

VIZIONE HOLDINGS BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 28 FEBRUARY 2019**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter Ended 28 Feb 2019 RM'000	Preceding Year Corresponding Quarter Ended 28 Feb 2018 RM'000	Current Y-T-D Ended 28 Feb 2019 RM'000	Preceding Y-T-D Ended 28 Feb 2018 RM'000
Turnover	164,961	133,858	490,214	302,489
Cost of sales	(140,824)	(120,998)	(412,357)	(273,310)
Gross profits	24,137	12,860	77,857	29,179
Other operating income	4,125	330	4,765	731
Operating and administrative expenses	(4,600)	(2,528)	(11,788)	(6,019)
Share of results of associate	-	(326)	-	(430)
Corporate exercise expenses	-	(8)	-	(1,945)
ESOS expenses	-	-	-	(679)
Profits/(loss) from operations	23,662	10,328	70,834	20,837
Finance costs	(190)	(116)	(398)	(179)
Profits/(loss) before taxation	23,472	10,212	70,436	20,658
Taxation	(5,709)	(2,152)	(18,210)	(5,520)
Total comprehensive profits/(loss)	17,763	8,060	52,226	15,138
Total comprehensive profits/(loss) attributable to :				
Owners of the parent	17,763	8,060	52,226	15,138
Non-controlling interest	-	-	-	-
	17,763	8,060	52,226	15,138
Profits/(loss) per-share	sen	sen	sen	sen
Basic	3.26	0.23	9.59	0.43
Diluted	2.99	0.20	8.80	0.37

The Condensed Consolidate Statement of Comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 28 FEBRUARY 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 28 Feb 2019 (UNAUDITED)	As At 31 May 2018 (AUDITED)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	18,631	12,189
Investment properties	5,097	800
Capital work in progress	790	790
Investment in associate companies	740	740
Goodwill on consolidation	251,648	251,648
Deferred tax assets	13	13
	276,919	266,180
CURRENT ASSETS		
Amount due from contract customers	186,228	107,008
Trade receivables	210,743	133,587
Others receivables	100,478	69,981
Amount due from associate companies	30,214	3,075
Amount due from joint venture companies	500	-
Other investments	10	10,454
Tax recoverable	138	286
Fixed deposits with licensed banks	18,425	20,149
Cash and bank balances	10,536	21,785
	557,272	366,325
TOTAL ASSETS	834,191	632,505
EQUITY		
Share capital	448,251	418,636
Share issuance scheme option reserve	533	646
Warrant reserves	4,269	4,269
Irredeemable convertible unsecured loan stocks	262	268
Retained earnings/(Accumulated losses)	61,434	9,206
Total Equity	514,749	433,025
LIABILITIES		
NON-CURRENT LIABILITIES		
Irredeemable convertible unsecured loan stocks	4	5
Finance lease liabilities	580	323
Bank borrowings	10,693	3,442
Deferred tax liabilities	341	337
	11,618	4,107

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 28 FEBRUARY 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 28 Feb 2019 (UNAUDITED) RM'000	As At 31 May 2018 (AUDITED) RM'000
CURRENT LIABILITIES		
Amount due to contract customers	-	1,988
Trade payables	207,450	116,368
Others payables	80,984	64,134
Amount due to directors	55	86
Tax payables	6,189	2,272
Finance lease liabilities	556	500
Bank borrowings	12,590	10,025
	307,824	195,373
TOTAL LIABILITIES	319,442	199,480
TOTAL EQUITY AND LIABILITIES	834,191	632,505
NET ASSETS PER-SHARE (RM)	0.9449	0.1638

The Condensed Consolidate Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT						TOTAL EQUITY RM'000
	Non-distributable				Distributable		
	Share Capital RM'000	Share Premium RM'000	Share Issuance Scheme Options ("SIS") Reserve RM'000	Warrants Reserves RM'000	Irredeemable Convertible Unsecured Loan Stock ("ICULS") RM'000	Retained Earnings/ (Accumulated Losses) RM'000	
GROUP							
As at 1 Jun 2018	418,636	-	646	4,269	268	9,206	433,025
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	15,021	15,021
Transactions with owners:-							
Exercise of SIS	132	49	(26)	-	-	-	155
Share issuance expenses	(10)	-	-	-	-	-	(10)
Total transactions with owners:-	122	49	(26)	-	-	-	145
Transfer in accordance with Section 618(2) of the Companies Act, 2016	49	(49)	-	-	-	-	-
As at 31 Aug 2018	418,807	-	620	4,269	268	24,227	448,191
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	19,444	19,444
Transactions with owners:-							
Issuance of ordinary shares	21,440	8,576	-	-	-	-	30,016
Conversion of ICULS	4	4	-	-	(6)	-	2
Share issuance expenses	(1,171)	-	-	-	-	-	(1,171)
Total transactions with owners:-	20,273	8,580	-	-	(6)	-	28,847
Transfer in accordance with Section 618(2) of the Companies Act, 2016	8,580	(8,580)	-	-	-	-	-
As at 30 Nov 2018	447,660	-	620	4,269	262	43,671	496,482
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	17,763	17,763
Transactions with owners:-							
Exercise of SIS	436	155	(87)	-	-	-	504
Total transactions with owners:-	436	155	(87)	-	-	-	504
Transfer in accordance with Section 618(2) of the Companies Act, 2016	155	(155)	-	-	-	-	-
As at 28 Feb 2019	448,251	-	533	4,269	262	61,434	514,749

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT						TOTAL EQUITY RM'000
	Non-distributable				Distributable		
	Share Capital RM'000	Share Premium RM'000	Share Issuance Scheme Options ("SIS") Reserve RM'000	Warrants Reserves RM'000	Irredeemable Convertible Unsecured Loan Stock ("ICULS") RM'000	Retained Earnings/ (Accumulated Losses) RM'000	
GROUP							
As at 1 Jun 2017	87,486	7	-	4,269	298	(16,975)	75,085
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	26,181	26,181
Transactions with owners:-							
Issuance of ordinary shares	281,894	54,785	-	-	-	-	336,679
Conversion of ICULS	18	17	-	-	(30)	-	5
Exercise of SIS	167	61	(33)	-	-	-	195
Share-based payment	-	-	679	-	-	-	679
Share issuance expenses	(5,799)	-	-	-	-	-	(5,799)
Total transactions with owners:-	276,280	54,863	646	-	(30)	-	331,759
Transfer in accordance with Section 618(2) of the Companies Act, 2016	54,870	(54,870)	-	-	-	-	-
As at 31 May 2018	418,636	-	646	4,269	268	9,206	433,025

The Condensed Consolidate Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 28 FEBRUARY 2019**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	9 Months Ended 28 Feb 2019 (UNAUDITED) RM'000	12 Months Ended 31 May 2018 (AUDITED) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	70,436	35,953
Adjustments for:		
Depreciation of property, plant and equipment	937	574
Deposit written off	-	27
Dividend income from other investments	-	(482)
Fair value adjustments on investment properties	-	62
Gain on disposal of an associate company	-	-
Interest expenses	398	297
Interest income	(736)	(498)
Bad debt written off	-	-
Impairment loss on other receivables	-	241
Share-based payment	-	679
Share of results of associate companies	-	647
Waiver of amount due to other payables	-	(16)
Operating profit/(loss) before working capital changes	71,035	37,484
Change in working capital:		
Receivables	(107,652)	(80,799)
Amount due from contract customers	(81,207)	(79,016)
Amount due from subsidiary companies	-	-
Amount due from associate companies	(27,139)	(3,075)
Amount due from joint venture companies	(500)	-
Amount due from Directors	(31)	648
Payables	107,932	80,868
	(108,597)	(81,374)
Cash generated from/(used in) operations	(37,562)	(43,890)
Interest paid	(398)	(1,155)
Interest received	736	498
Dividend received	-	482
Tax paid	(14,141)	(8,599)
	(13,803)	(8,774)
Net cash generated from/(used in) operating activities	(51,365)	(52,664)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress incurred	-	(790)
Net cash outflow from acquisition of a subsidiary company	-	(176,273)
Acquisition of an associate company	-	(127)
Proceeds from disposal of an associate company	-	-
Purchase of property, plant and equipment	(11,675)	(4,107)
Purchase of investment properties	-	(49)
Net cash from/(used in) investing activities	(11,675)	(181,346)

	9 Months Ended 28 Feb 2019 (UNAUDITED) RM'000	12 Months Ended 31 May 2018 (AUDITED) RM'000
CASH FLOW FROM FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(461)	(552)
Drawdown of finance lease liabilities	774	-
Proceeds from issuance of ordinary shares	28,835	223,498
Proceeds from conversion of ICULS	-	-
Proceeds from exercise of SIS option	659	195
(Increase)/decrease in cash and bank balances pledged	-	(193)
(Increase)/decrease in fixed deposit pledged	1,724	5,500
Drawdown of term loans	9,601	4,000
Repayment of term loans	(2,644)	(3,368)
Net changes in trust receipts and invoice financing	(790)	1,009
Net cash from/(used in) financing activities	37,698	230,089
Net increase/(decrease) in cash and cash equivalents	(25,342)	(3,921)
Cash and cash equivalents at beginning of the period	30,131	34,052
Cash and cash equivalents at end of the period	4,789	30,131
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD COMPRISES:		
Fixed deposits with licensed banks	18,425	20,149
Cash and bank balances	10,536	21,785
Other investment	10	10,454
Bank overdrafts	(4,847)	(1,199)
	24,124	51,189
Less: Fixed deposits pledged with licensed banks	(18,425)	(20,149)
Cash and bank balances pledged	(910)	(909)
	4,789	30,131

The Condensed Consolidate Statement of Cash flow should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 : INTERIM FINANCIAL REPORTING

A1) Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: "Interim Financial Reporting", paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR").

The unaudited interim financial report contains condensed consolidated financial statement for the 3rd financial quarter from 1 Dec 2018 to 28 Feb 2019, and should be read in conjunction with the Group's audited financial statements presented in the Annual Report for financial year ended 31 May 2018. The notes include an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since financial year ended 31 May 2018.

A2) Significant accounting policies and application of MFRS

(a) The significant accounting policies applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 May 2018. The adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and amendments to MFRS that have been issued by the MASB for the financial period beginning on or after 1 January 2018 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2014-2016 Cycle)
- Amendments to MFRS 2 "Classification and Measurement of Share-Based Payments Transactions"
- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts With Customers"
- Amendments to MFRS 4, "Applying MFRS 9 Financial Instruments with MFRS 4, Insurance Contracts"
- Amendments to MFRS 128, "Investments in Associates and Joint Ventures" (Annual Improvements 2014-2016 Cycle)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A2) Significant accounting policies and application of MFRS (Cont'd)

- Amendments to MFRS 140, "Transfer of Investment Property"
- IC Interpretation 22, "Foreign Currency Transactions And Advance Consideration"
- Amendments to MFRS 15, "Clarifications to MFRS 15"

MFRS 9 Financial Instruments

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

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Three principal classification categories for financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There were no material impact on the Group's financial assets upon initial application of the new classification and measurement requirements.

MFRS 9 also replaces the incurred loss model in respect of impairment assessment of MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances are measured on either a 12-month ECL or a Lifetime ECL.

There were no material impact on the Group's consolidated financial statements upon application of the forward-looking ECL model.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A2) Significant accounting policies and application of MFRS (Cont'd)

MFRS 15 Revenue From Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

There was no material impact on the Group's consolidated financial statements upon application of MFRS 15.

(b) Standards issued but not yet effective

Annual periods beginning on/after 1 January 2019

- MFRS 16 "Leases"
- Amendments to MFRS 9, "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128, "Long-term Interests in Associates and Joint Ventures"
- IC Interpretation 23, "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 119, "Plan Amendments, Curtailment or Settlement"
- Amendments to MFRS 3, "Business Combination" (Annual Improvements 2015 – 2017 Cycle)
- Amendments to MFRS 11, "Joint Arrangements" (Annual Improvement 2015 – 2017 Cycle)
- Amendments to MFRS 112, "Income Taxes" (Annual Improvement 2015 – 2017 Cycle)
- Amendments to MFRS 123, "Borrowing Costs" (Annual Improvement 2015 – 2017 Cycle)

Annual periods beginning on/after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A2) Significant accounting policies and application of MFRS (Cont'd)

Annual periods beginning on/after 1 January 2021

- MFRS 17 "Insurance Contracts"

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its' Associate or Joint Venture"

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, other than for MFRS 16 Leases.

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and depreciation expense on the right-of-use asset.

Lessor accounting is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. The Group plans to adopt the new standard on the required effective date.

A3) Audit report

The Auditors' Report of the preceding annual financial statements for the financial year ended 31 May 2018 was not subject to any audit qualification.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A4) Seasonal or cyclical factors

The Group's performance is not significantly affected by seasonal and cyclical factors.

A5) Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the reporting quarter ended 28 Feb 2019.

A6) Material changes in estimates used

There were no significant changes in the nature and amount of estimates reported in the prior interim period of the current financial quarter or prior years that have a material effect on the current financial quarter ended 28 Feb 2019 under review.

A7) Debt and equity securities

Saved as disclosed below, there were no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares by the Group during the financial period:-

(a) 622,900 new ordinary shares pursuant to the Share Issuance Scheme.

A8) Dividends paid

No dividends were declared or paid during the current financial quarter ended 28 Feb 2019 under review.

A9) Segmental reporting

Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company. The Group's principal segment businesses are construction and investment holding.

The Group's segmental report for the current financial quarter ended 28 Feb 2019 under review are as follows:-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A9) Segmental reporting (Cont'd)

	Individual		Cumulative	
	Current Year Quarter Ended 28 Feb 2019 RM'000	Preceding Year Corresponding Quarter Ended 28 Feb 2018 RM'000	Current Y-T-D Ended 28 Feb 2019 RM'000	Preceding Y-T-D Ended 28 Feb 2018 RM'000
<u>TURNOVER</u>				
Construction	172,800	154,150	522,615	337,076
Investment holdings	301	752	1,368	2,196
Less: Inter-segment revenue	(8,140)	(21,044)	(33,769)	(36,783)
Total consolidated revenue	164,961	133,858	490,214	302,489
<u>RESULTS</u>				
Construction	25,169	10,994	74,824	24,446
Investment holdings	(1,291)	(256)	(3,425)	(2,952)
	23,878	10,738	71,399	21,494
Other non-reportable segments	(215)	(84)	(565)	(227)
Share of results of associates	-	(326)	-	(430)
Provision for taxation	(5,710)	(2,152)	(18,210)	(5,520)
Interest expenses	(190)	(116)	(398)	(179)
Net profits/(loss) after tax	17,763	8,060	52,226	15,138
<u>SEGMENT ASSETS</u>				
Construction			592,145	312,722
Investment holdings			432,316	376,699
			1,024,461	689,421
Others non-reportable segments			13,941	72
Elimination of inter-company balances			(204,211)	(132,821)
Consolidated total assets			834,191	556,672
<u>SEGMENT LIABILITIES</u>				
Construction			450,582	239,287
Investment holdings			9,066	516
			459,648	239,803
Others non-reportable segments			14,895	373
Elimination of inter-company balances			(155,101)	(83,926)
Consolidated total liabilities			319,442	156,250

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A10) Valuation of property, plant and equipment

There was no valuation on any of the Group's property, plant & equipment during the reporting quarter ended 28 Feb 2019. The carrying value of property, plant & equipment are based on the amount incorporated in the audited financial statement for financial year ended 31 May 2018.

A11) Significant events

There were no events of a material nature to be disclosed in the interim financial statements for the current financial quarter ended 28 Feb 2019, save and except for the following:-

- (i) On 31 Dec 2018, the Company's wholly owned subsidiary, Wira Syukur (M) Sdn Bhd had accepted a letter of award from Permata Rebana Sdn Bhd with contract sum of RM377,600,000 for the supply of materials, labour and project management services relating to various stretches of road works in the vicinity of Kota Kinabalu, Sabah.

A12) Material changes in the composition of the Group

There was no changes in the composition of the Group during the reporting quarter ended 28 Feb 2019 and up to the date of this report.

A13) Contingent liabilities and contingent assets

There were no material contingent liabilities or assets for the reporting quarter ended 28 Feb 2019 except below:-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A13) Contingent liabilities and contingent assets (Cont'd)

(a) Contingent liabilities

	Cumulative	
	Quarter Ended 28 Feb 2019	Quarter Ended 28 Feb 2018
	RM'000	RM'000
Corporate guarantee given to banks for facilities granted to related parties	30,084	4,512
Corporate guarantee given to banks for facilities granted to third parties	69,633	63,635
	99,717	68,147
Bank guarantees extended to third parties in respect of contracts entered	49,397	55,143

(b) Contingent assets

As at the date of this report, there were no contingent assets.

A14) Material events subsequent to the end of the interim financial report

The management is not aware of any material events subsequent to the end of the interim financial report that have not been reflected in the financial statements for the current financial quarter ended 28 Feb 2019 under review, save and except for the following:-

- (I) On 6th Mar 2019, 12th Mar 2019 and 20th Mar 2019, total 154,360 new ordinary shares were issued and listed due to exercise of the Share Issuance Scheme.
- (II) On 21st Mar 2019, the Company's had announced that its' wholly owned subsidiary, Wira Syukur (M) Sdn Bhd ("WSSB") had achieved the audited profit after tax of RM85,905,777 for the financial year ended 31 Dec 2017 and 31 Dec 2018 thus had exceeded the profit guarantee of RM82,591,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

A14) Material events subsequent to the end of the interim financial report (Cont'd)

(III) Pertaining to the contract awarded by Vertice Construction Sdn Bhd ("Vertice") on 13th Apr 2018 on the Upgrading Works of Federal Road 12 from Gambang, Pahang to Segamat, Johor, the Company had on 29th Mar 2019 announced that Vertice had notified WSSB that Vertice and their main contractor had entered into a Mutual Termination of the agreement for the project.

A15) Capital commitment

There was no commitment for the purchase of property, plant and equipment provided for in the current financial quarter ended 28 Feb 2019.

A16) Related Party Transactions

The Group has carried out the following significant transactions with the related parties during the current financial quarter ended 28 Feb 2019.

	Individual		Cumulative	
	Current Year Quarter Ended 28 Feb 2019 RM'000	Preceding Year Corresponding Quarter Ended 28 Feb 2018 RM'000	Current Y-T-D Ended 28 Feb 2019 RM'000	Preceding Y-T-D Ended 28 Feb 2018 RM'000
(I) Progressive sub-contracting income for the Group construction project	5,428	-	9,622	3,120
(II) Project management services rendered	3,000	5,226	3,000	5,226
(III) Hire of equipments	-	-	-	4
(IV) Progressive sub-contracting costs for the Group construction project	(890)	(3,391)	(5,838)	(23,790)
(V) Office rental	(15)	(30)	(70)	(50)
(VI) Project development costs	-	(4,674)	-	(4,674)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

PART B : ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF THE BURSA MALAYSIA SECURITIES BERHAD

B1) Review of performance – Quarter 3, FY 2019 (“Q3FY2019”) vs Quarter 3, FY 2018 (“Q3FY2018”)

For the current financial quarter under review, the Group posted a revenue of RM164.96 million as compared to its corresponding preceding financial quarter, Q3FY2018 of RM133.86 million. Along with the increase in revenue, profit before tax (“PBT”) during the current quarter jumped to RM23.47 million, representing an increase of RM13.26 million from its corresponding preceding quarter of RM10.21 million.

The increase in revenue and PBT were mainly attributed to the mainstream infrastructure opportunities namely Submarines Pipelines Project in Pulau Pinang and Outer Ring Road Project in Sabah.

B2) Changes in revenue and PBT for Q3FY2019 as compared with the immediate preceding quarter ended 30 Nov 2018 (“Q2FY2019”):-

Current Year Quarter Ended	Immediate Preceding Quarter Ended	Variance
28 Feb 2019	30 Nov 2018	
RM'000	RM'000	%

Revenue	164,961	165,746	(0.47%)
Profit before taxation	23,472	26,394	(11.07%)

For the current quarter, the Group reported a revenue and PBT of RM164.96 million and RM23.47 million as compared to RM165.75 million and RM26.39 million respectively in the immediate preceding quarter. The lower profit before tax was due to payment of bonus and sponsorship during the current quarter.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B3) Future prospects

Malaysia's construction sector growth is forecasted to slow down from 4.5% to 4.3% in 2019. The government continues to take drastic measures to reduce government debt and expenditure by suspending large-scale infrastructure projects across the country. The growth forecasts for Malaysia's construction industry have been impacted by many uncertainties, as well as project suspensions and cancellations as reduction of capital debt is the primary focused of the Federal Government. Following the suspension of the Singapore-Kuala Lumpur high-speed rail project, the government continued its austerity measures by suspending the construction of two oil and gas pipeline projects which cost more than RM4 billion each. The Federal Government's capital cutbacks saw many major infrastructure projects were on chopping block whilst some were being shelved indefinitely. However, the on-going planned high-impact infrastructure and development projects will continue but subject to cost reviews, contract re-negotiations and re-tendering to ensure value for money at palatable costs without unnecessary leakages, wastages and excesses.

The Group will reposition and deploy resources to compliment the government's fiscal policy in building more affordable homes in the short to medium term as reflected in the ruling government's manifesto to construct one million affordable houses within two terms of administration. The Group will continue to pursue new public spending and explore selective private property development with sustainable market value opportunities. The Group has embraced new operating horizon by cultivating effective cost optimisation and efficient capital management to remain resilient in the market.

The reduced public spending and steep reduction in the operating margin will be some of the major concerns to the Group. In combating, the aforesaid drawbacks, the Group is revisiting mainstream strategy by revamping and consolidating business operations to achieve better economies of scale. The Group will remain steadfast and continue to leverage on its operational strength despite the current economically challenging market conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B4) Variance on profit forecast / profit guarantee

The group is not subject to any profit forecast and/or profit guarantee.

B5) Taxation

	Individual		Cumulative	
	Current Year Quarter Ended 28 Feb 2019 RM'000	Preceding Year Corresponding Quarter Ended 28 Feb 2018 RM'000	Current Y-T-D ended 28 Feb 2019 RM'000	Preceding Y-T-D Ended 28 Feb 2018 RM'000
In respect of current quarter:-				
Income Tax	5,709	2,152	18,210	5,520
Deferred Tax	-	-	-	-
	5,709	2,152	18,210	5,520

B6) Additional notes to the Comprehensive Income Statement

The following items have been charged and credited in arriving at the Profit/(Loss) before taxation:-

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter Ended 28 Feb 2019 RM'000	Preceding Year Corresponding Quarter Ended 28 Feb 2018 RM'000	Current Y-T-D Ended 28 Feb 2019 RM'000	Preceding Y-T-D Ended 28 Feb 2018 RM'000
Building and office rental	15	75	249	187
Depreciation of Property, plant and equipment ("PPE")	394	197	937	352
Interest expenses	190	116	398	179

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B7) Corporate Proposals

There were no other proposals announced by the company that pending implementation as at the date of this report.

B8) Group Borrowings

Details of the Group's bank borrowings as at 28 Feb 2019 are as follows:-

	<u>Current</u> RM '000	<u>Non-current</u> RM '000	<u>Total</u> RM '000
Secured			
Finance Lease Liabilities	556	580	1,136
Bank Borrowings	12,590	10,693	23,283
Total	13,146	11,273	24,419

B9) Material litigations

The management is not aware of any pending material litigation which will have a material effect on the financial position or the business of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group at the date of this report.

B10) Dividends

No dividend has been proposed and paid for during the current financial quarter ended 28 Feb 2019 and the previous audited financial year ended 31 May 2018.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B11) Earnings / (loss) per share

	Individual		Cumulative	
	Current Year Quarter Ended 28 Feb 2019	Preceding Year Corresponding Quarter Ended 28 Feb 2018	Current Y-T-D Ended 28 Feb 2019	Preceding Corresponding Y-T-D Ended 28 Feb 2018
a) <u>Basis earnings/(loss) per-share</u>				
Profits/(loss) attributable to the owners of parent ('000)	17,763	8,060	52,226	15,138
Total weighted average number of ordinary shares in issue ('000)	544,753	3,538,741	544,753	3,538,741
Basis earnings/(loss) per share (sen)	3.26	0.23	9.59	0.43
b) <u>Diluted earnings/(loss) per-share</u>				
Profit/(loss) attributable to the owners of parent ('000)	17,763	8,060	52,226	15,138
Total weighted average number of ordinary shares in issue ('000)	544,753	3,538,741	544,753	3,538,741
Adjusts for:				
Assuming full conversion of ICULS	2,231	3,368	2,231	3,368
Assuming full conversion of Warrants B 13/18 **	-	87,935	-	87,935
Assuming full conversion of Warrants C 17/22	31,043	291,462	31,043	291,462
Assuming full exercise of Share Issuance Scheme	15,268	131,206	15,268	131,206
	593,295	4,052,712	593,295	4,052,712
Diluted earnings/(loss) per-share (sen)	2.99	0.20	8.80	0.37

** Warrants B 13/18 expired on 20 Jun 2018.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B12) Status of utilisation of proceeds

- (i) The Rights Issue with Warrants has been completed with the listing of 582,924,900 Rights Shares together with 291,462,450 Warrants-C on the Main Market of Bursa Securities on 10 February 2017.

The total proceeds received from the Rights Shares was RM58,292,490.

The status of utilisation of the proceeds as at 28 Feb 2019 are as follows:-

	Proposed Utilisation	Actual Utilisation	Balance Unutilised
Details of Utilisation	RM'000	RM'000	RM'000
Construction Activities	40,000	40,000	-
Property Development Activities	9,987	9,987	-
Working Capital	7,105	7,105	-
Expenses in relation to the Corporate Exercise	1,200	1,200	-
Total	58,292	58,292	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

B12) Status of utilisation of proceeds (Cont'd)

- (ii) A private placement of 155,300,000 new Vizione Shares at the issue price of RM0.14 per placement share had been completed on 3 April 2018, which raised a total of approximately RM21.74 million.

On 4 Oct 2018, the private placement had been completed following the listing and quotation of the 2nd tranche of 214,396,782 new ordinary shares on the Main Market of Bursa Securities.

A total of 369,696,782 Vizione Shares under the Private Placement have been fully issued and the Company had raised a total of RM 51,757,549.48 from the Private Placement.

The status of utilization is as below:

	Proposed Utilisation	Actual Utilisation	Balance Unutilised
Details of Utilisation	RM'000	RM'000	RM'000
Construction projects expenditure	50,558	50,558	-
Expenses in relation to the Corporate Exercise	1,200	1,200	-
Total	51,758	51,758	-

B13) Authorisation for issue

The interim financial report were authorised for issue by the Board of Directors in accordance with resolution of the directors on 24th Apr 2019.