

VIZIONE HOLDINGS BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter Ended 31 May 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 May 2018 RM'000	Current Y-T-D Ended 31 May 2019 RM'000	Preceding Y-T-D Ended 31 May 2018 RM'000
Turnover	103,602	110,697	593,816	413,186
Cost of sales	(84,683)	(92,698)	(497,040)	(366,008)
Gross profit	18,919	17,999	96,776	47,178
Other operating income	7,006	514	11,772	1,246
Operating and administrative expenses	(4,896)	(2,883)	(16,684)	(8,903)
Goodwill amortisation	(4,468)	-	(4,468)	-
Share of results of associate	(103)	(217)	(103)	(647)
Share of results of joint venture	191	-	191	-
Corporate exercise expenses	-	-	-	(1,945)
ESOS expenses	(509)	-	(509)	(679)
Profits from operations	16,140	15,413	86,975	36,250
Finance costs	(956)	(118)	(1,353)	(297)
Profits before taxation	15,184	15,295	85,622	35,953
Taxation	(4,064)	(4,251)	(22,274)	(9,771)
Total comprehensive profits	11,120	11,044	63,348	26,182
Total comprehensive profits attributable to :				
Owners of the parent	11,400	11,044	63,628	26,182
Non-controlling interest	(280)	-	(280)	-
	11,120	11,044	63,348	26,182
Profits per-share	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
Basic	2.08	0.42	11.60	0.99
Diluted	1.92	0.40	10.71	0.95

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

VISIONE HOLDINGS BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 31 May 2019 (UNAUDITED) RM'000	As At 31 May 2018 (RESTATED) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	18,608	12,189
Investment properties	5,100	800
Capital work in progress	790	790
Investment in associate companies	488	740
Goodwill on consolidation	240,264	240,265
Intangible assets	3,248	7,716
Deferred tax assets	13	13
	268,511	262,513
CURRENT ASSETS		
Asset held for sale	56,257	-
Contract assets	191,990	107,008
Trade receivables	211,763	130,120
Others receivables	94,600	69,981
Amount due from associate companies	152	3,075
Amount due from joint venture companies	191	-
Other investments	2	10,454
Tax recoverable	5	286
Fixed deposits with licensed banks	18,462	20,149
Cash and bank balances	11,512	21,785
	584,934	362,858
TOTAL ASSETS	853,445	625,371
EQUITY		
Share capital	450,996	418,636
Share issuance scheme option reserve	639	646
Warrant reserves	1,749	4,269
Irredeemable convertible unsecured loan stocks	262	268
Retained earnings/(Accumulated losses)	66,368	220
	520,014	424,039
Non-controlling interests	585	-
Total Equity	520,599	424,039
LIABILITIES		
NON-CURRENT LIABILITIES		
Irredeemable convertible unsecured loan stocks	4	5
Finance lease liabilities	522	323
Bank borrowings	32,712	3,442
Deferred tax liabilities	958	2,189
	34,196	5,959

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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 31 May 2019 (UNAUDITED)	As At 31 May 2018 (RESTATED)
	RM'000	RM'000
CURRENT LIABILITIES		
Contract liabilities	3,086	1,988
Trade payables	206,996	116,368
Others payables	60,569	64,134
Amount due to directors	217	86
Tax payables	7,486	2,272
Finance lease liabilities	583	500
Bank borrowings	19,713	10,025
	298,650	195,373
TOTAL LIABILITIES	332,846	201,332
TOTAL EQUITY AND LIABILITIES	853,445	625,371
NET ASSETS PER-SHARE (RM)	0.9476	0.1604

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
	Non-distributable					Distributable			
	Share Capital	Share Premium	Share Issuance Scheme Reserve	Warrants Reserves	Irredeemable Convertible Unsecured Loan Stock ("ICULS")	Retained Earnings/ (Accumulated Losses)	TOTAL	Non-controlling Interest	TOTAL EQUITY
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP									
As at 1 Jun 2018	418,636	-	646	4,269	268	9,206	433,025	-	433,025
Effect of adoption of MFRS 9	-	-	-	-	-	(3,467)	(3,467)	-	(3,467)
Amortisation of intangible assets	-	-	-	-	-	(5,519)	(5,519)	-	(5,519)
As at 1 Jun 2018 (restated)	418,636	-	646	4,269	268	220	424,039	-	424,039
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	15,021	15,021	-	15,021
Transactions with owners:-									
Exercise of SIS	132	49	(26)	-	-	-	155	-	155
Share issuance expenses	(10)	-	-	-	-	-	(10)	-	(10)
Total transactions with owners:-	122	49	(26)	-	-	-	145	-	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	15,241	439,205	-	439,205
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	19,444	19,444	-	19,444
Transactions with owners:-									
Issuance of ordinary shares	21,440	8,576	-	-	-	-	30,016	-	30,016
Conversion of ICULS	4	4	-	-	(6)	-	2	-	2
Share issuance expenses	(1,171)	-	-	-	-	-	(1,171)	-	(1,171)
Total transactions with owners:-	20,273	8,580	-	-	(6)	-	28,847	-	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	34,685	487,496	-	487,496
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	17,763	17,763	-	17,763
Transactions with owners:-									
Exercise of SIS	436	155	(87)	-	-	-	504	-	504
Total transactions with owners:-	436	155	(87)	-	-	-	504	-	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	52,448	505,763	-	505,763

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
	Non-distributable					Distributable			
	Share Capital	Share Premium	Share Issuance Scheme Options ("SIS") Reserve	Warrants Reserves	Irredeemable Convertible Unsecured Loan Stock ("ICULS")	Retained Earnings/ (Accumulated Losses)	TOTAL	Non-controlling Interest	TOTAL EQUITY
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP									
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	11,400	11,400	(280)	11,120
Transactions with owners:-									
Exercise of SIS	2,024	721	(403)	-	-	-	2,342	-	2,342
Capital reduction	-	-	-	(2,520)	-	2,520	-	-	-
Share-based payment	-	-	509	-	-	-	509	-	509
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	865	865
Total transactions with owners:-	2,024	721	106	(2,520)	-	2,520	2,851	865	3,716
Transfer in accordance with Section 618(2) of the the Companies Act, 2016	721	(721)	-	-	-	-	-	-	-
As at 31 May 2019	450,996	-	639	1,749	262	66,368	520,014	585	520,599
As at 1 Jun 2017	87,486	7	-	4,269	298	(16,975)	75,085	-	75,085
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	26,181	26,181	-	26,181
Transactions with owners:-									
Issuance of ordinary shares	281,894	54,785	-	-	-	-	336,679	-	336,679
Conversion of ICULS	18	17	-	-	(30)	-	5	-	5
Exercise of SIS	167	61	(33)	-	-	-	195	-	195
Share-based payment	-	-	679	-	-	-	679	-	679
Share issuance expenses	(5,799)	-	-	-	-	-	(5,799)	-	(5,799)
Total transactions with owners:-	276,280	54,863	646	-	(30)	-	331,759	-	331,759
Transfer in accordance with Section 618(2) of the the Companies Act, 2016	54,870	(54,870)	-	-	-	-	-	-	-
As at 31 May 2018	418,636	-	646	4,269	268	9,206	433,025	-	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.

VIZIONE HOLDINGS BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 MAY 2019**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	12 Months Ended 31 May 2019 (UNAUDITED) RM'000	12 Months Ended 31 May 2018 (AUDITED) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	85,620	35,953
Adjustments for:		
Depreciation of property, plant and equipment	1,301	574
Deposit written off	-	27
Dividend income from other investments	-	(482)
Fair value adjustments on investment properties	-	62
Interest expenses	1,353	297
Interest income	(802)	(498)
Negative goodwill	(649)	-
Waiver of debts	(22)	-
Provision of doubtful debts	61	-
Reversal of doubtful debts	(159)	-
Impairment loss on other receivables	-	241
Share-based payment	359	679
Amortisation of goodwill	4,468	-
Share of results of associate companies	103	647
Share of results of joint venture	(191)	-
Waiver of amount due to other payables	-	(16)
Operating profit/(loss) before working capital changes	91,442	37,484
Change in working capital:		
Receivables	(102,111)	(80,799)
Amount due from contract customers	(83,884)	(79,016)
Amount due from associate companies	2,923	(3,075)
Amount due from joint venture companies	-	-
Amount due to Directors	431	648
Payables	54,554	80,868
	(128,087)	(81,374)
Cash generated from/(used in) operations	(36,645)	(43,890)
Interest paid	(1,353)	(1,155)
Interest received	802	498
Dividend received	-	482
Tax paid	(18,010)	(8,599)
	(18,561)	(8,774)
Net cash generated from/(used in) operating activities	(55,206)	(52,664)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital work-in-progress incurred	-	(790)
Net cash outflow from acquisition of a subsidiary company	18	(176,273)
Acquisition of an associate company	(500)	(127)
Purchase of property, plant and equipment	(12,036)	(4,107)
Purchase of investment properties	-	(49)
Net cash from/(used in) investing activities	(12,518)	(181,346)

	12 Months Ended 31 May 2019 (UNAUDITED) RM'000	12 Months Ended 31 May 2018 (AUDITED) RM'000
CASH FLOW FROM FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(599)	(552)
Drawdown of finance lease liabilities	882	-
Proceeds from issuance of ordinary shares	28,835	223,498
Proceeds from exercise of SIS option	3,001	195
(Increase)/decrease in cash and bank balances pledged	193	(193)
(Increase)/decrease in fixed deposit pledged	1,686	5,500
Drawdown of term loans	9,613	4,000
Repayment of term loans	(2,764)	(3,368)
Net changes in trust receipts and invoice financing	2,068	1,009
Net cash from/(used in) financing activities	42,915	230,089
Net increase/(decrease) in cash and cash equivalents	(24,809)	(3,921)
Cash and cash equivalents at beginning of the period	30,131	34,052
Cash and cash equivalents at end of the period	5,322	30,131
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD COMPRISES:		
Fixed deposits with licensed banks	18,462	20,149
Cash and bank balances	11,512	21,785
Other investment	2	10,454
Bank overdrafts	(5,475)	(1,199)
	24,501	51,189
Less: Fixed deposits pledged with licensed banks	(18,462)	(20,149)
Cash and bank balances pledged	(717)	(909)
	5,322	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 31 MAY 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 4th financial quarter from 1 Mar 2019 to 31 May 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 31 MAY 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 classifications 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.

Effects arising from the initial application of the new impairment model and the recognition of equity investments to FVTPL are as follows:

	Impact of adoption of MFRS 9 to opening balance 1 June 2018
	RM '000
Decrease in retained earnings	3,467
Decrease in trade receivables	3,467

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 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. 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)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

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

Annual periods beginning on/after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, "Business Combination"
- Amendments to MFRS 101, "Presentation of Financial Statements"
- Amendments to MFRS 108, "Accounting Policies changes in Accounting Estimates and Errors"

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, which upon the effective date will supersede MFRS 117 Leases, introduce a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

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

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of MFRS 16 is currently being assessed by management.

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.

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 31 May 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 31 May 2019 under review.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

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) 2,891,654 new ordinary shares pursuant to the Share Issuance Scheme.

A8) Dividends paid

No dividends were declared or paid during the current financial quarter ended 31 May 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 31 May 2019 under review are as follows:-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

A9) **Segmental reporting (Cont'd)**

	Individual		Cumulative	
	Current Year Quarter Ended 31 May 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 May 2018 RM'000	Current Y-T-D Ended 31 May 2019 RM'000	Preceding Y-T-D Ended 31 May 2018 RM'000
<u>TURNOVER</u>				
Construction	109,240	130,601	631,854	467,677
Investment holdings	831	825	2,200	3,021
Less: Inter-segment revenue	(6,469)	(20,729)	(40,238)	(57,512)
Total consolidated revenue	103,602	110,697	593,816	413,186
<u>RESULTS</u>				
Construction	20,945	16,099	95,770	40,545
Investment holdings	(207)	(384)	(3,631)	(3,335)
	20,738	15,715	92,139	37,210
Other non-reportable segments	(218)	(85)	(784)	(313)
Share of results of associates	(103)	(217)	(103)	(647)
Share of results of joint venture	191	-	191	-
Provision for taxation	(4,064)	(4,251)	(22,274)	(9,771)
Goodwill amortisation	(4,468)	-	(4,468)	-
Interest expenses	(956)	(118)	(1,353)	(297)
Net profits/(loss) after tax	11,120	11,044	63,348	26,182
<u>SEGMENT ASSETS</u>				
Construction			589,891	373,352
Investment holdings			435,136	397,731
			1,025,027	771,083
Others non-reportable segments			73,068	2,072
Elimination of inter-company balances			(244,650)	(147,784)
Consolidated total assets			853,445	625,371
<u>SEGMENT LIABILITIES</u>				
Construction			436,108	291,640
Investment holdings			10,016	383
			446,124	292,023
Others non-reportable segments			72,787	2,458
Elimination of inter-company balances			(186,065)	(93,149)
Consolidated total liabilities			332,846	201,332

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 May 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 31 May 2019, save and except for the following:-

- (I) Pursuant to the Share Sale Agreement dated 13 April 2017 entered into between the Company and the Vendors for the Wira Syukur (M) Sdn Bhd ("WSSB") acquisition, the vendors irrevocably and unconditionally guarantee jointly and severally to the Company that the Profit After Tax ("PAT") for the financial years ended 31 Dec 2017 and 31 Dec 2018 ("Guaranteed Financial Years") of WSSB shall not be less than RM82,591,000 in respect of the Guaranteed Financial Years.

On, 21 Mar 2019, the Board of the Company had announced that its' wholly owned subsidiary, Wira Syukur (M) Sdn Bhd's ("WSSB") reported PAT for the financial year ended 31 Dec 2018 was RM57,328,257. WSSB achieved the audited PAT of RM85,905,777 for the financial years ended 31 Dec 2017 and 31 Dec 2018 thus had exceeded the profit guarantee of RM 82,591,000 with surplus of RM 3,314,777.

- (II) The board had on 29 Mar 2019 announced that Vertice Construction Sdn Bhd ("VERTICE") had notified WSSB that VERTICE and their main sub-contractor had entered into a Mutual Termination of the agreement for the Project to upgrade the Federal Road 12 (FR 12) from Gambang, Pahang to Segamat, Johor – Phase 1.
- (III) The Company wholly owned subsidiary, Vizione Development Sdn Bhd ("VDSB") had on 10 April 2019 entered into a share sale agreement to acquire 250,000 ordinary shares of RM1.00 each representing 100% of the entire issued share capital of Pembinaan Angkasa Permai Sdn Bhd ("PAPSB") for a consideration of RM7.0 million, resulting in PAPSB becoming a wholly-owned subsidiary of VDSB. This transaction is expecting to be completed during the financial year ending 31 May 2020.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

A12) Material changes in the composition of the Group

The Company's wholly owned subsidiary, Wira Syukur (M) Sdn Bhd had on 18 April 2018 entered into a share sale agreement for acquisition of 1,500,000 ordinary shares, representing 30% of the entire issued share capital of Zenith Urban Development Sdn Bhd ("ZUD").

Upon the completion of the condition precedent pertaining to this share sale agreement, ZUD becomes the subsidiary company of the Group.

A13) Contingent liabilities and contingent assets

There were no material contingent liabilities or assets for the reporting quarter ended 31 May 2019 except below:-

(a) Contingent liabilities

	Cumulative	
	Quarter Ended 31 May 2019	Quarter Ended 31 May 2018
	RM'000	RM'000
Corporate guarantee given to banks for facilities granted to related parties	4,286	30,249
Corporate guarantee given to banks for facilities granted to third parties	69,586	31,832
	73,872	62,081
Bank guarantees extended to third parties in respect of contracts entered	39,682	47,314

(b) Contingent assets

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

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 31 May 2019 under review.

A15) Capital commitment

There was no commitment for the purchase of property, plant and equipment provided for in the current financial quarter ended 31 May 2019.

A16) Related Party Transactions

The Group has carried out the following significant transactions with the related parties during the current financial quarter ended 31 May 2019.

	Individual		Cumulative	
	Current Year Quarter Ended 31 May 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 May 2018 RM'000	Current Y-T-D Ended 31 May 2019 RM'000	Preceding Y-T-D Ended 31 May 2018 RM'000
(I) Progressive sub-contracting income for the Group construction project	20,408	-	30,031	3,120
(II) Project management services rendered	(3,000)	-	-	5,226
(III) Hire of equipments	-	-	-	4
(IV) Progressive sub-contracting costs for the Group construction project	(215)	(3,382)	(6,054)	(27,172)
(V) Office rental	(15)	(30)	(85)	(80)
(VI) Project development costs	(5)	-	(5)	(4,674)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 4, FY 2019 (“Q4FY2019”) vs Quarter 4, FY 2018 (“Q4FY2018”)

For the current financial quarter under review, the Group posted a revenue of RM103.60 million as compared to its corresponding preceding financial quarter, Q4FY2018 of RM110.70 million. Along with the decrease in revenue, profit before tax (“PBT”) during the current quarter reduced to RM15.18 million, representing a decrease of RM0.12 million from its corresponding preceding quarter of RM15.30 million.

B2) Changes in revenue and PBT for Q4FY2019 as compared with the immediate preceding quarter ended 28 Feb 2019 (“Q3FY2019”):-

Current Year Quarter Ended	Immediate Preceding Quarter Ended	Variance
31 May 2019	28 Feb 2019	
RM'000	RM'000	%

Revenue	103,602	164,961	(37.20%)
Profit before taxation	15,184	23,472	(35.31%)

For the current quarter, the Group reported a revenue and PBT of RM103.60 million and RM15.18 million as compared to RM164.96 million and RM23.47 million respectively in the immediate preceding quarter.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

B3) Future prospects

Domestic contract awards rose by 4% on a year to year basis amounting to RM4.8 billion in the first quarter of 2019. The rising number of contracts awarded in the construction industry indicates a better outlook as the government moves towards the completion in streamlining all existing mega projects. Job awards increased mainly due to the resumption of major infrastructure projects which was put on hold initially. The revival of the East Coast Rail Link project and the approval of high impact projects under the midterm review of the 11th Malaysia Plan, such as the Kulim airport, has helped to reignite the domestic construction industry. The Sarawak RM9 billion development expenditure under the 2019 state budget is another booster to further revive and alleviate the reduced federal government spending.

The Group will continue to pursue and explore development opportunities in the infrastructure main stream. This includes but not limited to the participation of infrastructure projects in developing states within Malaysia. The Group has target to venture into the renewable energy industry by 2020 whereby the Group has undertaken in-dept technical and financial review of setting up solar farms, hydro plants and other renewable energy projects. As such the Group is steadfast in charting cost optimisation and efficient capital management plans to stay competitive in the market.

B4) Variance on profit forecast / profit guarantee

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

B5) **Taxation**

	Individual		Cumulative	
	Current Year Quarter Ended 31 May 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 May 2018 RM'000	Current Y-T-D ended 31 May 2019 RM'000	Preceding Y-T-D Ended 31 May 2018 RM'000
In respect of current quarter:-				
Income Tax	5,327	4,025	23,537	9,545
Deferred Tax	(1,263)	226	(1,263)	226
	4,064	4,251	22,274	9,771

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 31 May 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 May 2018 RM'000	Current Y-T-D Ended 31 May 2019 RM'000	Preceding Y-T-D Ended 31 May 2018 RM'000
Building and office rental	15	117	264	304
Depreciation of Property, plant and equipment ("PPE")	364	222	1,301	574
Interest expenses	956	118	1,353	297

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 May 2019 are as follows:-

	<u>Current</u> RM '000	<u>Non-current</u> RM '000	<u>Total</u> RM '000
Secured			
Finance Lease Liabilities	583	522	1,105
Bank Borrowings	19,713	32,712	52,425
Total	<u>20,296</u>	<u>33,234</u>	<u>53,530</u>

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 31 May 2019 and the previous audited financial year ended 31 May 2018.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

B11) Earnings / (loss) per share

	Individual		Cumulative	
	Current Year Quarter Ended 31 May 2019	Preceding Year Corresponding Quarter Ended 31 May 2018	Current Y-T-D Ended 31 May 2019	Preceding Corresponding Y-T-D Ended 31 May 2018
a) <u>Basis earnings per-share</u>				
Profits attributable to the owners of parent ('000)	11,400	11,044	63,628	26,182
Total weighted average number of ordinary shares in issue ('000)	548,741	2,643,021	548,741	2,643,021
Basis earnings per share (sen)	2.08	0.42	11.60	0.99
b) <u>Diluted earnings per-share</u>				
Profit attributable to the owners of parent ('000)	11,400	11,044	63,628	26,182
Total weighted average number of ordinary shares in issue ('000)	548,741	2,643,021	548,741	2,643,021
Adjusts for:				
Assuming full conversion of ICULS	2,188	2,149	2,188	2,149
Assuming full conversion of Warrants B 13/18 **	-	-	-	-
Assuming full conversion of Warrants C 17/22	30,453	-	30,453	-
Assuming full exercise of Share Issuance Scheme	12,530	106,189	12,530	106,189
	593,912	2,751,359	593,912	2,751,359
Diluted earnings per-share (sen)	1.92	0.40	10.71	0.95

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 May 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 31 MAY 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 31st Jul 2019.