade					
Amount due to subsidiaries	15.1	-	-	6,968	3,122
Amount due to related companies	15.2	-	4	-	-
Billings in advance	15.3	340	2,606	-	-
Other payables and accruals	15.4	5,524	4,335	3,537	2,970
Deposits received		6	1,667	-	-
GST payable		-	290	325	290
		5,870	8,902	10,830	6,382
		18,671	22,214	13,047	8,049

15.1 Amount due to subsidiaries

The trade amount due to subsidiary is in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

The non-trade amounts due to subsidiaries are cost free, unsecured and have no fixed terms of repayment.

15.2 Amount due to related companies

The amounts due to related companies are cost free, unsecured and have no fixed terms of repayment.

15.3 Billings in advance

Billings in advance represent invoiced value of goods and services sold to customers. Billings in advance are not recognised as revenue in accordance with MFRS 118, *Revenue* as the significant risks and rewards of ownership of the goods and services have not been transferred to the customers as at statement of financial position date.

15.4 Other payables and accruals

Included in other payables and accruals is RM2,595,000 (2015: RM2,490,000) being provision for litigation. Details of the litigation is stated in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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16. Profit for the year

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year arrived at after charging:				
Auditors' remuneration:				
Audit fees	132	108	45	45
Other services	17	35	15	-
Depreciation of plant and equipment	149	143	60	45
Amortisation of development cost	7,686	5,041	58	67
Development expenditure written off	866	925	-	-
Impairment loss on amount due from subsidiaries	-	228	-	-
Allowance for impairment of goodwill	-	-	4,015	683
Impairment loss on trade receivables	-	-	-	-
Provision for litigation	4,339	657	323	-
Plant and equipment written off	105	2,490	105	2,490
Bad debts written off	106	5	29	-
Net realised loss on foreign exchange	-	8	-	-
Office/warehouse rental	-	10	-	-
Office/warehouse rental	1,174	1,050	363	435
Personnel expenses (including key management personnel):				
- Salaries, bonus and allowances	21,161	18,961	3,553	2,555
- Contribution to Employees Provident Fund	2,424	2,226	277	230
- Others	231	198	21	17
Finance costs				
- trusts receipts, bank guarantee, letter of credit and revolving credit	1,012	298	-	-
- finance lease liabilities	518	282	-	-
and after crediting:				
Reversal of diminution in investment in subsidiaries	-	-	5,282	7,829
Proceeds from litigation	-	1,000	-	-
Management fees from subsidiary companies	-	-	6,067	5,383
Waiver for amount due to subsidiary company	-	-	2,728	-
Income from deposits with licensed banks	518	271	78	26
Rebates	-	70	-	-

NOTES TO THE FINANCIAL STATEMENTS

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17. Income tax expense

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	41	59	-	-
- Prior year	1	80	-	-
	42	139	-	-
Reconciliation of income tax expense				
Profit before income tax	1,699	2,433	3,663	4,773
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	408	608	879	1,193
Non-deductible expenses	1,971	3,626	124	125
Current year losses for which no deferred tax asset was recognised	(2,338)	(4,175)	(1,003)	(1,318)
Under provided in prior year	1	80	-	-
	42	139	-	-

18. Earnings per ordinary share

Basic earnings per ordinary share

Basic earnings per ordinary share as at 31 December 2016 was calculated by dividing the profit after income tax by weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2016	2015
	RM'000	RM'000
Profit for the year attributable to owners of the Company	1,657	2,294
Weighted average number of ordinary shares as at 31 December	107,243	107,241
Basic earnings per ordinary share (sen)	1.55	2.14
Diluted earnings per ordinary share (sen)	N/a	**

Fully diluted

For the diluted earnings per ordinary share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The dilutive potential ordinary shares for the year of the Group and of the Company are share options granted to employees and the warrants which is in issue at the end of the financial period.

Outstanding warrants and share options are deemed to have been converted into ordinary shares at the beginning of the year or on the date when the options were granted whichever is the later.

** The diluted effect is not computed as the exercise price of the Employees' Share Options and Warrants are higher than the average market price of the Company's ordinary shares during the period.

19. Operating segment

The Group has no reportable segments, as the Group has one strategic business unit. The strategic business unit are not managed separately as they do not require different technology and marketing strategies.

NOTES TO THE FINANCIAL STATEMENTS

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20. FINANCIAL INSTRUMENTS

20.1 Categories of financial instruments

The table below provides an analysis of the financial instruments categorised as follows:

- (i) Loans and Receivables ("L&R"); and
- (ii) Financial liabilities measured at amortised cost ("FL")

	2016		2015	
	Carrying amount RM'000	L&R/ (FL) RM'000	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets				
Group				
Trade and other receivables	18,950	18,950	33,999	33,999
Cash and cash equivalents	43,903	43,903	51,390	51,390
	62,853	62,853	85,389	85,389
Company				
Trade and other receivables	18,058	18,058	18,702	18,702
Cash and cash equivalents	5,706	5,706	2,072	2,072
	23,764	23,764	20,774	20,774
Financial liabilities				
Group				
Trade and other payables	(15,736)	(15,736)	(17,118)	(17,118)
Loans and borrowings	(11,951)	(11,951)	(49,136)	(49,136)
	(27,687)	(27,687)	(66,254)	(66,254)
Company				
Trade and other payables	(10,127)	(10,127)	(5,559)	(5,559)

20. FINANCIAL INSTRUMENTS cont'd

20.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net (losses)/gains arising from:				
Loans and receivables	(3,821)	253	(245)	657
Financial liabilities measured at amortised cost	(1,530)	(580)	-	-
	(5,351)	(327)	(245)	657

20.3 Financial risk management

The Group and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.4 Credit risk cont'd

Receivables cont'd

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The Group and the Company maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group 2016			
Not past due	4,084	-	4,084
Past due 1 - 30 days	2,093	-	2,093
Past due 31 - 120 days	4,790	-	4,790
Past due more than 120 days	10,703	(5,286)	5,417
	<hr/> 21,670	(5,286)	<hr/> 16,384
2015			
Not past due	9,431	-	9,431
Past due 1 - 30 days	10,863	-	10,863
Past due 31 - 120 days	2,832	-	2,832
Past due more than 120 days	7,618	(947)	6,671
	<hr/> 30,744	(947)	<hr/> 29,797

NOTES TO THE FINANCIAL STATEMENTS Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.4 Credit risk cont'd

Receivables cont'd

Impairment losses cont'd

Company	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	-	-	-
Past due 1 - 30 days	139	-	139
Past due 31 - 120 days	-	-	-
Past due more than 120 days	445	(323)	122
	584	(323)	261
2015			
Not past due	75	-	75
Past due 1 - 30 days	51	-	51
Past due 31 - 120 days	-	-	-
Past due more than 120 days	1,034	-	1,034
	1,160	-	1,160

The movement in the allowance for impairment losses of trade receivables during the financial year were:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	947	947	-	-
Impairment loss recognised	4,339	-	323	-
At 31 December	5,286	947	323	-

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that the recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.4 Credit risk cont'd

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company does not specifically monitor the ageing of current advances to subsidiary companies. Unless the Company is satisfied that the recovery of the amount is possible, the amount considered irrecoverable is written off against the amount due from subsidiaries directly.

20.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.5 Liquidity risk cont'd

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual profit rate %	Contractual cash flows RM'000	Less than 1 year RM'000	1 - 2 years RM'000
2016					
Group					
<i>Non-derivative financial liabilities</i>					
Revolving credit	1,900	5.61	1,900	1,900	-
Finance lease liabilities	10,051	2.50 - 4.25	11,020	6,654	4,366
Trade and other payables	15,736	-	15,736	15,736	-
	27,687		28,656	24,290	4,366
Company					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	10,127	-	10,127	10,127	-
2015					
Group					
<i>Non-derivative financial liabilities</i>					
Trust receipts	41,575	7.85	41,575	41,575	-
Finance lease liabilities	7,561	2.50 - 4.25	8,375	4,258	4,117
Trade and other payables	17,118	-	17,118	17,118	-
	66,254		67,068	62,951	4,117
Company					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	5,559	-	5,559	5,559	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.6 Market risk

Market risk is the risk that changes in market prices, such as profit rates that will affect the Group's and the Company's financial position or cash flows.

20.6.1 Profit rate risk

The Group's and the Company's fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in profit rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in profit rates. Short term receivables and payables are not significantly exposed to profit rate risk.

Exposure to effective profit rates risk

The profit rate profile of the Group's and the Company's significant profit-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial assets	15,432	7,250	2,934	1,807
Financial liabilities	(11,951)	(49,136)	-	-
	3,481	(41,886)	2,934	1,807

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

20. FINANCIAL INSTRUMENTS cont'd

20.7 Fair values of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2016						
Financial liabilities						
Revolving credit	-	-	1,900	1,900	1,900	1,900
Finance lease liabilities	-	-	11,020	11,020	11,020	10,051
	-	-	12,920	12,920	12,920	11,951
2015						
Financial liabilities						
Trust receipts	-	-	41,575	41,575	41,575	41,575
Finance lease liabilities	-	-	8,375	8,375	8,375	7,561
	-	-	49,950	49,950	49,950	49,136

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Revolving credit, financial lease liabilities and trust receipts.	Pre-determined cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the time of borrowing.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

21. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as loan and borrowings less cash and cash equivalents. The debt-to-equity ratio at 31 December 2016 and at 31 December 2015 were as follows:

	Note	Group 2016 RM'000	2015 RM'000
Loans and borrowings	13	11,951	49,136
Less: Cash and cash equivalents	10	(43,903)	(51,390)
Net debt		(31,952)	(2,254)
Total equity		68,104	66,445
Debt-to-equity ratio		-	-

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

22. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Less than one year	966	1,266	108	-
Between one and two years	-	705	-	-
	966	1,971	108	-

The Group and the Company leases a number of offices, warehouses and computer equipment under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date.

23. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bank guarantees issued to trade customers	7,049	8,328	6,735	7,908
Corporate guarantee issued for banking facilities for subsidiary	-	-	85,207	95,147

24. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

24. RELATED PARTY TRANSACTIONS cont'd

Identity of related parties cont'd

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its ultimate holding corporation, significant investors, subsidiaries, joint ventures and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 15.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
A. Ultimate holding corporation				
Sale of goods	34,070	19,152	1,854	3,338
Purchase of services	11	-	11	-
B. Related companies				
Sale of goods	6,617	3,896	-	-
Purchase of services	60	-	-	-
C. Subsidiaries				
Profit earned from related companies	-	-	-	26
Management fee income	-	-	6,067	5,383

NOTES TO THE FINANCIAL STATEMENTS Cont'd

24. RELATED PARTY TRANSACTIONS cont'd

Identity of related parties cont'd

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
D. Key management personnel				
Directors				
- Fees	352	223	210	223
- Salaries and other emoluments	1,609	1,015	1,609	1,015
	1,961	1,238	1,819	1,238
Other key management personnel				
Short-term employee benefits	945	908	590	560
	2,906	2,146	2,409	1,798

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

25. MATERIAL LITIGATIONS

Inforntential Sdn Bhd ("ISB") v. Theta Edge Berhad ("Theta") & 4 others

On 17 May 2012, a Writ of Summons and Statement of Claim was served on the Defendant and four (4) others by the Plaintiff to claim the following:

- (i) A declaration that the 1st, 2nd, 3rd, 4th and 5th defendants or any of them have together conspired to act fraudulently against the Plaintiff to deprive the Plaintiff from recovering on its judgment against Lityan Systems Sdn. Bhd. ("LSSB") obtained in Kuala Lumpur High Court Suit No. S1-22-1665-2004;
- (ii) A declaration that the 1st, 2nd, 3rd, 4th and 5th defendants or any of them have breached Section 257 of the Companies Act, 1965;
- (iii) Damages in the sum of RM2,105,585.23 outstanding as at 3 May 2012;
- (iv) Aggravated and/or exemplary damages;
- (v) Interest at the rate of 4% per annum on any judgment sum from the date of this Writ of Summons is filed until full settlement;
- (vi) Costs;
- (vii) Such further and other relief as the Honourable Court deems fit.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

25. MATERIAL LITIGATIONS cont'd

The High Court had on 23 January 2013 dismissed the Defendants' Application to strike out the civil suit with cost awarded to the Plaintiff in the sum of RM5,000.00 only. The trial commenced on 19 August 2013 and concluded on 10 July 2014. The Defendant had filed their written submission to the High Court on 20 October 2014 and the Plaintiff had filed their written submission to the Court on 23 October 2014.

On 27 April 2015, the High Court Judge, had delivered judgment in the aforementioned case as follows:

- (i) Plaintiff's claim against 1st Defendant is allowed with interest running at 5% per annum from the date of judgment until full settlement;
- (ii) Plaintiff's claim against the 2nd, 3rd, 4th and 5th Defendants is dismissed;
- (iii) 1st Defendant to pay RM15,000.00 as cost to the Plaintiff.

The Company is unable to discern the full effect of the aforementioned judgement since the High Court Judge had only delivered the judgement without citing the grounds in arriving with the decision.

The Company filed a Notice of Appeal against the said judgement on 6 May 2015 and the Record of Appeal was filed on 29 June 2015. The Plaintiff also filed an appeal on 25 May 2015 against the decision of the High Court Judge made on 27 April 2015 in dismissing its claim against the 2nd and the 5th Defendant.

Based on the decision at the Court of Appeal on 16 February 2017,

The Court of Appeal gave its decision on 16 February 2017 where the learned Judge allowed the Company's appeal, Judgment of the High Court dated 7 April 2015 be set aside and ordered costs of RM15,000 to be paid to the Company. While, the Plaintiff's appeal was dismissed with costs of RM15,000 be paid to the 1st Respondent and RM30,000 be paid to the 2nd Respondent.

Infornental had served an unsealed copy of the Notice of Motion to the Company's solicitor on 14 March 2017. Date has yet to be fixed by the Federal Court.

As at the end of the financial year ended 31 December 2016, a total provision of RM2,595,000 (2015: RM2,489,000) has been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

26. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 31 December, into realised and unrealised losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total accumulated losses of the Company and its subsidiaries				
- realised	(59,097)	(66,919)	(28,288)	(33,848)
- unrealised – provision for litigation	(2,595)	(2,490)	-	-
- unrealised – deferred tax asset	3,902	3,902	-	-
	(57,790)	(65,507)	(28,288)	(33,848)
Less: Consolidation adjustments	18,651	22,814	-	-
Total accumulated losses	(39,139)	(42,693)	(28,288)	(33,848)

The determination of realised and unrealised losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 73 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in note 26 on page 131 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tan Sri Dato' Hashim bin Meon
Director

.....
A. Shukor bin S.A Karim
Director

Kuala Lumpur,

Date: 15 March 2017



STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Karen Yap Pik Li**, the officer primarily responsible for the financial management of Theta Edge Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Karen Yap Pik Li, NRIC No 721017-14-5434, at Kuala Lumpur in the State of Federal territory on 15 March 2017.

.....
Karen Yap Pik Li

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETA EDGE BERHAD

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Theta Edge Berhad and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETA EDGE BERHAD Cont'd

Recoverability of trade receivables and amount due from related companies

Refer to Note 2(h)(i) - Significant account policy : Impairment and Note 9 - Trade and other receivables.

The key audit matter	How the matter was addressed in our audit
<p>There were significant level of trade receivables and amount due from related companies as at 31 December 2016. The collectability and the valuation of the allowance for impairment of the Group's trade receivables and amount due from related companies is a key audit matter due to the judgment involved.</p>	<p>Our audit procedures included, amongst others:</p> <p>We have assessed the design and implementation of the Group's process over collection of trade receivables and amount due from related companies.</p> <p>We assessed the adequacy of the allowance for impairment of trade receivables and amount due from related companies by assessing the assumptions made by the Group with reference to the profile of aged debts at the reporting date and post year-end payment records.</p> <ul style="list-style-type: none"> • We evaluated the reliability on trade receivables ageing report. • We evaluated the ageing of outstanding debts to ascertain adequacy of impairment losses on trade receivables and amount due from related companies. • We evaluated the Group's and the Company's justifications and support it with repayment trend of debtors and the ability of the customer to repay debts based on their financial ability by reviewing the latest available financial information of the customer.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETA EDGE BERHAD Cont'd

Information Other than the Financial Statements and Auditors' Report Thereon cont'd

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETA EDGE BERHAD Cont'd

Auditors' Responsibilities for the Audit of the Financial Statements cont'd

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETA EDGE BERHAD Cont'd

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 26 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

Abdullah Abu Samah
Approval Number: 2013/06/18(J)
Chartered Accountant

Date: 15 March 2017
Petaling Jaya, Selangor

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2017

Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
Issued Shares	:	107,243,269 ordinary shares

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2017

Size of Shareholdings	← Shareholders →		← Shareholdings →	
	Number	%	Number	%
Less than 99	351	4.81	12,465	0.01
100 - 1,000	5,300	72.61	1,503,012	1.40
1,001 - 10,000	1,138	15.59	4,475,200	4.17
10,001 - 100,000	457	6.26	14,468,268	13.49
100,001 – 5,362,062 (*)	52	0.71	13,104,674	12.22
5,362,063 and above (**)	1	0.01	73,679,650	68.70
TOTAL	7,299	100	107,243,269	100

Notes:

- * less than 5% of issued shares
 ** 5% and above of issued shares

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2017

NO	INVESTOR NAME	NO OF SHARES	%
1	Lembaga Tabung Haji	73,679,650	68.70
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Richard George Azlan Bin Abas (MY1182)	910,000	0.85
3	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Won Chee Kheong (E-MLB)	850,400	0.79
4	Lim Pow Toon	733,200	0.68
5	Lim Chai Kee @ Lim Gaik Kee	667,200	0.62

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2017 Cont'd

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2017 cont'd

NO	INVESTOR NAME	NO OF SHARES	%
6	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Khie Meng (010)</i>	650,000	0.60
7	Ramesh A/L Kanapathy	542,499	0.50
8	AFFIN Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Hu Siew Huay (HUS0015C)</i>	400,000	0.37
9	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Asiah Binti Othman (STA 1)</i>	370,400	0.35
10	Ong Kim Hin	344,900	0.32
11	Zainal Abidin Bin Maidin	330,075	0.31
12	Chong Mei	321,000	0.30
13	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Won Yon San (E-MLB)</i>	320,100	0.30
14	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ooi Say Inn (E-TCS)</i>	299,900	0.28
15	Ang Chin Woi	250,000	0.23
16	Chong Kay Lin	237,200	0.22
17	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Koh Kin Lip (CTS-KKL0001C)</i>	233,500	0.22
18	Pee Yu Chi	230,075	0.21
19	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chong Choon Loong</i>	220,000	0.21

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2017 Cont'd

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2017 cont'd

NO	INVESTOR NAME	NO OF SHARES	%
20	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ong Yew Beng (E-SJA)</i>	211,500	0.20
21	Eng Kim Lo	211,100	0.20
22	Wong Chan Yuan	210,000	0.20
23	Soo Poh Kum	208,000	0.19
24	Hew Kat Fah	207,200	0.19
25	BIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Noor Rizai Binti Husain (MGNM05004)</i>	200,000	0.19
26	Chong Choon Loong	200,000	0.19
27	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ser Kong Lam</i>	200,000	0.19
28	Koh Kin Lip	200,000	0.19
29	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Hon Ming</i>	200,000	0.19
30	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Cheah Eng Guan (E-SPI/PLI)</i>	183,000	0.17
TOTAL		83,820,899	78.16

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2017 Cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (According to the Register of Substantial Shareholders as at 30 March 2017)

	No of Shares	Direct %
Lembaga Tabung Haji	73,679,650	68.70

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THETA EDGE BERHAD ("COMPANY") AND ITS RELATED CORPORATIONS (According to the Register of Directors' Shareholdings as at 30 March 2017)

Name of Director	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Tan Sri Dato' Hashim bin Meon	-	-	-	-
Dato' Syed Saleh bin Syed Abdul Rahman	-	-	-	-
Dato' Adi Azuan bin Abdul Ghani	-	-	-	-
Anis Zuhani binti Ahmad	-	-	-	-
Mohamed Ridza bin Mohamed Abdulla	-	-	-	-
Abdul Halim bin Jantan	-	-	-	-
Dato' Richard George Azlan bin Abas	910,000	0.85	-	-
A. Shukor bin S.A. Karim	-	-	-	-

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 (“Act”) which regulates the processing of personal data in commercial transactions, applies to Tricor Investor & Issuing House Services Sdn Bhd, the share registrar of Theta Edge Berhad.

The personal data processed by Tricor Investor & Issuing House Services Sdn Bhd may include your name, contact details, mailing address and any other personal data derived from any documentation.

Tricor Investor & Issuing House Services Sdn Bhd may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the Act, if you would like to make any enquiries on your personal data, please contact us at:

Address : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Tel No : 603 2783 9299
Fax No : 603 2783 9222

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of THETA EDGE BERHAD ("Company") will be held at **TH** Hotel Kelana Jaya, Jalan SS6/1, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 22 May 2017 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESSES

1. To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 December 2016. *(Please refer to Explanatory Note 1)*

2. To re-elect the following Directors who retire by rotation as Directors of the Company pursuant to Article 96 of the Company's Articles of Association:-
 - i) Dato' Adi Azuan Bin Abdul Ghani *(Resolution 1)*
 - ii) Dato' Syed Saleh Bin Syed Abdul Rahman *(Resolution 2)*
 - iii) Tan Sri Dato' Hashim Bin Meon *(Resolution 3)*

3. To approve the payment of Directors' fees amounting to RM310,000 for the financial year ending 31 December 2017. *(Resolution 4)*

4. To approve the payment of Directors' benefits for an amount up to RM350,000 from 1 January 2017 up to the next AGM of the Company. *(Resolution 5)*

5. To approve the payment of additional increase in Directors' fees amounting to RM100,000 for the financial year ended 31 December 2016. *(Resolution 6)*

6. To re-appoint Messrs KPMG Desa Megat PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 7)*

AS SPECIAL BUSINESSES

7. To consider and if thought fit, pass the following ordinary resolutions with or without modifications as Ordinary Resolutions of the Company:-



NOTICE OF ANNUAL GENERAL MEETING Cont'd

ORDINARY RESOLUTION 1 AUTHORITY TO ISSUE SHARES

(Resolution 8)

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum of the number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Companies Act, 2016."

ORDINARY RESOLUTION 2 PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE AND RENEWAL OF THE EXISTING GENERAL MANDATE FOR CONTRACTS WHICH ARE REVENUE IN NATURE

(Resolution 9)

"THAT subject to the Companies Act, 2016 ("Act"), the provision of the Company's Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate and Existing General Mandate for the Company to enter into and give effect to the category of the recurrent arrangements or transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in Section 2.1.2 of the Circular to Shareholders dated 28 April 2017, provided that such transactions are : -

- (i) recurrent transactions of a revenue or trading in nature;
- (ii) necessary for the Company's day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public; and
- (iv) not to the detriment of minority shareholders;

(the "Mandate");

NOTICE OF ANNUAL GENERAL MEETING Cont'd

THAT the Mandate given by the shareholders of the Company shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposal is passed, at which time such Mandate will lapse, unless by a resolution passed at the meeting, the authority for the Proposal is renewed;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate”.

**ORDINARY RESOLUTION 3
TO RETAIN ENCIK MOHAMED RIDZA BIN MOHAMED ABDULLA AS AN
INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

(Resolution 10)

“THAT approval be and is hereby given to Encik Mohamed Ridza Bin Mohamed Abdulla, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

8. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board,

CYNTHIA GLORIA LOUIS (MAICSA 7008306)
CHEW MEI LING (MAICSA 7019175)
Company Secretaries

28 April 2017
Petaling Jaya



NOTICE OF ANNUAL GENERAL MEETING Cont'd

Notes:-

Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy and vote in his stead. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The Proxy Form shall be under the hand of the appointor or of his attorney duly authorised in writing. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or its duly authorised attorney.
5. The instrument appointing a proxy must be deposited at the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Members Entitled to Attend

6. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 67(A) of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 12 May 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 12 May 2017 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

Explanatory Notes:-

1. Directors' Report, Audited Financial Statement and the Auditors' Report for the financial year ended 31 December 2016

This Agenda Item is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

2. Directors' Fees (Resolution 4)

During the financial year, the Remuneration Committee conducted a review of the remuneration levels of the Directors taking into account various factors which include the time commitment required, the fiduciary and statutory duties required under the various laws and regulations. The Board subsequently approved the Remuneration Committee's recommendation for the increase in the Directors' fees based on the following:

	Number	Fee for FY2016 Approved in 2015 AGM Per Annum (RM)	Proposed Fee For FY2016 Per Annum (RM)
Chairman of the Board	1	35,000	80,000
Chairman of the Audit & Risk Management Committee	1	25,000	50,000
Non-Executive Directors	6	25,000	30,000
Group Managing Director & Chief Executive Officer	1	-	-
TOTAL	9	210,000	310,000

The Company will be seeking the approval for the additional increase of RM100,000 Directors' fees for the financial year ended 31 December 2016 and the proposed RM310,000 total Directors' fees for financial year ending 31 December 2017 in the forthcoming Twenty-Fourth (24th) Annual General Meeting (AGM).

The proposed increase in Directors' fees is to reflect the additional responsibilities of the Non-Executive Directors as the Directors focus areas have expanded considerably. The Group Managing Director & Chief Executive Officer is not entitled to any Directors' Fees.

The additional proposed fees for FY 2016 are not paid until the approval of the shareholders in the forthcoming AGM.

3. Meeting Allowances (Resolution 5)

	Board Per Meeting RM	Audit & Risk Management Committee Per Meeting RM	Nomination Committee Per Meeting RM	Remuneration Committee Per Meeting RM
Chairman	3,000	3,000	2,000	2,000
Non-Executive Member	1,500	2,500	1,500	1,500
Group Managing Director & Chief Executive Officer	-	-	-	-

The Group Managing Director & Chief Executive Officer is not entitled to any meeting allowances.

The estimated amount of RM350,000 is derived from estimated number of meetings to be held by the Board and Board Committees from 1 January 2017 up to the date of the next Annual General Meeting (AGM) which is about a duration of eighteen (18) months.



NOTICE OF ANNUAL GENERAL MEETING Cont'd

4. **Authority to issue shares under Section 75 and Section 76 of the Companies Act, 2016 (Resolution 8)**

The Directors did not issue any new shares pursuant to the existing mandate.

The proposed Ordinary Resolution 1, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares up to an aggregate amount of not exceeding 10% of the issued shares of the Company for the time being from the unissued capital of the Company pursuant to Section 75 and Section 76 of the Companies Act, 2016 and that such an authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, funding for future investment project(s) and/or acquisitions of assets and/or working capital.

5. **Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature and Renewal of the existing General Mandate for Contracts which are Revenue in Nature (Resolution 9)**

The proposed Ordinary Resolution 2, if approved, will allow Theta Edge Group to enter into Recurrent Related Party Transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature and Renewal of the existing General Mandate for Contracts which are Revenue in Nature is set out in the Circular to Shareholders of the Company dated 28 April 2017 which is dispatched together with the Company's 2016 Annual Report.

6. **Proposal to Retain Encik Mohamed Ridza Bin Mohamed Abdulla as an Independent Non-Executive Director of the Company (Resolution 10)**

Encik Mohamed Ridza Bin Mohamed Abdulla is currently the Senior Independent Non-Executive Director of the Company who has served the Board since 7 November 2007. He has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and in applying the recommendation under the Malaysian Code of Corporate Governance 2012, the Board has assessed and with the recommendation of the Nominating Committee would strongly recommend to the members of the Company to vote in favour of the resolution for Encik Mohamed Ridza Bin Mohamed Abdulla to continue to act as an Independent Non-Executive Director. This is because he has demonstrated throughout the term of his office to be independent not only by the mere fulfillment of the criteria under the definition of Independent Director in the Main Market Listing Requirements of Bursa Securities but subjectively too by providing objectivity, independent judgement and balance to Board deliberations. He provides wise and thoughtful counsel to the Board on a broad range of issues and has an active role in Board Committees to ensure good governance and risk management. His length of service on the Board does not in any way interfere with his exercise of objective judgement or his ability to act in the best interests of the Company and Group. He also has the necessary knowledge of the Group's business operations to make informed decisions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Following is the statement made pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

- 1) Directors who are standing for re-election at the Twenty-Fourth Annual General Meeting of the Company, are as follows:-
 - i) Dato' Adi Azuan Bin Abdul Ghani **(Resolution 1)**
 - ii) Dato' Syed Saleh Bin Syed Abdul Rahman **(Resolution 2)**
 - iii) Tan Sri Dato' Hashim Bin Meon **(Resolution 3)**

- 2) Further details of Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 6 to 7 of the Annual Report.

CDS account no.

I/We _____ (name as per NRIC, in capital letters)
 NRIC No./Company No. _____ (new) _____ (old)
 of _____ (full address)
 being a member(s) of **THETA EDGE BERHAD**, hereby appoint _____ (name of
 proxy as per NRIC, in capital letters) NRIC/Passport No. _____ (new) _____ (old)
 of _____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at TH Hotel Kelana Jaya, Jalan SS6/1, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 22 May 2017 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

RESOLUTIONS		FOR	AGAINST
1.	To re-elect Dato' Adi Azuan Bin Abdul Ghani who retires by rotation pursuant to Article 96 of the Company's Articles of Association.		
2.	To re-elect Dato' Syed Saleh Bin Syed Abdul Rahman who retires by rotation pursuant to Article 96 of the Company's Articles of Association.		
3.	To re-elect Tan Sri Dato' Hashim Bin Meon who retires by rotation pursuant to Article 96 of the Company's Articles of Association.		
4.	To approve the payment of Directors' fees amounting to RM310,000 for the financial year ending 31 December 2017.		
5.	To approve the payment of Directors' benefits for an amount up to RM350,000 from 1 January 2017 up to the next AGM of the Company.		
6.	To approve the payment of additional increase in Directors' fees amounting to RM100,000 for the financial year ended 31 December 2016.		
7.	To re-appoint Messrs KPMG Desa Megat PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to allot shares pursuant to Section 75 and Section 76 of the Companies Act, 2016.		
9.	Proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading in nature and renewal of the existing general mandate for contracts which are revenue in nature.		
10.	Retention of Encik Mohamed Ridza Bin Mohamed Abdulla as an Independent Non-Executive Director of the Company.		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

 Signature/Common Seal

Number of shares held: _____
 Date : _____

Notes :

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy and vote in his stead. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The Proxy Form shall be under the hand of the appointor or of his attorney duly authorised in writing. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or its duly authorised attorney.
- The instrument appointing a proxy must be deposited at the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Members Entitled to Attend

- For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 67(A) of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 12 May 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 12 May 2017 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

Fold this flap for sealing

Then fold here

The Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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A-3A-3A, Block A, Oasis Square Office, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan
Tel: +603 7622 1188 | Fax: +603 7666 6968

www.theta-edge.com