



VERTICE BERHAD (765218-V)

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Vertice Berhad (765218-V)

ANNUAL REPORT 2019



ANNUAL REPORT | 2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tun Arifin Bin Zakaria	- Chairman / Independent Non-Executive Director
Mr. Seow Khim Soon	- Executive Deputy Chairman
Mr. Ham Hon Kit	- Managing Director
Mr. Ibrahim Bin Sahari	- Executive Director
Mr. Wong Kwai Wah	- Executive Director
Mr. Shaari Bin Haron	- Independent Non-Executive Director
Dato' Dr Azirul Salihin Bin Anuar	- Independent Non-Executive Director
Dato' Mah Siew Kwok	- Independent Non-Executive Director
Mr. Mohd Hatim Bin Abdullah	- Independent Non-Executive Director
Mr. Yee Yit Yang	- Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Yee Yit Yang
Mr. Shaari Bin Haron
Mr. Mohd Hatim Bin Abdullah

NOMINATION COMMITTEE

Tun Arifin Bin Zakaria
Dato Dr. Azirul Salihin Bin Anuar
Mr. Mohd Hatim Bin Abdullah

REMUNERATION COMMITTEE

Mr. Shaari Bin Haron
Dato' Dr Azirul Salihin Bin Anuar
Mr. Yee Yit Yang

RISK MANAGEMENT COMMITTEE

Dato' Mah Siew Kwok
Dato' Dr Azirul Salihin Bin Anuar
Mr. Ham Hon Kit

REGISTERED OFFICE

B-3-9, 3rd Floor, Block B
Megan Avenue II, No. 12
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2715 5569
Fax: 03-2714 4412

AUDITORS

Afrizan Tarmili Khairul Azhar (AF1300)
Chartered Accountants
(A member of Parker Randall International)
No.2, Jalan Rampai Niaga 2
Rampai Business Park
53300 Kuala Lumpur
Tel : 03-4143 9330
Fax: 03-4142 9330

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax: 03-6201 3121

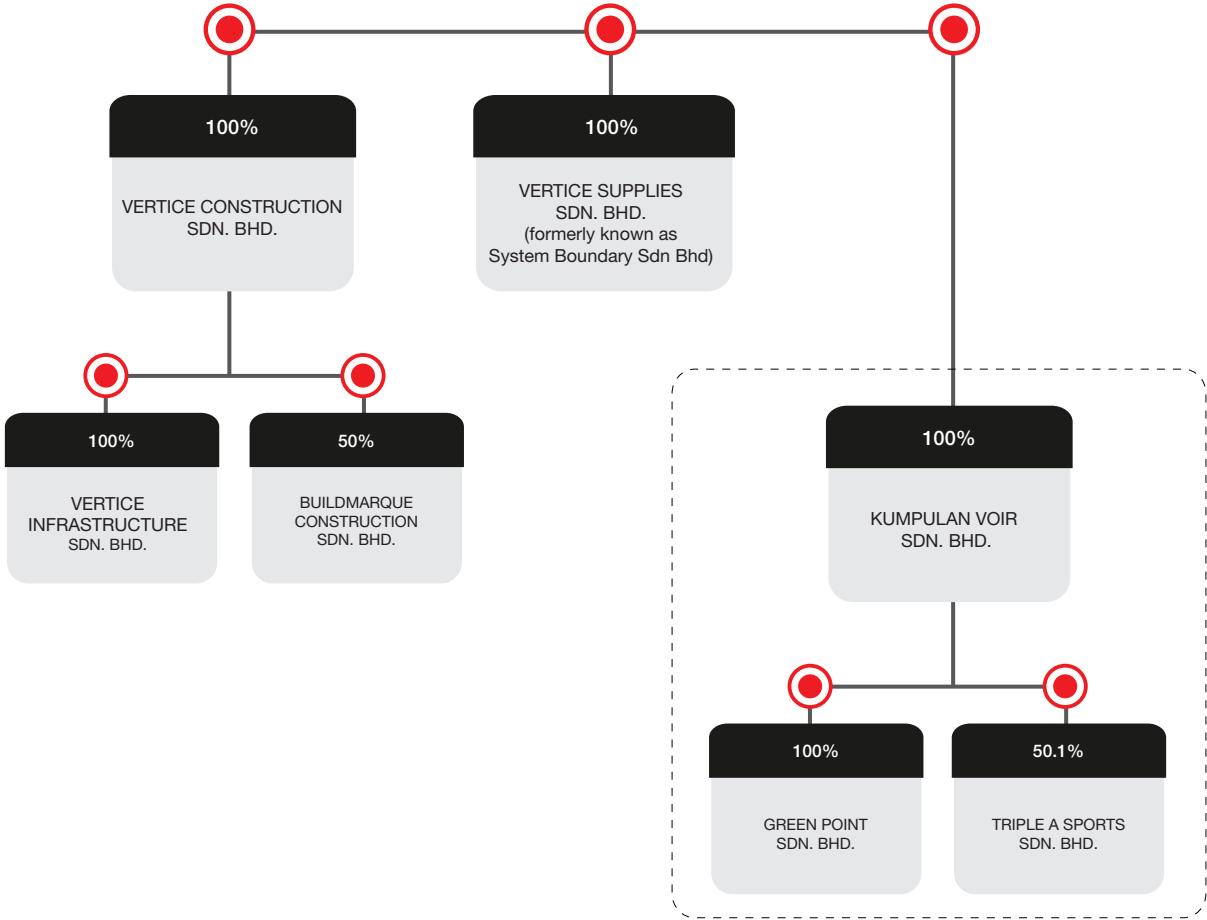
COMPANY SECRETARIES

Ms. Chin Li Thing (MAICSA 7044467)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: VERTICE/ VERTICE-WA
Stock Code : 7240 / 7240WA

CORPORATE STRUCTURE



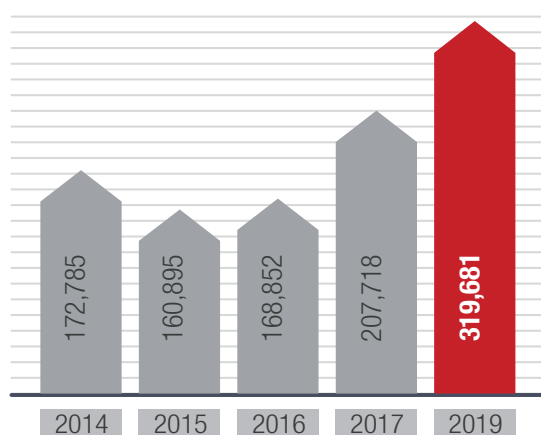
www.vertice.com.my

FINANCIAL HIGHLIGHTS

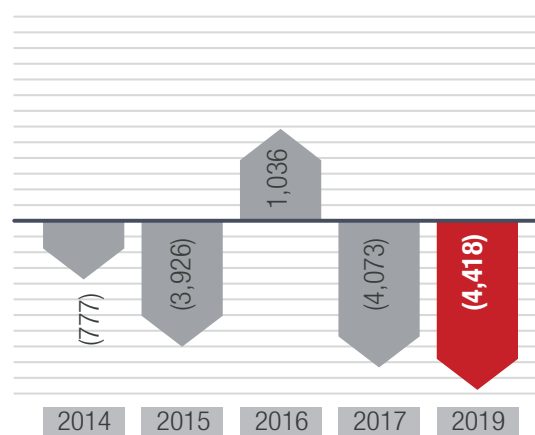
	RM'000	For Year Ended 31 DECEMBER			For Year Ended 31 MARCH	
		AUDITED 2014	AUDITED 2015	AUDITED 2016	AUDITED 2017	AUDITED 2019
Revenue	RM'000	172,785	160,895	168,852	207,718	319,681
Profit / (Loss) Before Tax	RM'000	(777)	(3,926)	1,036	(4,073)	(4,418)
Profit / (Loss) Attributable To Owners	RM'000	(1,264)	(4,205)	675	(4,825)	(5,325)
Equity Attributable To Owners	RM'000	87,068	88,863	89,538	92,633	127,383

Remark: Above financial highlights include Disposal group, Kumpulan Voir Sdn Bhd

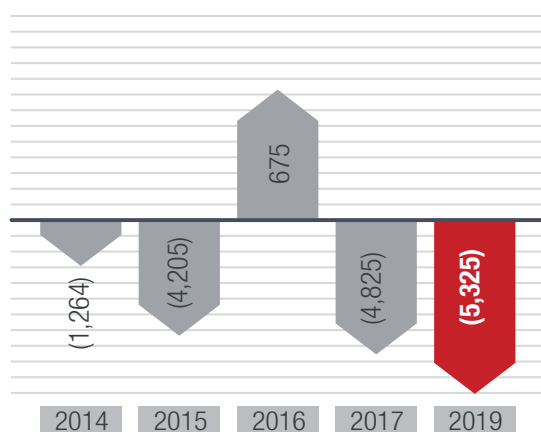
REVENUE
RM '000



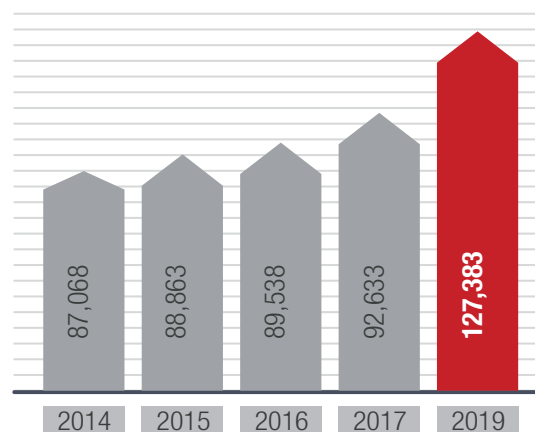
PROFIT/ (LOSS) BEFORE TAX
RM '000



PROFIT/ (LOSS) ATTRIBUTABLE TO OWNERS
RM '000



EQUITY ATTRIBUTABLE TO OWNERS
RM '000



PROFILE OF DIRECTORS

TUN ARIFIN BIN ZAKARIA

*SSM, PSM, SPMK, SPSK, SPMS, SPCM, SSAP, DUPN, SPDK, SPMP, DPMK, DPCM
Chairman*

Tun Arifin Bin Zakaria, aged 68, was appointed to the Board on 13 February 2018 as Chairman of the Company. Tun Arifin has a long and highly distinguished career in the Judicial and Legal Service, and the last post he held was as the Chief Justice of Malaysia from 2011 to April 2017.

Graduating with LLB (Hons) from the University of Sheffield, UK in 1974 and LLM from the University of College, London in 1979. He was called to the English Bar at Lincoln's Inn in the same year. He is also currently an Honorary Bencher of Lincoln's Inn. His distinguished legal career began when he joined the Malaysian Judicial and Legal Service, before being posted as Federal Counsel in the Advisory Division of the Attorney General's Chambers and later as Magistrate, Session Court Judge and Senior Assistant Registrar. He was elevated to the High Court of Malaya as a Judicial Commissioner in 1992.

Tun Arifin is presently Chairman of Microlink Solutions Berhad. He is also President of the Inns of Court Malaysia.

SEOW KHIM SOON

Executive Deputy Chairman

Mr. Seow Khim Soon, aged 57, Malaysian, is currently the Executive Deputy Chairman of the Group. He was appointed to the Board on 17 August 2007. Mr. Seow joined the family business in 1977. He was brought up in a family involved in the fashion and apparel industry. He was one of the founders of Kumpulan Voir Sdn. Bhd. when he set up the company together with his mother in 1988. Now, he is responsible for the overall strategic direction and management policy of the fashion retail division. He has played an instrumental role in expanding the Group's retail business to its current level.

HAM HON KIT

Managing Director

Mr. Ham Hon Kit, aged 56, Malaysian, is the Managing Director of the Group. He was appointed to the Board on 17 August 2007. He is currently responsible for the financial, business development as well as corporate affairs of the Group. He holds a Bachelor of Arts (Economics) degree from University of Malaya.

Upon graduation, he started his working career in banking and has more than 10 years of experience in banking and finance from his stint with various reputable Malaysian and international banks. He joined Kumpulan Voir Sdn. Bhd. in 1996, as a Senior General Manager, before being promoted to Executive Director in 2001 and was later promoted as Managing Director in 2007. He played an instrumental role in propelling the Group's retail division to its current size. He holds numerous directorships in the companies within the Group.

Profile of Directors (cont'd)

IBRAHIM BIN SAHARI

Executive Director

Mr. Ibrahim Bin Sahari, aged 54, Malaysian, was appointed to the Board on 19 July 2016. Upon graduating from the MARA University of Technology (UiTM), he started his career with Maybank Group in 1985 serving in various capacities including Assistant Chief Executive Officer of Uzbekleasing International A.O and Chief Representative Officer in the Republic of Uzbekistan. Upon his return to Malaysia in 2002, he served as the Head of Compliance and Supervision of the International Banking Division. He subsequently resigned from Maybank and joined Southern Finance Berhad as Assistant General Manager before leaving as Chief Operating Officer in 2005.

With two decades of experience including the banking sector, both local and international, automobile, transportation and construction, Ibrahim Bin Sahari has proven his ability in financial operations, creation of business as well its growth and productivity.

WONG KWAI WAH

Executive Director

Mr. Wong Kwai Wah, aged 62, Malaysian, was appointed to the Board on 19 July 2016 and is a member of the Remuneration Committee. He is a member of New Zealand Institute of Chartered Accountants, a member of Malaysian Institute of Accountants and a member of Chartered Tax Institute of Malaysia.

Mr. Wong began his career with Messrs Ernst & Young upon graduating with a Bachelor of Commerce from University of Canterbury, New Zealand. Geared with a proven ability to constantly challenge and improve existing processes and systems, he subsequently moved on to hold several key positions such as Finance Director in Australian Group, Goodman Fielder Wattie in Malaysia and Senior General Manager of Larut Consolidated Bhd which was principally involved in the provision of property development and construction activities.

Having excellent communications skills and the ability to communicate professionally with clients and colleagues on detailed financial issues, he subsequently took on the position of Executive Director and Chief Executive Officer of Jackley Holdings Limited, a Hong Kong Public Listed Company.

SHAARI BIN HARON

Independent Non-Executive Director

Mr. Shaari Bin Haron, aged 68, Malaysian, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Chairman of Remuneration Committee. He was appointed to the Board on 17 August 2007. En Shaari obtained his Bachelor of Law (Honours) degree from the International Islamic University in 1991. He started his career with the Royal Malaysian Police Force in 1971. In 1992, he opted for early retirement from the Police Force to practice law and was called to the Bar in 1993. Currently, he is a Senior Partner in Messrs Abu Bakar & Yong. In the corporate sector he is also an Independent Director of EP Manufacturing Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Profile of Directors (cont'd)

DATO' MAH SIEW KWOK **(D.P.M.P)**

Independent Non-Executive Director

Dato' Mah Siew Kwok, aged 71, Malaysian, was appointed to the Board as Independent Non-Executive Director on 15 February 2017. Dato' Mah qualified in law and was called to the English Bar in 1972. He was the founder and senior partner of Messrs Mah & Partners in 1975, specializing in Corporate Law, Banking Law and Land Law. He remained in practice for ten years before venturing into the commercial sector. From 1983 to 1994 he served as Managing Director of South Malaysia Industries Berhad.

Currently, he is also the Non- Executive Vice Chairman of Omesti Berhad and Kian Joo Can Factory Berhad and as Deputy Chairman of Ho Hup Construction Company Berhad. He also serves on the board of several private companies. He is Deputy Chairman of Chong Hwa Independent High School and a trustee and member of Chong Hwa KL Foundation. He is also a member of the Board of Trustees of Kwan Inn Teng Foundation. He has been elected as Executive Committee Member of the Inns of Court Malaysia.

MOHD HATIM BIN ABDULLAH

Independent Non-Executive Director

Mr. Mohd Hatim Bin Abdullah, aged 66, Malaysian, was appointed to the Board on 15 February 2017 and is also a member of Audit Committee and Chairman of Nomination Committee. He obtained his Bachelor of Arts (Business Management) from Marymount Manhattan College, New York. He also passed the MFORR Exam from the Malaysian Futures & Options Registered Representative and Federation of Malaysia Unit Trust Managers (FMUTM). He is also a Licensed Member of Financial Market Association Malaysia (formerly known as ACI Malaysia) and a Licensed Member of FMUTM.

He held senior positions in few of MGIC Berhad subsidiaries (1986-2007) and was the Senior Manager of Malaysia Discounts Berhad (1985 - 1986). He also worked for Bank Bumiputra (M) Bhd as Chief Dealer of Kuala Lumpur, Singapore, New York and senior position of London branch (1977-1985). Currently, he is also the Executive Director of Harlow's & MGI Sdn Bhd.

YEE YIT YANG

Independent Non-Executive Director

Mr. Yee Yit Yang, aged 51, Malaysian, was appointed to the Board on 15 February 2017, and is also the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee. He holds a Bachelor of Economics and is a member of the Australian CPA and Malaysian Institute of Accountants. He began his career with an international accounting firm and then moved on to an investment bank in which he was involved with various corporate restructuring exercises. Currently, he is attached to a private consultancy firm.

Currently, he is also the Independent and Non-Executive Director of Mlabs Systems Berhad.

DATO' DR AZIRUL SALIHIN BIN ANUAR

D.I.M.P., AMW

Independent Non-Executive Director

Dato' Dr. Azirul Salihin Bin Anuar, aged 41, has 17 years extensive working experience in management and strategic planning in medical, construction and trading industry. He was appointed to the Board on 13 February 2018 and a member of Nomination Committee. Dato' Dr Azirul holds an academic qualification from University Malaya, in Medical Bachelor of Surgery.

Upon graduation, Dato Dr. Azirul served as a medical officer in University Malaya Medical Centre from 2002 to 2005. Thereafter, Dato Dr. Azirul decided to venture into the business and currently holding directorships in several private companies related to Oil & Gas, IT, Medical Equipment and Construction.

PROFILE OF KEY SENIOR MANAGEMENT

IBRAHIM BIN SAHARI*Executive Director*

Mr. Ibrahim Bin Sahari, aged 54, Malaysian, was appointed to the Board on 19 July 2016. Upon graduating from the MARA University of Technology (UiTM), he started his career with Maybank Group in 1985 serving in various capacities including Assistant Chief Executive Officer of Uzbekleasing International A.O and Chief Representative Officer in the Republic of Uzbekistan. Upon his return to Malaysia in 2002, he served as the Head of Compliance and Supervision of the International Banking Division. He subsequently resigned from Maybank and joined Southern Finance Berhad as Assistant General Manager before leaving as Chief Operating Officer in 2005.

With two decades of experience including the banking sector, both local and international, automobile, transportation and construction, Ibrahim Sahari has proven his ability in financial operations, creation of business as well its growth and productivity.

WONG KWAI WAH*Executive Director*

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Having excellent communications skills and the ability to communicate professionally with clients and colleagues on detailed financial issues.

CHAIRMAN'S STATEMENT

Dear valued shareholders,

On behalf of the Board of Directors (“Board”) of Vertice Berhad (“Vertice”, “our”, “we” or the “Group”), I am pleased to present you with the annual report and audited financial statements of the Group for the financial year ended 31 March 2019 (“FYE2019”).

FYE2019 has been a challenging but positive year for the Group. We continue to streamline our business operations, consolidate our available resources and cautiously capitalise on the emerging opportunities to sail through this uncertain and volatile period.

On the corporate front, we successfully undertook a major private placement exercise in FYE2019, raising a fresh capital of approximately RM40 million. This marks a significant milestone for the Group as we will operate on a stronger balance sheet now with overwhelming confidence from our shareholders.

Operating Environment

According to the Department of Statistics Malaysia, our country registered a growth of 4.7% in 2018. It also reported that Malaysia's economy grew by 4.5% year-on-year in the first quarter of 2019. Despite lower GDP growth of 4.3% – 4.8% forecasted in 2019 by Bank Negara Malaysia, Malaysia's economy is expected to continue its positive momentum growth backed by the gradual recovery from the unanticipated commodity disruptions in 2018; expansion of spending from the private sector; the moderate expansion in the external sector and increasing household spending.

Fashion retail business has been operating in a very challenging business environment due to the stiff competition from international brands as well as other established brands in the local market, ever-changing consumers' taste and preference as well as rising operating costs.

Meanwhile, the Group progressively builds strong foothold within the construction business segment and such efforts have been fruitful as we continue to record growth in revenue and profitability.

The proposed 60% stake disposal in Kumpulan Voir is in line with the Group's business strategy to focus on expanding our construction division that has huge potential and better prospects. Since diversifying into the construction business, we have grown by leaps and bounds. We have bagged several major infrastructure projects, notably the Penang Mega Infrastructure Package 2 project worth RM815 million. With a strong order book in hand and net cash position status, we are optimistic of the growth prospects in the future and is well poised to bid for valuable projects that will provide more earnings visibility in the coming years.

Chairman's statement (cont'd)

Financial Performance

I am pleased to report that the Group's construction business segment has achieved an excellent financial performance for the 15-months FYE2019 with a year-on-year growth in revenue and profit before tax ("PBT") of 578% and 650% respectively. The construction business recorded a full year revenue of RM124.8 million and PBT of RM6.0 million as compared to preceding year's revenue and PBT of RM18.4 million and RM0.8 million respectively.

Industry Prospects and Outlook

Since the change of the Federal Government, the first time ever after independence, the market underwent a shaky experience mainly attributed to various factors including divestment from foreign parties and poor market sentiment amid global uncertainties. However, the current government has instilled the market with confidence by ensuring that the market is supported by the local sovereign wealth funds.

Construction will remain as a key driver for economic growth for 2019. The outlook of the construction sector has improved since early 2019. The resumption of several shelved infrastructure projects indicates the Government's efforts to lift the country's economy.

The revival of the East Coast Rail Link and the Bandar Malaysia project had improved the market sentiment. Potential revivals of large scale infrastructure projects like HSR and MRT3 could further improve the sector's prospects. Areas of business opportunities are expected to increase in the construction and infrastructure sector which will benefit from the implementation of new and on-going projects.

Moving forward, we remain cautious over the future economic landscape. The Group is well-prepared to take on the upcoming challenges as we took imperative measures to seize new opportunities, strive for better performance and create long-term shareholders' value.

Appreciation

On behalf of the Board, I would like to extend our appreciation to the Government and regulatory authorities, our clients, business associates, vendors, bankers and employees for their relentless commitment and dedication to Vertice.

I also wish to thank our valuable shareholders for their continuous support and confidence in the Group.

Tun Arifin Bin Zakaria
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS OPERATIONS

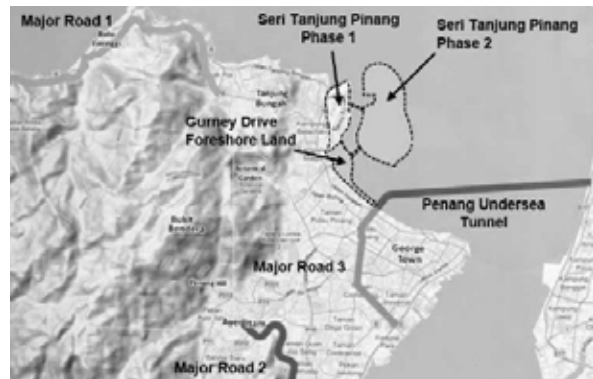
Continuing Operations

VERTICE Berhad (“Vertice”, “our”, “we” or the “Group”) announced its diversification into construction, property development and property investment in August 2017. The diversification was through its wholly owned subsidiary, Vertice Construction Sdn Bhd. In November 2017, the Group acquired a strategic 13.21% equity interest in Consortium Zenith Construction Sdn Bhd (“CZC”) to provide the Group with a better opportunity to participate in CZC’s Penang Mega Infrastructure Project (“PMIP”).

Amid domestic and global uncertainties, we have distinguished ourselves as an upcoming company in construction activities. Our order book is strong, at RM1.1 billion of which RM1.03 billion is outstanding which includes the contract awarded for the PMIP, the Major Road from Bandar Baru Ayer Itam connecting to Lebuhraya Tun Dr. Lim Chong Eu. This contract is worth RM815 million. The Group has incorporated a joint venture company, Buildmarque Construction Sdn Bhd together with our strategic partner Vizione Construction Sdn Bhd to undertake this project.

Having directed our main focus on our core competency in construction, we are pleased to have been successfully awarded new contracts. The Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia of Precast Viaduct Sub-contract works worth RM100 million in March 2019 and upgrading works of Kolej Vokasional Kulim for Kementerian Pelajaran Malaysia.

Our technical professionals are well supported by the extensive experience of our business partners CZC, joint venture partner Vizione and various contractors. As such, we are confident the Group’s objective to achieve sustainable growth with deliverables extending into the next 5 years and beyond will be met.



Management Discussion & Analysis (cont'd)

Discontinued Operations

The Group has disposed of a 60% equity interest in Kumpulan Voir (KV) in February 2019. Upon completion of the sales and purchase agreement, KV will become a 40% associated company of Vertice.

The disposal will enable the Group to fully focus and redirect its resources in growing the construction business.

Financial Period Ended 31 March 2019

As announced on 27 November 2018, Vertice has changed its financial year end from 31 December to 31 March. Thus, the statutory financial statements will be from 1 January 2018 to 31 March 2019 covering a period of 15 months. As a result, the cumulative financial periods covered relating to the 15 months ended 31 March 2019 do not correspond with any of its financial quarters covered by the interim financial reports of the previous financial year. Consequently, no comparative figures have been provided.

Financial Results and Position

The segmental performance:

	Continuing		Discontinued	Disposal	Total
	Construction	Investment holdings and others	Apparels, footwear & accessories (KV)	Apparels, footwear & accessories (Applemint)	
	RM'000	RM'000	RM'000	RM'000	
FYE2019 (15 months)					
Turnover	124,772	–	151,844	43,065	319,681
Profit/(loss) before tax	6,080	(5,168)	(5,116)	(214)	(4,418)
Segmental total assets	76,603	27,238	94,859	–	198,700
FYE2017 (12 months)					
Turnover	18,434	–	102,369	86,915	207,718
Profit/(loss) before tax	756	(3,691)	23	(1,161)	(4,073)
Segmental total assets	3,442	11,767	86,577	59,432	161,218

Revenue

The Group's construction revenue for 2019 was RM124.8 million compared to RM18.4 million in FYE2017. The substantial increase in revenue was due to on-going projects progressing with higher value of work done which include Desaru Coast Marine work, JKM Quarters at Batu Gajah, the twenty six storey apartment at Batu Ferringhi, construction of 1,000 units of PPR apartment at Kota Setar and an infrastructure work at East Coast.

The Group is constantly on the lookout to acquire construction contracts to grow its order book and is optimistic that the construction segment will be able to contribute significantly to the financial performance of Vertice.

The discontinued fashion retail business recorded a revenue of RM194.9 million in the current period, a decrease of RM55.9 million as compared to RM207.7 million. This is due to the Group's approach to achieve its growth through various expansion strategies during the year. However, the operating environment in the fashion & retail segment is expected to face increasing challenging times.

Management Discussion & Analysis (cont'd)

Profit before tax

The construction business segment recorded a profit before tax of RM6.0 million in the current year as compared to RM0.8 million in the preceding year. This better result was achieved due to higher volume of progress work done and work commencement of a few contracts secured in the current financial year.

The loss before tax in fashion & retail business was RM5.3 million in the current year as compared to the preceding year's before tax of RM1.1 million. The loss was mainly due to lower margins to achieve higher sales volume, higher sales and distribution expenses, depreciation, inventory written down and payroll related expenses in the current year.

Liquidity and capital resources

As at 31 March 2019, the Group's cash and bank balances amounted to RM33.4 million, as compared to negative RM1.2 million as at the end of the preceding financial year.

The Group's paid and issued capital comprises of 188,760,000 ordinary shares. Vertice's share price at 31 March 2019 was RM0.84 per share which equated to a market capitalization value of RM158.6 million.

Overall, our balance sheet is in good shape. Despite the disposal of the stake in KV, the Group does not expect any material impact to the net assets of the Group.

Valued staff

We have always identified our staff as the vital factor in our business operation and strive to provide satisfying career path, competitive remuneration and a work-life balance. Staffing has shown increases in line with the progress of our mega-project and larger order book in the construction division.

Maintaining our competitive edge

We foresee ongoing opportunities for the Group and are confident on sustaining our upward trajectory, in light of the commencement of the Penang Mega Project and the Government's anticipated push to implement more projects to prime pump the economy.

ECONOMIC OUTLOOK

The Malaysian economy remain favourable largely supported by sound domestic demand. In addition, steady global growth and trade, continuous expansion in E&E as well as higher oil prices are expected to support export growth. The economy is forecast to increase further to 4.9% in 2019. Despite the resilient economic performance, risks to growth will emanate from heightening uncertainties in the global environment, including rising trade conflict, volatility in global financial markets and oil prices as well as geopolitical tension.

(Source: Economic Outlook 2019 - Ministry of Finance Malaysia)

Construction Outlook

The growth momentum is expected to improve in second half of 2019, largely supported by ongoing infrastructure projects like the Pan Borneo Highway in Sabah and Sarawak; Central Spine Road in East Coast; as well as Mass Rapid Transit (MRT) Sungai Buloh – Serdang – Putrajaya (SSP) Line and Light Rail Transit Line 3 (LRT3) in Klang Valley.

(Source: Economic Outlook 2019 - Ministry of Finance Malaysia)

Having had a foot hold in the Penang infrastructure development plan, we aim to follow the government agenda to drive the rapid progress of Penang and Butterworth, and the northern corridor of Peninsula Malaysia.

SUSTAINABILITY REPORT

SUSTAINABILITY AT VERTICE GROUP

We underwent a year of significant transition in 2018, along with the changes forthcoming in our corporate leadership and transformation of our organisational structure. The experience taught is valuable lessons that helped us obtained a deeper understanding of how sustainability was perceived in the organisation, which sustainability practices were already being adopted and implemented, and what areas could be further improved.

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level. In efforts to contribute to global and national initiatives towards sustainable development.

As we venture in the construction industry, we strategize our business plans taking into consideration not only profitability and liquidity but also our responsibilities in terms of the impact relating to economic issues, environmental problem (for example, construction waste and social responsibility).

As a pioneer in the fashion apparels retail industry, we based our long-term business success in understanding the demands of our customers and providing exactly what they want to their best satisfaction and value for money. Over the past years, we carried out the process of identifying, refining, and assessing material issues that could affect our businesses and stakeholders, such as:-

- (i) Financial stability;
- (ii) Compliance with regulatory authorities;
- (iii) Product responsibility;
- (iv) Retail system;
- (v) Occupational health and safety; and
- (vi) Construction waste management;

While we acknowledge that certain materiality issues may be more important than others, we are equally concerned with each and every materiality issue. We rank financial stability as the most important materiality issue because we believe adequate financial strength of a company allows it to resolve all other materiality issues with precision, ease and without any financial hindrances. As a good corporate citizen, compliance with regulatory authorities is essential and also brings good corporate values. We support the initiatives taken by the regulatory authorities in improvising the reporting requirements as well as corporate governance.

Other materiality issues that relates directly to business processes are dealt with in an on-going basis and revisions are made as and when required.

Below are the qualitative comments which cover the three (3) main aspects:-

Economic

Civil and construction works for basic infrastructure underpin the progress of society and always high on any government agenda, even during period of economic uncertainty. With the award of Penang Mega Infrastructure Project (PMIP) Major Roads, we aim to deliver on-time, on-budget infrastructure projects that ease the traffic congestion to create a highly liveable, economically vibrant and socially inclusive community in Penang. New roads, better infrastructure and other projects which alleviate the problems of rapid urbanization such as waste water management, water supply and so on. Also, improving the state's present transportation system by adopting a balanced approach in relation to the public transport and highway, which ultimately boost socio-economic growth.

1. Procurement practices

Integrity and transparency are essential to our procurement endeavours and we have strict protocols in place to safeguard critical information in the interests of fair play and competitiveness. We demand and enforce compliance with contractual standards and where possible, we favour local suppliers and sub-contractors.

2. Community investment

We have always taken the stand that success can only be measured in the context of creating a positive impact on our community. Vertice believes strongly in 'giving back' and supporting charities events.

Sustainability Report (cont'd)

3. Indirect economic impact

We understand that commercial decisions we make, impact other players in the industry. We currently have a pool of sub-contractors and suppliers and we endeavour to ensure our decisions have a positive flow on effect. We support our sub-contractors with credit lines, assistance with material purchases, machineries and etc to enable them to develop their capabilities and capacity. We work with suppliers to ensure timely project delivery and fair business dealings for mutual benefit.

Meaningful engagements with various stakeholders is critical to understand their interests and needs. We encourage stakeholders to communicate with us through our corporate website as well as other social events. We practise equality and do not discriminate based on creed, colour, or culture. The Group has zero tolerance on sex discrimination and sexual harassment. Our goal is providing a conducive, fair, and hazard-free working environment for all our employees. We believe our employees will thrive in such working environment as it breeds good corporate culture and values.

Environment

We are passionate about caring for our planet and preserving the environment for future generations. We are constantly striving to promote green practices and to lead the way in environmentally responsible practices which prevent or mitigate environmental impacts that occurs as a result of construction projects.

1. Emissions

At Vertice, we are vigilant with regard to any potentially polluting effects of our activities. The use of cars, lorries, heavy machinery and other plant and equipment that run on fossil fuel remains essential to our business. However, we do monitor the maintenance and efficiency of these. On site, we ensure dust control and proper disposal of oil, batteries and other potential polluting items.

2. Waste and effluent

For hazardous waste is governed by local environmental regulations i.e. the Environmental Quality (Scheduled Wastes) Regulations 2005 and non-hazardous waste includes general waste such as paper and plastic or effluent that is disposed as wastewater.

At Vertice, we abide by all environmental regulations in relation to waste disposal. Our team, lead by the Environmental Officer will conduct routine inspections at project sites to ensure compliances and address environmental impact aspects of its operations along with our existing suppliers and sub-contractors.

In office and at project site, all employees are encouraged to promote the 'reduce, reuse, recycle' ethos.

3. Water/Energy

We are always looking for efficiency gains. Reducing consumption of utilities is a responsibility of all businesses and we support policies on renewables.

Diversity

1. Vertice promotes diversity across all levels of operations. However, a gender balance on site is difficult to achieve and the construction industry in general remains male dominated.

At Board level we have a fair diversity of ethnicities and ages, but continue to lack gender diversity. In filling the vacancies that have arisen on the Board, the candidates with valuable background in the industry were male.

The Board comprises Chinese, Malay members with age ranging from 41 to 71 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board believes that the principles of good corporate governance such as integrity, transparency, accountability and responsible conduct are important to achieve a sustainable growth. Such principles must be supported by a comprehensive framework of policies, guidelines and internal controls.

The Group's corporate governance framework is set based on the following guidelines:

- the principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG") issued by the Securities Commission Malaysia in Apr 2017;
- the corporate governance requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- Corporate Governance Guide: 3rd Edition and the Corporate Disclosure Guide issued by Bursa Securities in Dec 2017 and Sep 2011 respectively.

This Corporate Governance Overview Statement ("Statement") sets out the manner in which the Group has applied its corporate governance framework, in particular, the principles and recommendations articulated in the MCCG. The Board approved this Statement on 4 April 2018 and believes that it has in all material aspects complied with the principles and recommendations outlined in the MCCG. Where the recommendations relating to any principle have not been complied with, the non-compliance is clearly stated and reasons given. However, if alternatives have been adopted, it will be disclosed accordingly.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Function of the Board and Management

The Board's Terms of Reference clearly set out the framework of functions, roles and responsibilities of the Board. It serves as a guide for good corporate governance practice and to ensure that there is a clear separation of functions between the Board and the Management.

The Management executes the corporate and business plans formulated by the Board and conduct meetings on a regular basis to discuss and review matters such as:

- Business strategies in line with the corporate direction;
- Strategies adopted in business operations;
- Important issues happening in operations; and
- Highlight important issues on effectiveness and efficiency of the system of risk management and internal control that has impact to the financial results.

Clear Roles and Responsibilities

The Board must ensure that the Directors are aware of their roles and responsibilities as outlined by the Terms of Reference. The principal responsibilities of the Board are as follows:

- review and adopt the strategic plan for the Group, including goal-setting, determine the Group's business strategies to promote sustainability;
- approve management major proposal and monitoring the implementation of strategic plan by management; review and evaluate key policies adopted by the Group;
- appoint Chief Officers and work closely with them to formalize and focus on business and operational strategies; review the results from time to time to achieve the intended results
- oversee the conduct of the Group's business and operations and evaluate whether the businesses are being properly managed;
- identify principal business risks faced by the Group and ensure the implementation of appropriate risk management and internal control framework and mitigating measures to address such risks;
- ensure that all candidates appointed to the Board are of sufficient caliber, including succession and diversity of the members of the Board;

Corporate Governance Overview Statement (cont'd)

- establish Board committees and be responsible for all decisions made by the committees;
- review the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines on a quarterly basis;
- deliberate on proposals presented and recommended, including those proposed by its committees on a quarterly basis;
- reviewing the Group's performance on a quarterly basis;
- receiving updates on various business operations from the Management;
- bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to the Management; and
- approving the declaration of dividends and approval of financial statements, including accounting policies of the Group.

The Board will also involve in deliberation and decision making process to ensure the direction and control of the Group's businesses and resources are in good hands. Amongst others:

- reviewing and approval of Group's strategic plan and annual budget;
- acquisition and disposal or closure of businesses;
- declaration of dividends and approval of financial statements;
- establishment of new or diversified businesses;
- material capital investment and disposal of tangible assets from existing businesses to third parties;
- increase or reduction of subsidiaries issued capital; and
- any corporate restructuring not covered by the abovementioned paragraphs.

The Board monitors progress of Group's strategies and performance, ensures key management continuity with proper succession plan and reviews internal control and risk management system. The Board delegates some of these responsibilities to Board Committees such as the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Board's activities for the Financial Year Ended 31 March 2019 comprised the following:

- review and approve the 2019 quarterly results;
- approve the Directors' Report and Audited Accounts for the financial year ended 31 March 2019;
- approve the reports of the Audit, Nomination and Remuneration Committees and to note the minutes of the Board Committees meetings on a quarterly basis;
- review the Group's strategies and plans;
- receive quarterly updates from the Managing Director and Executive Directors on significant changes in the business and the external environment which affects the businesses and operations;
- approve the General Budget and Capital Expenditure Budget;
- review the risk management framework of the Group and update on management of major business risks by the Group on a quarterly basis;
- approve the re-appointment of the Group's external auditors and ensure that the external auditors meet the criteria provided by Paragraph 15.21 of the Listing Requirements;
- approve the Annual Report 2019;
- approve the draft Circular to Shareholders in relation to the proposed Renewal of Shareholders' Mandates for Recurrent Related Party Transactions of revenue or trading nature;
- note the semi-annual returns of the Company;
- note the amendments to the Bursa Securities Listing Requirements; and
- review of the effectiveness of the Board meetings.

The Group have various departments and management teams to manage the businesses. Their roles and responsibilities are clearly defined. For example, in the event of resignation from any key management personnel, replacement will be sought within and outside of the Group during the notice period. Failing which, internal coordination will be carried out to mitigate the risk of short-handed and miss-match of skilled personnel.

Corporate Governance Overview Statement (cont'd)

The same applies to the Board. The Board is made up of members from different skill sets and professions that will contribute to the Group's growth. Nomination Committee will take responsibility to source for replacements in succession planning for the Board members.

Shareholders are encouraged to provide their views and expectations to the Board. The Board conducts dialogues with some major shareholders from time to time. Shareholders are also given opportunities to express their views during Annual General Meetings. They can also exchange their point of views through our official website.

Formalizing Ethical Standard through a Code of Conduct

The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to the Management Team.

The Company assesses the independence of the Directors in accordance with the criteria stipulated in paragraph 1.01 of the Listing Requirements, which states that a director needs to be independent from management and free from any business or other relationship which could interfere with his independent judgment or ability to act objectively and in the best interest of the Company.

All Independent, Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealings or other relationships with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

Whistleblowing

Whistleblowing Policy and Procedure is available for the employees to raise their concerns on any illegal, unethical or fraudulent activities being committed against the Group, without the risk of reprisal. This will assist the Group to generate and enhance a healthy system of reporting undesired and unwanted activities while encouraging the employees to protect and preserve the prosperity and growth of the Group.

Strategies Promoting Sustainability

The Group promote sustainability through its efforts on producing high quality products; rejects harmful material and ingredients; participates in charitable events; improving customers' satisfaction; diversifying business segments and channels; reviewing segmental business performance on a periodic basis; strategize business plans; improving employees' welfare and retaining programs. With policies mentioned above, the Group will be able to work towards better results and improve on sustainability.

Access to Information and Advice

The Directors have individual, unrestricted and independent access to Management staff in order to obtain relevant information on issues under their respective portfolios.

The Board may also seek independent professional advice when necessary, under company expense to discharge their duties when necessary. Prior to engaging an independent adviser, approval must be obtained from the Chairman and, where applicable, the Chairman may bring up the request for the Board's evaluation on the need for external advice.

Management reports are submitted to Executive Directors for review on fixed intervals. Draft quarterly results are provided to Board members prior to the Board meetings in order for them to comment and deliberate, and prepare themselves for the Board meetings.

Corporate Governance Overview Statement (cont'd)

Support from Qualified and Competent Company Secretary

The Board is satisfied with the performance and support provided by the Company Secretary. As a professional Company Secretary, she provides valuable and relevant advice to the Directors on compliance and maintaining good corporate governance within the Group.

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified, experienced and competent, ensure compliance of relevant regulatory requirements and best practices and advises the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Group, including fiduciary duties and responsibilities.

The Company Secretary organizes and attends all Board and Board Committee meetings and ensures that these meetings are properly convened; follow-up on matters arising; ensure accurate and proper records of the proceedings and resolutions passed. Such documentations are properly maintained at the registered office of the Company.

The Company Secretary is also responsible to maintain the documentations of the Board such as meeting papers and minutes. These documentations of the Board and its Committees will be produced for inspection, if required.

Board Charter

The Board Charter provides clarity on Board practices in upholding corporate governance and serves as a reference point for Board activities, which include the following key areas:

- The Board principal role and responsibilities;
- The Board structure, including Board balance and Directors' tenure;
- The Board members, Board committees, key management officers and company secretary roles and responsibilities;
- The Board governance processes, including meetings, appointment, re-appointment and removal of Directors;
- The Board Committees, including the terms and references of the Audit, Nomination and Remuneration Committees.

The last review was conducted on 5 April 2018.

Strengthen Composition

The Board has established the following Committees to assist the Board in discharging its duties and responsibilities:-

The **Audit Committee** during the financial year ended 31 March 2019 comprises:-

Mr. Yee Yit Yang (Chairman)	<i>Independent, Non-Executive Director</i>
Mr. Shaari Bin Haron	<i>Independent, Non-Executive Director</i>
Mr. Mohd Hatim Bin Abdullah	<i>Independent, Non-Executive Director</i>

The summary terms of reference of the Audit Committee (including its key function, roles and responsibilities) have been approved by the Board and the summary of Audit Committee's activities for the financial year ended 31 March 2019 can be found in the Audit Committee Report.

The **Nomination Committee** during the financial year ended 31 March 2019 comprises:-

Tun Arifin Bin Zakaria (Chairman)	<i>Independent, Non-Executive Director</i>
Mr. Mohd Hatim Bin Abdullah	<i>Independent, Non-Executive Director</i>
Dato' Dr. Azirul Salihin Bin Anuar	<i>Independent, Non-Executive Director</i>

Corporate Governance Overview Statement (cont'd)

The Nomination Committee, under its terms of reference, performs annual review on the required mix of competencies, commitment and performance of Board members and the effectiveness of the Board and Committees as a whole and reviews Board succession plan.

When selecting new Directors, the Nomination Committee is responsible for assessing the candidates for the proposed directorship and submits their recommendations to the Board for decision. When the candidate is approved by the Nomination Committee, the candidate will then be proposed to the Board. The Board will assess the skills set requirements and discuss through the fitness based on the selection factors and skills of the candidate and make the final decision for approval of the candidate.

Board and Committees Assessment

The Committee has established a formal evaluation process to assess the effectiveness of the Board and Board Committees in terms of their composition, independency, effectiveness and accountability, and the contribution and performance of individual Directors and Chief Executive including their roles and responsibilities, competency and expertise.

The main activities carried out by the Nomination Committee in 2019 are as follow:

- reviewed the required mix of skills and experience and other qualities of the Directors and to assess the effectiveness of the Board as a whole;
- discussed and determine the directors retiring by rotation in accordance with the Articles of Association of the Company;
- reviewed trainings attended by the Directors, assess the training needs and recommend suitable orientation, education, training programme for the continuous development of each Directors.

Chairman

The Company's Chairman is an independent director. The Chairman plays an important role for the Group with his leadership skills which allows him to give the right judgment and recommendations that benefits the Company's functions and operations.

Gender diversity

The Board currently does not adopt any policy on boardroom diversity, such as gender and age. The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competency, skills, experiences and knowledge in areas identified by the Board should remain a priority.

The Board will monitor the Company's performance in meeting the target and shall review the policy and target set to achieve gender diversity in the boardroom as and when needed.

The **Remuneration Committee** members are:-

Mr. Shaari Bin Haron (Chairman)	<i>Independent Non-Executive Director</i>
Mr. Yee Yit Yang	<i>Independent Non-Executive Director</i>
Dato' Dr. Azirul Salihin Bin Anuar	<i>Independent, Non-Executive Director</i>

The Remuneration Committee is responsible for establishing a formal and transparent policy on Executive Directors remunerations and to fix the remuneration of individual directors. The Executive Directors abstain from participating in discussions and decisions on matters directly involving them to avoid any conflict of interest.

The range and aggregate remuneration received by Directors for the financial year ended 31 March 2019 is set out in the Notes 6 (c) to the Financial Statements.

The Board determines the Directors' remunerations including fees to the Directors, which is subject to shareholders' approval during the Annual General Meeting.

Corporate Governance Overview Statement (cont'd)

The range and aggregate remunerations received by Directors for the financial year ended 31 March 2019 are categorized as follows:-

Group		Fees RM	Salaries RM	Bonuses RM	Other emoluments RM	Total RM
ED 1	current	420,000	180,000	70,000	53,833	723,833
ED 2	current	420,000	180,000	70,000	53,833	723,833
ED 3	current	–	810,000	–	97,200	907,200
ED 4	current	15,000	451,364	–	52,230	518,594
ED 5	resigned	80,000	–	–	–	80,000
		935,000	1,621,364	140,000	257,096	2,953,460
Non-ED 1	current	203,571	–	–	4,000	207,571
Non-ED 2	current	67,857	–	–	7,000	74,857
Non-ED 3	current	75,000	–	–	6,000	81,000
Non-ED 4	current	75,000	–	–	8,000	83,000
Non-ED 5	current	75,000	–	–	8,500	83,500
Non-ED 6	current	75,000	–	–	8,000	83,000
Non-ED 7	resigned	21,429	–	–	–	21,429
Non-ED 8	resigned	10,000	–	–	–	10,000
		602,857	–	–	41,500	644,357
TOTAL		1,537,857	1,621,364	140,000	298,596	3,597,817

Note : Other emoluments include meeting allowances and statutory contributions.

Company		Fees RM	Salaries RM	Bonuses RM	Other emoluments RM	Total RM
ED 1	resigned	420,000	–	–	26,833	446,833
ED 2	resigned	420,000	–	–	26,833	446,833
ED 3	resigned	80,000	–	–	–	80,000
		920,000	–	–	53,666	973,666
Non-ED 1	current	203,571	–	–	4,000	207,571
Non-ED 2	current	67,857	–	–	7,000	74,857
Non-ED 3	current	75,000	–	–	6,000	81,000
Non-ED 4	current	75,000	–	–	8,000	83,000
Non-ED 5	current	75,000	–	–	8,500	83,500
Non-ED 6	current	75,000	–	–	8,000	83,000
Non-ED 7	resigned	21,429	–	–	–	21,429
Non-ED 8	resigned	10,000	–	–	–	10,000
		602,857	–	–	41,500	644,357
TOTAL		1,522,857	–	–	95,166	1,618,023

Note : Other emoluments include meeting allowances and statutory contributions.

Corporate Governance Overview Statement (cont'd)

The aggregate remunerations of the top five (5) Senior Management staff of the Group or the financial year ended 31 March 2019 are categorized as follows:-

Senior Management		Range of Remuneration			
		RM300,001- RM350,000	RM350,001- RM400,000	RM500,001- RM550,000	RM950,001- RM1,000,000
SM 1	current	-	-	-	✓
SM 2	resigned	-	-	✓	-
SM 3	current	-	✓	-	-
SM 4	resigned	-	✓	-	-
SM 5	current	✓	-	-	-

The Board determines the Directors' remunerations including fees to the Directors, which is subject to shareholders' approval during the Annual General Meeting.

The attendances of Directors who are members of Board Committee during the financial year ended 31 March 2019 are as follow:

Directors	Designation	Audit Committee	Nomination Committee	Remuneration Committee
Tun Arifin Bin Zakaria	<i>Chairman Independent Non-Executive Director</i>	Non member	0/0	Non member
Mr. Seow Khim Soon	<i>Executive Deputy Chairman</i>	Non member	Non member	Non member
Mr. Ham Hon Kit	<i>Managing Director</i>	Non member	Non member	Non member
Mr. Wong Kwai Wah	<i>Executive Director</i>	Non member	Non member	Non member
Mr. Ibrahim Bin Sahari	<i>Executive Director</i>	Non member	Non member	Non member
Dato' Dr. Azirul Salihin Bin Anuar	<i>Independent Non-Executive Director</i>	Non member	1/1	1/1
Dato Mah Siew Kwok	<i>Independent Non-Executive Director</i>	Non member	Non member	Non member
Mr. Shaari Bin Haron	<i>Independent Non-Executive Director</i>	6/6	Non member	1/1
Mr. Yee Yit Yang	<i>Independent Non-Executive Director</i>	6/6	2/2	1/1
Mr. Mohd Hatim Bin Abdullah	<i>Independent Non-Executive Director</i>	6/6	1/2	Non member

For the financial year ended 31 March 2019, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills were adequate

Corporate Governance Overview Statement (cont'd)

REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board assesses the independence of Independent Non-Executive Directors annually. The Board takes into account the individual Director's ability to exercise independent judgment and deliberations as well as the effective functioning of the Board as a whole.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continuous contributions from the Independent Directors will provide invaluable benefits to the Board and the Group as a whole, especially through their immense knowledge of the Group's financial and operations policies which they gained throughout the years. The caliber, qualification, experience and personal traits, particularly of the Independent Directors' integrity and objectivity in discharging their responsibilities in the best interest of the Group, predominantly determines the ability of them serving effectively and impartially.

Composition of Board and Independence

The Board has 10 members. 6 of them are independent non-executive members. The composition of the Board complied with paragraph 15.02 of the Bursa Securities Listing Requirements. The Chairman of the Board is Tun Arifin bin Zakaria, an independent non-executive Director, who is objective and upholds his intellectual integrity in leading the Board.

In accordance with the Company's Articles and Associations ("the Articles"), at least one-third (1/3), or the number nearest one-third (1/3) of the remaining directors including Managing Directors shall retire from office and be eligible for re-election at each Annual General Meeting provided that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are over the age of seventy years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

Independence – tenure of Independent Director who serves more than 9 years

As recommended in Principle A of MCCG 2017, the tenure of an independent director should not exceed cumulative term limit of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval.

Relationship with the Auditors

The Audit Committee maintains a formal and transparent relationship with the Group's auditors, both internal and external. The Audit Committee has explicit authority to communicate directly with the external and internal auditors. Where required, the external and internal auditors are invited to be present at the Audit Committee meetings.

FOSTER COMMITMENT

Time Commitment

The Board and Board Committee meetings are scheduled well in advance, i.e. in the last quarter of the preceding financial year, to facilitate the Directors in planning ahead and to ensure that the dates of the Board and Board Committees meetings are booked in their respective schedules. Additional meetings are convened when urgent and important decisions need to be made in between scheduled meetings.

The Board is satisfied with the level of time commitment contributed by the Directors in discharging their roles and responsibilities as Directors of the Company.

During the financial year ended 31 March 2019, six (6) Board meetings were held. The details of the Directors' attendances are as follows:

Corporate Governance Overview Statement (cont'd)

Directors	Designation	Meetings Attended	%
Tun Arifin Bin Zakaria	<i>Chairman Independent Non-Executive Chairman</i>	4/6	67
Mr. Seow Khim Soon	<i>Executive Deputy Chairman</i>	3/6	50
Mr. Ham Hon Kit	<i>Managing Director</i>	5/6	83
Mr. Wong Kwai Wah	<i>Executive Director</i>	6/6	100
Mr. Ibrahim Bin Sahari	<i>Executive Director</i>	6/6	100
Dato' Dr. Azirul Salihin Bin Anuar	<i>Independent Non-Executive Director</i>	6/6	100
Dato Mah Siew Kwok	<i>Independent Non-Executive Director</i>	6/6	100
Mr. Shaari Bin Haron	<i>Independent Non-Executive Director</i>	6/6	100
Mr. Yee Yit Yang	<i>Independent Non-Executive Director</i>	6/6	100
Mr. Mohd Hatim Bin Abdullah	<i>Independent Non-Executive Director</i>	6/6	100

Training

In order for the Directors to enhance their business acumen and professionalism in discharging their duties to the Group, all the Directors are encouraged to attend courses, whether in-house or external as part of the continuing development in gaining relevant knowledge and updates. During the financial year ended 31 March 2019 the Company provides internal briefings to the Directors on key corporate governance developments and salient changes to the Listing Requirements of Bursa, and other relevant laws and regulations. The Directors are also briefed on matters relevant to the operations and activities of the Company.

From time to time, the Directors are provided with hard copies of reading materials pertaining to the latest developments in areas relating to the Directors' roles and responsibilities. They are encouraged to attend appropriate external trainings on the subject matter that aid the Directors in the discharge of their duties and responsibilities.

The external auditors also continuously brief the Audit Committee on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

In addition, the Company Secretary also receives regular updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration.

Corporate Governance Overview Statement (cont'd)

The Directors that attended external training during the financial year ended 31 March 2019 are as follow:

Directors	Seminar/Training Attended
Tun Arifin Bin Zakaria	– Corporate Governance Guide 3rd Edition
Mr. Wong Kwai Wah	– Corporate Governance Guide 3rd Edition
Mr. Ibrahim Bin Sahari	– Corporate Governance Guide 3rd Edition
Dato' Mah Siew Kwok	– International Malaysia Law Conference – Gearing Up for Corporate Liability by the Malaysia Anti-Corruption Academy (MACA) – NCSC E-Courts 2018 Conference, Las Vegas
Mr. Mohd Hatim Bin Abdullah	– Corporate Governance Guide 3rd Edition – Roles of derivatives in investment products – Fintech VS Traditional Finance – Ethics
Dato' Dr. Azirul Salihin Bin Anuar	– Mandatory Accreditation Programme for Directors of Public Listed Companies 2018 – Corporate Governance Guide 3rd Edition
Mr. Yee Yit Yang	– MFRS 16 Leases: Businesses in the Engineering, Construction and Real Estate Sectors. – Corporate Governance Guide 3rd Edition

Other Directors who did not attend external training program due to their busy travelling schedules had gained other relevant knowledge through reading material and relevant trade discussions and functions conducted both locally and internationally.

For the newly appointed Directors, they will attend the Mandatory Accreditation Program within 4 months from their respective appointment dates. They will also be briefed by the Board on the nature of the Group's businesses and its culture, corporate strategy, general responsibilities and compliance obligations.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee. The Audit Committee assists the Board in reviewing the financial statements which are prepared in accordance with the provisions of the Companies Act, 2016 and the applicable accounting standards in Malaysia, and ensures that they give an accurate, adequate and complete reporting in order for the Board to present quarterly results and annual audited results announcements.

Assessing the Suitability and Independence of External Auditors

The Audit Committee conducts annual review of the suitability and independence of External Auditors. The Audit Committee meets with External Auditors at least twice a year to discuss audit plan, findings and financial statements. At least one of these meetings is without the presence of any Executive Director and the Management. The External Auditors also made a representation in their 2019 Group Audit Plan to reaffirm their independency of their engagement.

Corporate Governance Overview Statement (cont'd)

RECOGNISE AND MANAGE RISKS

Risk Management Framework

In recognizing the importance of risk management and internal controls, the Board has established a Risk Management working group comprising the Executive Director and Management staff. This working group will conduct regular review on internal control system, policy and procedure of respective business units, aim to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis, to assist the Board to manage risks and promote sustainability through a structural risk management framework.

Internal Audit Function

The internal audit function of the Group is out-sourced to a professional firm which adopts a risk-based audit approach in discharging their responsibilities. They review the Company's system of internal controls, effectiveness of corporate governance, risk management and regulatory compliances and report on its adequacy and efficiency to the Audit Committee.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company aims to maintain a clear, transparent and informed communication channel with its shareholders and potential investors. The Company has delegated certain Executive Directors and Management staffs to be the spoke-persons on official business, corporate events and announcements. There is also a "Contact Us" icon in our Corporate Website to allow any inquiry to be communicated to the right channel and obtain a response within a reasonable time.

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

Leveraging on Information Technology for Effective Dissemination of Information

An official "Investor Relations" ("IR") section is incorporated in the Company's website. It provides relevant information on Company's announcement on a timely basis.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company serves ample notice to shareholders regarding details of General Meetings, their rights and entitlements to attend the meetings. The Company also encourages shareholders to attend or appoint appropriate proxies with no qualification restriction who will have equal rights as members to speak at the meetings.

Encourage Poll Voting

The Chairman will inform shareholders of their right to demand for poll voting in the General Meetings. The Company will conduct poll voting if so requested by shareholders in the meetings.

Corporate Governance Overview Statement (cont'd)

Effective Communication and Proactive Engagement with Shareholders

The Company, Board members and senior management will actively and promptly communicate with key shareholders, minority shareholders and potential institutional and public investors about the development of company business plan and results.

Through timely official public announcement and meetings, to understand shareholders' concerns and expectations in order to plan, formalize and realign corporate direction in achieving the performance and common goals expected by shareholders, Board members and the management.

Compliance with MCGG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCGG throughout the financial year ended 31 March 2019 except for below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 4.3: The board has a policy which limits the tenure of its independent directors to nine (9) years.

Practice 7.1: There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Practice 7.2 & 3: The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement during the Board Meeting dated 12 July 2019. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCGG has been applied and obligations are fulfilled under the MCGG, and MMLR of Bursa Securities throughout the financial year ended 31 March 2019, save for the exceptions as disclosed above.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee (“the Committee”) are as follows:-

- **Yee Yit Yang (Chairman)**
Independent Non-Executive Director
- **Shaari Bin Haron**
Independent Non-Executive Director
- **Mohd Hatim Bin Abdullah**
Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed from amongst the board and shall comprise at least three (3) members, a majority of whom shall be independent directors. All members of the Committee shall be non-executive directors.

All members of the Committee shall be financially literate and at least one shall be a member of the accounting association or body.

All members of the Committee, including the chairman, will hold office only so long as they serve as directors of the Company. Should any member of the committee ceases to be a director of the Company, his membership in the committee would cease forthwith.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within three (3) months.

2. Chairman

The chairman, who shall be elected by the Committee, must be an independent director.

3. Secretary

The company secretary shall be the secretary of the Committee and shall be responsible, in conjunction with the chairman, for drawing up the agenda and circulating it prior to each meeting.

The secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members.

4. Meetings

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Chief Financial Officer, the representative of internal audit and the external audit shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

The chairman of the Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Meetings shall be held at least four (4) times a year or at a frequency to be decided by the Committee.

Audit Committee Report (cont'd)

5. Rights

The Committee shall:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the necessary resources which it needs to perform its duties;
- (c) have full and unrestricted access to any information which it requires in the course of performing its duties;
- (d) have unrestricted access to the chief executive officer and the chief financial officer;
- (e) have direct communication channels with the external auditors and internal auditors; and
- (f) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company.

6. Duties

The duties of the Committee shall include a review of:-

- (a) the nomination of external auditors;
- (b) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) the adequacy and effectiveness of the internal control and management information systems;
- (d) the financial statements of the Company with both the external auditors and management;
- (e) the external auditors' audit report;
- (f) any management letter sent by the external auditors to the Company and the management's response to such letter;
- (g) any resignation of the Company's external auditors;
- (h) the assistance given by the Company's officers to the external auditors;
- (i) all areas of significant financial and operational risks and the arrangements in place to contain those risks to acceptable levels;
- (j) all related-party transactions and potential conflict of interests situations; and
- (k) the internal audit function including:-
 - i. the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
 - ii. the internal audit program and the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.

ATTENDANCE OF MEETINGS

There were six (6) meetings held during the financial year ended 31 March 2019 ("FY 2019"). The details of attendance of each member at the Committee meetings held during the financial year are stated below:

Directors	Directorship	Meetings Attended	%
Yee Yit Yang (Chairman)	Independent Non-Executive Director	6/6	100
Shaari Bin Haron	Independent Non-Executive Director	6/6	100
Mohd Hatim Bin Abdullah	Independent Non-Executive Director	6/6	100

The partner of the external auditors, Executive Director and relevant members of senior management team attended the meetings upon the invitation of the Committee.

Deliberations during the Committee's meeting including issues discussed and decisions were recorded. Minutes of the Committee's meetings would be tabled for confirmation at the next Committee's meeting and subsequently tabled at the Board meeting for notation.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES

The activities carried out by the Committee during the FY 2019 including:-

- (a) Reviewed the interim financial results, analyze trend of financial numbers, query on significant issues and indicators before recommending the same for the Board's approval.
- (b) Reviewed the annual audited financial statements of the Group together with the external auditors before recommending the same for the Board's approval.
- (c) Reviewed the audit plan of internal and external auditors.
- (d) Reviewed the related party transactions within the Group for compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- (e) Considered and recommended the audit fees payable to the internal and external auditors for the Board's approval.
- (f) Reviewed the internal audit reports, audit recommendations made and the Management's response to these recommendations. Where appropriate, the Committee had directed the Management to ratify or improve the current system based on the internal auditors' recommendation for improvement.
- (g) Review of the adequacy and competency of the internal audit function and the profiles of the internal auditors.
- (h) Reviewed and approved the Audit Committee Report for the inclusion in the Company's Annual Report.
- (i) Held meeting with External Auditors twice this year without the presence of any Executive Directors and the Management to discuss audit and financial matters.

EXTERNAL AUDIT FUNCTION

The Audit Committee evaluated the audit plan from Messrs Afrizan Tarmili Khairul Azhar for the financial year ended 31 March 2019. Audit Committee met with the external auditors without the presence of any members of the Board, in order to review and discuss on matters of interest for the Company. During the meeting with Afrizan Tarmili Khairul Azhar, the Audit Committee also:

- Review and discuss the necessary sought explanations on the results of their audit;
- Discussed on changes in accounting standards;
- Discussed on issues impacting the financial statements;
- Sought explanations on the regulatory requirements and responsibilities.

The External Auditors had confirmed their independency in their 2019 Group Audit Plan and the Board is satisfied with that statement.

The Audit Committee and the Board are satisfied with the performance and effectiveness of the external auditors, Afrizan Tarmili Khairul Azhar and the fees quoted are within the affordable range.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function has been outsourced, which reports directly to the Audit Committee. The Audit Committee will review and advise the Internal Auditors to do further works to ascertain areas of significant importance to the senior management to rectify, and follow up on area of non-compliance and areas for improvement. A Follow up audit will be conducted at the request of Audit Committee to ensure the issues are rectified or improved accordingly.

The primary responsibility of the internal audit function is to review the Company's system of internal controls and report on its adequacy, effectiveness and efficiency to the Committee. The internal audit function adopts a risk-based audit approach in auditing objectively to provide assurance that risks are mitigated to acceptable levels.

Summary of the Internal Audit activities for the FY 2019 were:

1. Developing the annual internal audit plan and proposing this plan to the Committee.
2. Conducting scheduled internal audit engagements, using the risk-based audit approach and focusing primarily on the assessment of the effectiveness of internal controls.

Some of the internal audit exercises performed during the financial year under review are as follows:-

- (i) Review of internal control systems of Human Resource Management and Payroll System of Vertice Berhad, Vertice Construction Sdn Bhd, Kumpulan Voir Sdn Bhd and Triple A Sports Sdn Bhd
- (ii) Review of internal control system of the Construction function of Vertice Construction Sdn Bhd

The internal auditors' findings are highlighted in the following three (3) manner:-

- a) Findings of significant importance for senior management's attention.
- b) Non-compliance.
- c) Areas for improvement.

Management response thereto were obtained and included in the internal audit report.

3. Conducting follow- up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presenting audit findings to the Committee for consideration.

The total cost incurred for the Group's internal audit function during the financial year was approximately RM38,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (the “Board”) of Vertice Berhad (formerly known as VOIR Holdings Berhad) (the “Company”) is pleased to provide the statement which outlines the nature and scope of the Risk Management and Internal Controls (“RMIC”) of the Company and its subsidiaries (the “Group”) during the financial year under review.

This Statement of RMIC is prepared in accordance with the Malaysian Code on Corporate Governance issued by the Securities Commission in April 2017 and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Task Force on Internal Control and endorsed by Bursa Securities in Dec 2012.

Responsibility

The Board, assisted by the Audit Committee, is responsible and accountable for maintaining a reliable and effective RMIC practices to safeguard and enhance the Group’s assets and shareholders’ investments.

The Board recognizes that a sound system of RMIC is an integral part of good corporate governance. The system of RMIC covers not only financial controls but operational, risk and compliance controls as well. The management assists the Board in the implementation of the Group’s policies and procedures on risk and control by identifying and assessing the risks encountered and designing suitable internal controls to mitigate and manage these risks. The Board continually reviews and ensure that the RMIC is adequate and sound. Such reviews also ensure that the Group’s risk appetite is align to its business objectives.

However, in view of the limitations inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group’s policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material errors, irregularities or losses.

For the construction segment, though the risk profile and framework is still in progress, the Board is being briefed by the Management on the relevant risks unique to the construction industry on each contract secured. Sufficient internal controls are put in place to ensure progress billings are being monitored and revisions to budgeted costs are being performed so that the budgeted profit margins are achieved with minimal variations.

Key Activities for RMIC

The Group’s key activities that have been established for continuous reviewing and evaluating the effectiveness and adequacy of the RMIC system include:

- The Executive Board conduct regular meetings with all business unit heads from time to time to ensure all Group’s operations are in accordance with the corporate objectives, business direction, policies and strategies approved by the Board;
- The Audit Committee members are Independent Non-Executive Directors. The Committee has full access to the key management staffs, internal and external auditors;
- Clear defined delegation of responsibilities and Business Code of Conduct have been provided to the Executive Board members and key management staffs to ensure that they are guided by appropriate risk management, control policies and procedures;
- Operational structure with defined lines of reporting, responsibility, delegation of authority and accountability are in placed;
- A Risk Management working group was formed to conduct regular reviews on the risk management framework and update of the respective risk profiles;
- The Executive Board receives periodic performance reports from the respective business units. These reports include financial and operational information to monitor the achievement progress of corporate objectives set as well as compliance of the required standards and guidelines set by the respective regulatory bodies;
- Periodic internal audit has been conducted by an independent party to monitor compliance with operating policies and procedures as well as code of corporate governance. Such exercises have highlighted areas of risks, weaknesses and non-compliances. The management responded to these issues with immediate rectification or further enhancement;

Statement on Risk Management and Internal Control (cont'd)

Key Activities for RMIC (Cont'd)

The Group's key activities that have been established for continuous reviewing and evaluating the effectiveness and adequacy of the RMIC system include: (Cont'd)

- Executive Directors active involvement in daily operations enable the control of operational procedures are being observed and adhered to;
- Top-level reviews and analyses of actual operational results versus organizational goals or plans and other key performance indicators (KPIs);
- Regular Board meetings highlight and discuss important issues. Such meetings allow the Board of Directors supervises and implements appropriate controls and regularly reviews the adequacy of such controls on key areas from time to time.

Internal Audit Function

The Board of Directors had outsourced the internal audit function of the Group to an independent external party ("IEP") to assists the Audit Committee to provide assurance to management and the Board that all internal controls are in place, adequate, and functioning effectively within the acceptable level of expectations.

Activities of IEP based on the Annual Audit Strategy Planning Memorandum is reviewed and approved by the Audit Committee on a yearly basis. The risk-based audit plan is developed to cover operational and functional controls as well as financial management that are significant to the overall performance of the Group.

The responsibilities of the IEP audit include:

- Reviewing compliance with the Group's standard operating policies and procedures, guidelines, and applicable laws and regulations;
- Assessing and reporting on the operational efficiency of various business units and departments within the group and identifying area for improvement;
- Assessing and reporting on the effectiveness of the RMIC systems;
- Assessing and reporting on the reliability of systems and reporting information;

The results and IEP internal audits are reported on a quarterly basis to the Audit Committee and the report of the Audit Committee is a permanent agenda in the meeting of the Board. The Management Team's responses on each internal audit recommendation and action plans therein, are regularly reviewed and followed up by the Audit Committee.

Review of the Statement by External Auditors

This Statement on RMIC has been reviewed by the external auditors as required by Paragraph 15.23 of the MMLR of Bursa Securities for inclusion in the Annual Report for the financial year ended 31 March 2019. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to consider whether this Statement of RMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the RMIC system of the Group including the assessment and opinion by the Board and management thereon.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the effectiveness, adequacy and integrity of the risk management and internal controls of the Group.

Conclusion

The Board has revived assurance from the Managing Director, Executive Directors and Group Financial Controller during the Audit Committee meeting held on 29 May 2019, that the Group's RMIC system in place is operating adequately and effectively in all material aspects.

DIRECTORS' RESPONSIBILITIES STATEMENTS FOR THE ANNUAL AUDITED FINANCIAL STATEMENTS

- a) The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and Malaysian Financial Reporting Standards and International Financial Reporting Standards.
- b) The Directors are responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company, and of the results of the operations and cash flows of the Group and of the Company for the financial period.
- c) In preparing the financial statements, the Directors have:
 - adopted suitable accounting policies and applied them consistently;
 - made judgements and estimates that are reasonable and prudent; and
 - prepared financial statements on a going concern basis.
- d) The Directors are responsible to ensure that the Group and the Company maintain accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Act.
- e) The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2018 to 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
Loss net of tax from continuing operations	(985,498)	(5,200,849)
Loss net of tax from discontinued operations	(4,273,644)	-
	(5,259,142)	(5,200,849)
Profit/(Loss) for the year attributable to:		
Owners of the Company	(5,325,248)	(5,200,849)
Non-controlling interest	66,106	-
	(5,259,142)	(5,200,849)

DIVIDENDS

No dividend is paid or declared by the Company since the date of the last reports. The Directors do not recommend the payment of any dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period from 1 January 2018 to 31 March 2019 except as disclosed in the financial statements.

WARANTS 2014/2024

The warrants were constituted under the Deed Poll dated 11 March 2014. No warrant was exercised during the financial period and the total number of warrants that remain unexercised were 60,000,000 as at the reporting date.

The salient terms of the warrants are disclosed in Note 19 to the Financial Statements. Details of warrants issued to Directors are disclosed in the section on Directors' interest in this report.

Directors' Report (cont'd)

SHARES CAPITAL

During the financial period, the Company has issued the following ordinary shares:

Date of issue	Class of share	No. of shares issued	Issue price
18/07/18	Ordinary shares	14,600,000	0.92
27/07/18	Ordinary shares	14,360,000	0.92
17/08/18	Ordinary shares	12,750,000	0.92
18/03/19	Ordinary shares	1,850,000	0.92

The new shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing shares.

The Company did not issue any debentures during the financial period.

DIRECTORS

The Directors of the Company in office at any time during the financial period or since the end of the financial period are:

Tun Ariffin bin Zakaria
 Seow Khim Soon
 Ham Hon Kit
 Ibrahim bin Sahari
 Wong Kwai Wah
 Shaari bin Haron
 Dato' Mah Siew Kwok
 Mohd Hatim bin Abdullah
 Yee Yit Yang
 Dato' Dr. Azirul Salihin bin Anuar

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

Directors' Report (cont'd)

DIRECTORS' INTERESTS

According to the register of Directors' shareholding under section 59 of the Companies Act, 2016, the interests of Directors in office at the end of the financial period in the ordinary shares of the Company and its related corporations during the financial period are as follows:

	As at 01.01.2018	Number of Ordinary Shares		As at 31.03.2019
		Bought	Sold	
The Company				
Direct Interest				
Ibrahim bin Sahari	4,560,000	6,831,588	(2,000,000)	9,391,588
Ham Hon Kit	800,000	–	–	800,000
Wong Kwai Wah	4,500,000	8,390,000	(4,400,000)	8,490,000
Yee Yit Yang	950,000	–	(900,000)	50,000

	As at 01.01.2018	Number of Warrants in the Company		As at 31.03.2019
		Bought	Sold	
The Company				
Direct Interest				
Ham Hon Kit	400,000	–	–	400,000
Wong Kwai Wah	1,500,000	–	–	1,500,000

By virtue of the abovementioned Directors' interest in the Company, these Directors also deemed to have interests in the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries.

None of the other Directors in office at the end of the financial period have interest in shares of the Company or its related corporations during the financial period from 1 January 2018 to 31 March 2019.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the Directors or past Directors of the Company comprising remunerations received/receivable from the Company and its subsidiaries during the financial period are as follows:

	Group 01.01.2018 to 31.03.2019 (15 months) RM	Company 1.01.2018 to 31.03.2019 (15 months) RM
Fees	1,537,857	1,522,857
Salaries	1,621,364	–
Bonus	140,000	–
Other emoluments	298,596	95,166
	3,597,817	1,618,023

Directors' Report (cont'd)

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the Director, officer or auditor of the Group and of the Company.

OTHER STATUTORY INFORMATIONS

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

- a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and of the Company; or
- b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c) 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
- d) not otherwise dealt with in this report or financial statements which 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:

- a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period and secures the liability of any other person; or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

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

The Directors state that:

- a) The results of the operations of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.
- b) No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Company for the financial period in which this report is made.

Directors' Report (cont'd)

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group 01.01.2018 to 31.03.2019 (15 months) RM	Company 1.01.2018 to 31.03.2019 (15 months) RM
Statutory audit	85,000	39,000

AUDITORS

The auditors, Messrs. AFRIZAN TARMILI KHAIRUL AZHAR, have indicated their willingness to be appointed.

On behalf of the Board of Directors

WONG KWAI WAH
Director

IBRAHIM BIN SAHARI
Director

Kuala Lumpur, Malaysia

Dated: 18 July 2019

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies, Act 2016

I, **WONG KWAI WAH**, the Director primarily responsible for the financial management of **VERTICE BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 45 to 97 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960. On behalf of the Board of Directors

WONG KWAI WAH
Director

IBRAHIM BIN SAHARI
Director

Kuala Lumpur, Malaysia

Dated: 18 July 2019

STATUTORY DECLARATION

Pursuant to Section 251 (1) (B) of the Companies, Act 2016

I, **WONG KWAI WAH**, the Director primarily responsible for the financial management of **VERTICE BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 45 to 97 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above-named WONG KWAI WAH)
at Kuala Lumpur in the Federal Territory)
this day of 18 July 2019)

WONG KWAI WAH
Director

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

to the Members of Vertice Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VERTICE BERHAD, which comprise the statement of financial position as at 31 March 2019 of the Group and the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 97.

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 March 2019, and of its financial performance and its cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 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 period. 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 of these matters.

1. Revenue recognition for construction contracts

During the period, the Group recognised the revenue from its construction of building and infrastructure based on the percentage-of-completion ("POC") method amounting to RM124,772,159.

The POC on construction projects was measured by reference to percentage of the physical proportion of the contract work completed.

The revenue recognition principles are described under Significant Accounting Policies for the consolidated financial statements. Factors of uncertainty related to revenue recognition for the Group concern principally the projects for which revenue is recorded according to the percentage-of completion method.

Revenue recognition has a material influence to the balances of receivables and received advance payments arising from long-term contracts, which constitute significant components of the consolidated Statements of Financial Position.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

1. Revenue recognition for construction contracts (Cont'd)

How our audit addressed the key audit matter

Our audit procedures are included, among others:

- We considered significant customer contracts entered during the financial period and evaluated adherence to the Group's internal operation principles. We evaluated the definition, classification and recording of transactions arising from the contracts in relation to both Group accounting principles applied in the preparation of consolidated financial statements as well as to provisions governing the preparation of financial statements.
- In regard to invoicing and revenue recognition, we evaluated the accuracy of entries recorded in the Group's enterprise resource planning system. We performed project-based substantive audit procedures on the project revenue calculations with the objective of assessing the accuracy of both the said calculations and profit margin recognised as well as the balances of receivables and received advance payments arising from long-term contracts presented in the financial statements.
- In respect of construction projects, we sighted certified progress billing and obtain confirmation from the project owners to assess the appropriateness of management's estimates of the physical proportion of work completed.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report 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, we conclude that there is a material misstatement of the Directors' Report, 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 Group and 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, 2016 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 Group's and the Company's ability to continue as a going concern, 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 and the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (cont'd)

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 judgment 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.
- 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 Group's and of the Company's internal control.
- 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 Group and of the Company's ability to continue as a going concern. 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 and the Company to cease to continue as a going concern.
- 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Independent Auditors' Report (cont'd)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

AFRIZAN TARMILI KHAIRUL AZHAR

AF : 1300

Chartered Accountants

Kuala Lumpur, Malaysia

Dated: 18 July 2019

DATUK MOHD AFRIZAN BIN DATO' HUSAIN

01805/11/2020 J

Partner

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Period from 1 January 2018 to 31 March 2019

	Note	Group		Company	
		01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Continuing operations					
Revenue	3	124,772,159	120,252,587	-	-
Cost of sales	4	(115,623,900)	(79,633,035)	-	-
Gross profit		9,148,259	40,619,552	-	-
Other operating income		284,610	759,082	283,697	-
Selling and distribution costs		-	(31,823,709)	-	-
Administration expenses		(7,243,746)	(11,900,106)	(5,416,458)	(3,681,694)
Other operating expenses		(1,272,641)	-	-	(3,467,234)
Finance costs	5	(4,326)	(567,546)	-	-
Profit/(Loss) before tax from continuing operations	6	912,156	(2,912,727)	(5,132,761)	(7,148,928)
Income tax expense	7	(1,897,654)	(679,575)	(68,088)	-
Loss after tax from continuing operations		(985,498)	(3,592,302)	(5,200,849)	(7,148,928)
Discontinued operations					
Loss net of tax (discontinued operations)	29	(4,273,644)	(1,526,485)	-	-
Net loss for the financial period/ year		(5,259,142)	(5,118,787)	(5,200,849)	(7,148,928)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expense)/income for the financial period/year		(5,259,142)	(5,118,787)	(5,200,849)	(7,148,928)

The accompanying notes form an integral part of the financial statements

Statement of Profit of Loss and Other Comprehensive Income
(cont'd)

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
(Loss)/Profit attributable to:				
Owners of the Company	(5,325,248)	(4,824,670)	(5,200,849)	(7,148,928)
Minority interest	66,106	(294,117)	-	-
	(5,259,142)	(5,118,787)	(5,200,849)	(7,148,928)

Loss per share (LPS) for the period/year attributable to owners of the Company (sen)

Continuing operations

- Basic LPS from loss from continuing operations	8	(0.59)	(2.32)
- Diluted LPS from loss from continuing operations	8	(0.43)	(1.63)

Discontinued operations

- Basic LPS from loss from discontinued operations	8	(3.19)	(1.08)
- Diluted LPS from loss from discontinued operations	8	(2.35)	(0.76)

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 RM	Group 2017 RM	2019 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	2,078,122	6,339,727	-	-
Investment properties	10	-	1,622,977	-	-
Investment in subsidiaries	11	-	-	15,855,140	61,636,100
Other investments	12	9,860,000	9,875,020	9,860,000	9,860,000
Intangible assets	13	-	246,916	-	-
Total non-current assets		11,938,122	18,084,640	25,715,140	71,496,100
Current assets					
Inventories	14	-	53,099,435	-	-
Trade receivables	15	69,049,863	15,683,023	-	-
Other receivables, deposits and prepayments	16	4,554,234	11,040,113	545,277	1,829,948
Contract assets	17	393	1,114,283	-	-
Amount due from subsidiaries	18	-	-	43,817,756	-
Tax recoverable		201,482	334,861	-	-
Cash and bank balances		18,096,465	2,428,668	16,327,694	89,085
		91,902,437	83,700,383	60,690,727	1,919,033
Asset held for sale	29	76,756,480	34,802,438	22,282,560	-
Total current assets		168,658,917	118,502,821	82,973,287	1,919,033
TOTAL ASSETS		180,597,039	136,587,461	108,688,427	73,415,133
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	114,097,098	74,021,898	114,097,098	74,021,898
Retained profits/ (Accumulated losses)		13,285,979	18,611,227	(5,995,095)	(794,246)
		127,383,077	92,633,125	108,102,003	73,227,652
Non-controlling interest		293,937	(272,169)	-	-
Total equity		127,677,014	92,360,956	108,102,003	73,227,652

The accompanying notes form an integral part of the financial statements

Statement of Financial Position (cont'd)

	Note	2019 RM	Group 2017 RM	2019 RM	Company 2017 RM
Non-current liabilities					
Borrowings	20	526,646	402,339	-	-
Deferred tax liabilities	22	-	184,000	-	-
		526,646	586,339	-	-
Current liabilities					
Trade payables	23	51,274,875	18,441,459	-	-
Other payables, deposits and accruals	24	976,688	8,018,748	518,336	187,481
Provision for tax		-	-	68,088	-
Borrowings	20	141,816	14,779,959	-	-
Amount due to directors	25	-	2,400,000	-	-
		52,393,379	43,640,166	586,424	187,481
Total liabilities		52,920,025	44,226,505	586,424	187,481
TOTAL EQUITY AND LIABILITES		180,597,039	136,587,461	108,688,427	73,415,133

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For the Financial Period from 1 January 2018 to 31 March 2019

	← Attributable to owners of the company →					
	Non-distributable			Distributable		
	Share capital RM	Share Premium RM	Retained profits/ (Accumulated losses) Earnings RM	Total RM	Non- controlling interests RM	Total equity profits
Group						
As at 1 January 2017	66,000,000	101,898	23,435,897	89,537,795	21,948	89,559,743
Issuance of shares during the financial year	7,920,000	-	-	7,920,000	-	7,920,000
Transfer pursuant to Companies Act, 2016	101,898	(101,898)	-	-	-	-
Total comprehensive expense for the year	-	-	(4,824,670)	(4,824,670)	(294,117)	(5,118,787)
As at 31 December 2017	74,021,898	-	18,611,227	92,633,125	(272,169)	92,360,956
As at 1 January 2018	74,021,898	-	18,611,227	92,633,125	(272,169)	92,360,956
Issuance of shares during the financial period	40,075,200	-	-	40,075,200	-	40,075,200
Total comprehensive income/ (expense) for the period	-	-	(5,325,248)	(5,325,248)	66,106	(5,259,142)
Subscription of shares	-	-	-	-	500,000	500,000
As at 31 March 2019	114,097,098	-	13,285,979	127,383,077	293,937	127,677,014

Company	← Attributable to the owners of the Company →			
	Non-Distributable		Distributable	
	Share capital RM	Share premium RM	Retained profits/ (Accumulated losses) RM	Total RM
As at 1 January 2017	66,000,000	101,898	6,354,682	72,456,580
Issuance of shares during the financial year	7,920,000	-	-	7,920,000
Transfer pursuant to Companies Act, 2016	101,898	(101,898)	-	-
Total comprehensive income	-	-	(7,148,928)	(7,148,928)
As at 31 December 2017	74,021,898	-	(794,246)	73,227,652
As at 1 January 2018	74,021,898	-	(794,246)	73,227,652
Issuance of shares during the financial period	40,075,200	-	-	40,075,200
Net loss for the financial period	-	-	(5,200,849)	(5,200,849)
As at 31 March 2019	114,097,098	-	(5,995,095)	108,102,003

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

For the Financial Period from 1 January 2018 to 31 March 2019

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax from continuing operations	912,156	(2,912,727)	(5,132,761)	(7,148,928)
Loss from discontinued operations	(5,329,703)	(1,160,573)	-	-
	(4,417,547)	(4,073,300)	(5,132,761)	(7,148,928)
Adjustments for:-				
Allowance for impairment of receivables	1,225,359	150,000	-	-
Amortisation of intangible assets	62,952	74,624	-	-
Depreciation of property, plant and equipment	3,589,262	4,230,989	-	-
Dividend income	-	(225)	-	-
Gain on disposal of property, plant and investment property	-	(863,325)	-	-
Gain on disposal of investment in subsidiary	(2,179,419)	-	-	-
Impairment on investment in subsidiaries	-	138,484	-	3,467,234
Interest expenses	581,540	888,906	-	-
Interest income	(609,521)	(29,649)	(283,697)	-
Inventories written down	2,926,223	1,103,844	-	-
Inventories written off	-	424,715	-	-
Property, plant and equipment written off	1,381,864	1,830,068	-	-
Reversal for impairment of receivables	(86,615)	-	-	-
Unrealised (gain)/loss on foreign exchange	(40)	535	-	-
Operating profit/(loss) before working capital changes	2,474,058	3,875,666	(5,416,458)	(3,681,694)
Increase in inventories	14,397,521	(17,070,564)	-	-
Decrease/ (Increase) in receivables	(59,720,670)	1,814,564	1,271,424	(1,812,979)
Increase in payables	32,272,333	14,098,118	330,855	86,122
Decrease in amount due to contract customers	1,113,890	-	-	-
Changes in inter-company balances	-	-	(20,306,109)	8,409,346
Cash (used in)/from operations	(9,462,868)	2,717,784	(24,120,288)	3,000,795
Dividends received	-	225	-	-
Interest received	609,521	29,649	283,697	-
Interest paid	(581,540)	(888,906)	-	-
Income tax paid	(2,597,672)	(994,706)	-	-
Income tax refunded	-	168,193	-	-
Cash (used in)/from operating activities	(12,032,559)	1,032,239	(23,836,591)	3,000,795

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows (cont'd)

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in subsidiaries	-	-	-	(999,998)
Investment in joint venture entities	500,000	-	-	-
Proceed in other investment	-	(9,860,000)	-	(9,860,000)
Proceed from disposal of property, plant and equipment	-	454,688	-	-
Proceed from disposal of investment in subsidiary	21,000,000	-	-	-
Purchase of property, plant equipment	(8,881,070)	(6,210,988)	-	-
Cash used in investing activities	12,618,930	(15,616,300)	-	(10,859,998)
CASH FLOWS FROM FINANCING ACTIVITY				
Increase of share capital	40,075,200	7,920,000	40,075,200	7,920,000
Proceeds from borrowings	800,626	1,826,008	-	-
Repayment of borrowings	(4,514,099)	(667,490)	-	-
Repayment to directors	(2,400,000)	-	-	-
Cash from financing activity	33,961,727	9,078,518	40,075,200	7,920,000
Net increase/(decrease) in cash and cash equivalents	34,548,098	(5,505,543)	16,238,609	60,797
Effect of exchange rate change on cash	22	(535)	-	-
Cash and cash equivalents at the beginning of financial period/ year	(1,161,899)	4,344,179	89,085	28,288
Cash and cash equivalents at the end of financial period/ year	33,386,221	(1,161,899)	16,327,694	89,085

Cash and cash equivalent consist of:

	Group		Company	
	2019 RM	2017 RM	2019 RM	2017 RM
Continuing operations				
Cash in hand and at bank	18,096,465	2,428,668	16,327,694	89,085
Discontinued operations				
Cash in hand and at bank	6,289,756	577,621	-	-
Fixed deposit	9,000,000	-	-	-
Bank overdraft	-	(4,168,188)	-	-
	15,289,756	(3,590,567)	-	-
	33,386,221	(1,161,899)	16,327,694	89,085

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2018 to 31 March 2019

1. GENERAL INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes to these principal activities during the financial period.

The registered office of the Company is located at B-3-9, Block B, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principle place of office of the Company is located at Unit 1505 – 1506, Level 15, Tower 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the provisions of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities. The principal accounting policies adopted are set out below.

The following are accounting standards, interpretations and amendments of the MFRSs 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 2019

- MFRSs 16, leases
- IC interpretation 23, uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Join Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Venture – Long-term Interest in Associates and Joint Ventures.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, insurance contracts

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation of financial statements (Cont'd)

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, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associates or Joint Venture

The Company plan to apply the above mentioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019.

The company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Company.

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

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.

MFRS 16 introduce a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). The cost of investments includes transaction costs.

(ii) Business combination

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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(ii) Business combination (Cont'd)

The Group measures the cost of goodwill at the acquisitions date as:

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquire either at fair value or at the appropriate 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) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the statements of comprehensive income.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. 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) 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.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Revenue

Revenue is measured based on consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. As asset is transferred when (or as) the customer obtains control of the assets.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Revenue (Cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's or the Company's performance does not create an asset with an alternative use and the Group and the Company has an enforceable right to payment for performance completed to date.

d) Employee benefits

(i) Short term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

(ii) Defined contribution plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the financial period to which they relate.

(iii) Defined benefits plans

The Group and the Company operates a funded Retirement Benefit Plan (the Plan) for its eligible employees. Contributions to the Plan are made quarterly and are charged to profit or loss so as to spread the cost of the Plan over the employees' working lives in the Group and the Company.

The Group's and the Company's obligations under the Plan are determined based on triennial actuarial valuations where the amounts of benefits that the employees have earned in return for their services in the current and prior financial years are estimated. The present values of the Plan's obligations and the related current service and any past service cost are determined using the Projected Unit Credit Method.

Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting date exceed 10% of the greater of the present value of the obligation and the fair value of Plan assets at the reporting date.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Employee benefits (Cont'd)

(iii) Defined benefits plans (Cont'd)

Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the Plan, the past service cost is recognised immediately.

The Plan recognised in the statement of financial position is the net total of the present value of the Plan adjusted for unrecognised actuarial gains or losses, unrecognised past service cost, minus the fair value of Plan assets. Any asset resulting from the computation is stated at the lower of the amount determined or the total of any cumulative unrecognised actuarial losses and past service cost, and the present value of available refunds and reductions in future contribution to the Plan.

Gains or losses on the curtailment or settlement of the Plan are recognised when the curtailment or settlement occurs.

(iv) Termination benefits

Termination benefits are recognised when the Group and the Company is demonstrably committed to terminate the employment of the employees before the normal retirement date or provide termination benefits as a result of an offer made for voluntary redundancy.

Termination benefits in relation to the offer made for voluntary redundancy is measured based on the number of employees expected to accept the offer.

e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset when the expenditures for the asset and 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 during any extended periods in which active development is interrupted and ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in profit or loss in the financial period in which they are incurred.

f) Income tax

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Income tax (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

g) Discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

h) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of certain property, plant and equipment include the cost of dismantling, removal and restoration, the obligation of which was included as a consequence of installing the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are charged to profit and loss during the financial year in which they are incurred.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net reliable value.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Property, plant and equipment (Cont'd)

Except for freehold land and assets under construction, depreciation is provided on a straight-line method so as to write off the cost or valuation of the assets over their estimated useful lives, as follows:

	<u>Rate</u>
Computer and software	33%
Furniture and fittings	10% - 33.33%
Motor vehicles	10% - 33.33%
Office equipment	10% - 33.33%
Plant and machinery	20%

Depreciation of an asset begins when it is ready for its intended use.

The residual values and the useful lives of assets, if significant, are reviewed at each reporting date.

j) Impairment of non-financial assets

At each reporting date, the Group and the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Group and the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset, other than goodwill, is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. 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 if no impairment loss had been recognised, and is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Financial assets (Cont'd)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Financial assets (Cont'd)

(iii) Debt instruments classified as at FVTOCI

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue and foreign exchange gains and losses which are recognised in profit or loss. OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(iv) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(v) Financial assets at fair value through profit or loss ('FVTPL')

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Financial assets (Cont'd)

(vi) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI), lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) Derecognition of financial assets

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

l) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments*.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Contract costs

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfill a contract

The Group or the Company recognises a contract that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

o) Provisions

A provision is recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

p) Finance lease

Leases of property, plant and equipment, which are classified as finance lease, where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group and the Company.

Assets under finance lease are depreciated on a straight-line basis over the shorter of the lease terms or their useful lives. Lease interest is recognised as an expense in profit or loss over the lease period so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

All other leases are classified as operating lease and the lease rentals are recognised as an expense in profit or loss on a straight-line basis over the lease periods.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) Financial liabilities at FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group and the Company do not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group and the Company do not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities include the following items:

- bank borrowings and the Group's and the Company's perpetual preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- liability components of convertible loan notes are measured as described further below.
- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Derecognition of financial liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

3. REVENUE

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Sales of goods	-	99,216,484	-	-
Rental income	-	177,960	-	-
Concessionaire fee	-	503,588	-	-
Commission	-	1,920,846	-	-
Revenue from contract with customers	124,772,159	18,433,609	-	-
	124,772,159	120,252,487	-	-

4. COST OF SALES

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Cost of inventories	-	60,703,983	-	-
Packaging and consumable materials	-	139,337	-	-
Inventories written down	-	677,108	-	-
Inventories written off	-	255,410	-	-
Inventories loss	-	446,865	-	-
Cost of construction	115,623,900	17,410,332	-	-
	115,623,900	79,633,035	-	-

5. FINANCE COSTS

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Bank overdrafts interest	-	70,963	-	-
Bankers' acceptance/Trust receipts/ Letter of credit interest	-	432,191	-	-
Finance lease interest	4,326	13,391	-	-
Term loans interest	-	51,001	-	-
	4,326	567,546	-	-

Notes to the Financial Statements (cont'd)

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

a) Disclosure items

Profit before tax is arrived after charging/(crediting) the following items:

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Audit fee:				
- current	85,000	77,000	39,000	24,000
- prior years	-	4,000	-	3,000
- non audit fees	-	3,500	-	3,500
Other firms of auditors	-	10,000	-	-
Allowance for impairment on receivables	1,225,359	150,000	-	-
Amortisation	-	50,362	-	-
Depreciation of property, plant equipment	47,283	4,208,586	-	-
Directors fees	1,537,857	1,777,989	1,522,857	1,699,989
Interest expenses	4,326	92,740	-	-
Property, plant and equipment written off	-	567,546	-	-
Rental of counters	-	585	-	-
Rental of equipment	319,850	1,489,158	-	-
Rental of hostel	-	6,035,827	-	-
Rental of motor vehicles	143,000	28,169	-	-
Rental of office equipment	3,840	-	-	-
Rental of parking	3,642	-	-	-
Rental of premises	160,704	-	-	-
Unrealised loss on foreign exchange	-	975,600	-	-
Reversal of allowance for doubtful debts	-	(2,150)	-	-
Unrealised gain on foreign exchange	-	(535)	-	-
Gain on disposal of property, plant and equipment and investment property	-	(835,589)	-	-
Gain on goods claimed	-	(2,145)	-	-
Interest income	(284,610)	(29,649)	(283,697)	-

Notes to the Financial Statements
(cont'd)

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (CONT'D)

b) Staff cost

Employees benefit expenses including the following remunerations paid to the key management personnel of the Company:

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Salaries, bonuses and allowances	1,628,854	17,088,402	976,044	619,968
Contribution to defined contribution plan	238,935	1,881,474	134,637	63,146
Expenses on defined benefits plan	8,439	–	3,824	–
Employer insurance scheme	893	–	437	–
Other employees benefits	12,763	–	200	–
	1,889,884	18,969,876	1,115,142	683,114

c) Remuneration of key management personnel

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Directors				
Fees	1,537,857	1,683,935	1,522,857	1,699,989
Salaries, allowances and bonus	1,761,364	1,009,802	–	98,000
Defined contribution plan	298,596	104,517	95,166	–
	3,597,817	2,798,254	1,618,023	1,797,989
Other key management personnel:				
Fees	–	30,000	–	–
Salaries, allowances and bonus	746,895	2,066,173	–	300,829
Defined contribution plan	136,216	238,524	–	45,000
	883,111	2,334,697	–	345,829
	4,480,928	5,132,951	1,618,023	2,143,818

Notes to the Financial Statements (cont'd)

7. INCOME TAX EXPENSE

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Malaysian income tax based on results for the period/year:				
Current financial period/year	1,838,088	159,000	68,088	-
Under / (over) provision in:				
- Current year	-	(65)	-	-
- Prior years	59,566	3,640	-	-
Deferred tax (Note 22)	-	517,000	-	-
	1,897,654	679,575	68,088	-

The income tax expense is reconciled to the accounting profit at the applicable tax rate as follows:

	Group		Company	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Profit/(Loss) before tax from continuing operations	912,156	(2,912,727)	(5,132,761)	(7,148,928)
Tax at Malaysian statutory tax rate at 24% (2017: 24%)	218,917	(699,054)	(1,231,863)	(1,715,743)
Tax effects of:				
Non-taxable income	-	(2,065,898)	-	-
Non-deductible expenses	1,615,071	2,888,333	1,299,951	1,715,743
Under provision in prior financial years	59,566	3,640	-	-
Deferred tax asset not recognised during the period/year	4,100	552,554	-	-
Total income tax expense	1,897,654	679,575	68,088	-

Notes to the Financial Statements (cont'd)

8. EARNINGS PER SHARE

Basic and diluted EPS/ (LPS) of the Group is calculated by dividing the profit/ (loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/ year.

	Group	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Weighted average number of ordinary shares in issue	166,980,000	141,900,000
Adjustment for:		
- Assume full conversion of Warrants	60,000,000	60,000,000
Adjusted weighted average number of ordinary shares in issue	226,980,000	201,900,000
Basic earnings per share (sen)		
Basic LPS from loss from continuing operations	(0.59)	(2.32)
Basic LPS from loss from discontinued operations	(3.19)	(1.08)
Diluted earnings per share (sen)		
Diluted LPS from loss from continuing operations	(0.43)	(1.63)
Diluted LPS from loss from discontinued operations	(2.35)	(0.76)

As at 31 March 2019, the Company has 60,000,000 (2017: 60,000,000) unexercised warrants, whose terms of conversion are set out in Note 19 to the financial statements.

Notes to the Financial Statements
(cont'd)

9. PROPERTY, PLANT AND EQUIPMENT

Group	*Land and buildings RM	Furniture and fittings RM	Computer and software RM	Motor vehicles RM	Plant and machinery RM	Renovation and improvement RM	Total RM
Cost							
At 1 January 2017	2,478,430	29,986,445	-	2,140,084	-	2,262,177	36,867,136
Additions	-	6,088,130	-	120,432	-	113,844	6,322,406
Disposals	-	(51,532)	-	(359,585)	-	(8,342)	(419,459)
Write-off	-	(22,563,084)	-	-	-	(2,002,388)	(24,565,472)
Attributable to discontinued operations	(575,369)	(6,375,233)	-	(734,665)	-	(47,953)	(7,733,220)
At 31 December 2017/ 1 January 2018	1,903,061	7,084,726	-	1,166,266	-	317,338	10,471,391
Additions		6,220	18,559	800,626	1,300,000	-	2,125,405
Attributable to discontinued operations	(1,903,061)	(7,084,726)	-	(1,166,266)	-	(317,338)	(10,471,391)
At 31 March 2019	-	6,220	18,559	800,626	1,300,000	-	2,125,405

Notes to the Financial Statements
(cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	*Land and buildings RM	Furniture and fittings RM	Computer and software RM	Motor vehicles RM	Plant and machinery RM	Renovation and improvement RM	Total RM
Accumulated depreciation							
At 1 January 2017	440,610	22,737,075	-	1,435,004	-	1,299,194	25,911,883
Charge for the year	46,929	3,706,689	-	230,849	-	224,119	4,208,586
Disposals	-	(39,204)	-	(359,579)	-	(6,117)	(404,900)
Write-off	-	(21,330,920)	-	-	-	(1,404,489)	(22,735,409)
Attributable to discontinued operations	(146,565)	(2,028,762)	-	(669,173)	-	(3,996)	(2,848,496)
At 31 December 2017/							
1 January 2018	340,974	3,044,878	-	637,101	-	108,711	4,131,664
Depreciation	-	518	886	45,879	-	-	47,283
Attributable to discontinued operations	(340,974)	(3,044,878)	-	(637,101)	-	(108,711)	(4,131,664)
At 31 March 2019	-	518	886	45,879	-	-	47,283
Carrying amount							
At 1 January 2017	2,037,820	7,249,370	-	705,080	-	962,983	10,955,253
At 31 December 2017/							
1 January 2018	1,562,087	4,039,848	-	529,165	-	208,627	6,339,727
At 31 March 2019	-	5,702	17,673	754,747	1,300,000	-	2,078,122

Notes to the Financial Statements (cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings of the Group are as follows:

	<-- Leasehold land -->		<-- Leasehold buildings -->			Total RM
	Freehold buildings RM	(expires in 2096) RM	(expires in 2085) RM	(expires in 2096) RM	(expires in 2085) RM	
Cost						
At 1 January 2017	1,017,234	258,165	34,074	1,032,662	136,295	2,478,430
Attributable to discontinued operations	(405,000)	-	(34,074)	-	(136,295)	(575,369)
At 31 December 2017/ 1 January 2018	612,234	258,165	-	1,032,662	-	1,903,061
Attributable to discontinued operations	(612,234)	(258,165)	-	(1,032,662)	-	(1,903,061)
At 31 March 2019	-	-	-	-	-	-
Accumulated depreciation						
At 1 January 2017	151,539	31,346	7,672	208,736	41,317	440,610
Charge for the year	20,345	2,854	385	20,654	2,693	46,931
Attributable to discontinued operations	(94,500)	-	(8,057)	-	(44,010)	(146,567)
At 31 December 2017/ 1 January 2018	77,384	34,200	-	229,390	-	340,974
Attributable to discontinued operations	(77,384)	(34,200)	-	(229,390)	-	(340,974)
As at 31 March 2019	-	-	-	-	-	-
Carrying amount						
At 1 January 2017	865,695	226,819	26,402	823,926	94,978	2,037,820
At 31 December 2017/ 1 January 2018	534,850	223,965	-	803,272	-	1,562,087
At 31 March 2019	-	-	-	-	-	-

Notes to the Financial Statements (cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amounts of the property, plant and equipment under finance lease of the Group are as follows:

	2019 RM	Group 2017 RM
Motor vehicles	754,747	529,165

The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group:

	2019 RM	Group 2017 RM
Freehold land	-	534,850
Leasehold land and buildings	-	1,027,237
	-	1,562,087

10. INVESTMENT PROPERTIES

	2019 RM	Group 2017 RM
Carrying amount:		
At beginning of the financial period/year	1,622,977	2,386,794
Depreciation charged	-	(57,705)
Disposals	-	(706,112)
Attributable to discontinued operations	(1,622,977)	-
At end of the financial period/year	-	1,622,977
Net Book Value:		
Cost	2,387,601	2,387,601
Accumulated depreciation	(764,624)	(764,624)
Attributable to discontinued operations	(1,622,977)	
At end of the financial period/year	-	1,622,977
Estimated fair value	-	2,000,000

Notes to the Financial Statements (cont'd)

10. INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise a number of commercial lots that are leased to third parties or for capital appreciation. The fair value of all investment properties are determined using the comparison method based on the latest valuation performed by an accredited independent firm of professional valuers except for a vacant commercial lot with carrying amount of RM Nil (2017: RM183,228) where the fair value cannot be estimated due to lack of information on the market price for a similar property.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	01.01.2018 to 31.03.2019 (15 months) RM	01.01.2017 to 31.12.2017 (12 months) RM
Rental income	-	177,960
Direct operating expenses:		
Income generating investment properties	-	29,334
Non-income generating investment property	-	29,938
	15,855,140	61,636,100

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM	2017 RM
Shares in unquoted corporation, at cost	15,855,140	38,137,600
Equity capital contribution	-	23,498,500
	15,855,140	61,636,100

The subsidiaries, which were incorporated in Malaysia, are as follows:

Name	Country of incorporation and operation	Principal Activities	Effective equity interest	
			2019 %	2017 %
Vertice Construction Sdn. Bhd.	Malaysia	Construction	100	100
*#KumpulanVair Sdn. Bhd.	Malaysia	Property, investment holdings, designing, branding and retailing of fashionable ladies apparels, footwear and accessories	100	100
VerticeSupplies Sdn. Bhd.	Malaysia	Dormant	100	100

Notes to the Financial Statements
(cont'd)

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries, which were incorporated in Malaysia, are as follows: (Cont'd)

Name	Country of incorporation and operation	Principal Activities	Effective equity interest	
			2019 %	2017 %
Subsidiaries of Vertice Construction Sdn. Bhd.				
Vertice Infrastructure Sdn. Bhd.	Malaysia	Dormant	100	–
Joint-controlled entity of Vertice Construction Sdn. Bhd.				
Buildmarque Construction Sdn. Bhd.	Malaysia	Dormant	50	–
Subsidiaries of Kumpulan Voir Sdn. Bhd.				
Green Point Sdn. Bhd.	Malaysia	Dormant	100	100
Triple A Sport Sdn. Bhd.	Malaysia	Whole selling of casual wear, sport wear, footwear and accessories	50.1	50.1
Applemints Apparels Sdn. Bhd.	Malaysia	Designing, branding, retailing of fashionable ladies' men's and children's apparels and accessories	–	100

* Subsidiaries which are not audited by Afrizan Tarmili Khairul Azhar.

During the financial period, the Company proposed to dispose of 60% equity interest in Kumpulan Voir Sdn. Bhd. ("KVSBS"), the details of the disposal is described in Note 29 and 31 (a).

12. OTHER INVESTMENT

	Group		Company	
	2019 RM	2017 RM	2019 RM	2017 RM
Non-current				
Available-for-sale financial asset				
Unquoted shares in Malaysia	9,860,000	9,860,000	9,860,000	9,860,000
Quoted shares in Malaysia	–	20	–	–
Club membership	–	15,000	–	–
At cost	9,860,000	9,875,020	9,860,000	9,860,000

Notes to the Financial Statements (cont'd)

13. INTANGIBLE ASSETS

Group	Trademark RM	Goodwill RM	Total RM
Cost			
At 1 January 2017	747,241	20,288	767,529
Attributable to discontinued operation	(242,623)	–	(242,623)
At 31 December 2017/1 January 2018	504,618	20,288	524,906
Attributable to discontinued operation	(504,618)	(20,288)	(524,906)
At 31 March 2019	–	–	–
Accumulated amortisation			
At 1 January 2017	336,809	–	336,809
Amortisation charge	74,624	–	74,624
Attributable to discontinued operation	(133,443)	–	(133,443)
At 31 December 2017/1 January 2018	277,990	–	277,990
Attributable to discontinued operations	(277,990)	–	(277,990)
At 31 March 2019	–	–	–
Carrying amounts			
At 1 January 2017	410,432	20,288	430,720
At 31 December 2017/1 January 2018	226,628	20,288	246,916
At 31 March 2019	–	–	–

Trademarks and goodwill of the Group are tested for impairment annually and whenever indication of impairment exists. No impairment indicators existed during the financial period and hence there was no impairment charged.

Trademarks and goodwill are allocated to the cash-generating-units (“CGU”). The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on yearly financial budgets approved by the management.

Key assumptions used for value-in-use calculations:

Growth rate

The weighted average growth rates used were consistent with the management’s forecast in comparison with the approval retailing industry.

Budgeted gross margin

Management determines budgeted gross margin based on past performance on its internal resources efficiency improvements and its expectations of the market development.

Discount rate

The discount rate used was pre-tax and reflected specific risks of the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU’s, the management believes that reasonably possible change in any of the above key assumptions would not cause the recoverable amounts of the units to fall significantly below their carrying values.

Notes to the Financial Statements (cont'd)

14. INVENTORIES

	2019 RM	Group 2017 RM
At cost:		
Finished goods	-	53,099,435

Inventories of the Group are from Kumpulan Voir Group of companies which were classified as asset held for sale at the end of financial period, as set out in Note 29 to the financial statements.

15. TRADE RECEIVABLES

	2019 RM	Group 2017 RM
Trade receivables from contracts with customers	70,275,222	15,833,023
Less: Impairment losses	(1,225,359)	(150,000)
	69,049,863	15,683,023

Included in trade receivables at 31 March 2019 are retentions of RM3,472,903 (2017: RM Nil) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	2019 RM	Group 2017 RM
Within 1 year	3,472,903	-

The company's trade receivables that were impaired at the reporting date and the reconciliation of the allowance accounts is as follows:

	2019 RM	Group 2017 RM
At beginning of the financial year	150,000	2,550
Impairment losses recognised	1,225,359	150,000
Amounts recovered and reversed	-	(2,550)
Attributable to discontinued operations	(150,000)	-
At end of the financial year	1,225,359	150,000

Notes to the Financial Statements (cont'd)

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	2017 RM	2019 RM	2017 RM
Other receivables:				
Acquisition of properties	-	256,800	-	-
Compensation from landlord	-	55,555	-	-
Proceeds from disposal	-	1,175,028	-	-
Tenants	-	56,500	-	-
Other receivables	1,296,833	1,815,955	545,277	1,829,948
Government taxes	171,720	826,992	-	-
	1,468,553	4,186,830	545,277	1,829,948
Less: Allowance for impairment	-	(256,800)	-	-
	1,468,553	3,930,030	545,277	1,829,948
Deposits:				
Tenancy and utility deposits	-	5,634,962	-	-
Sundry deposits	2,397,613	1,124,049	-	-
	2,397,613	6,759,011	-	-
Prepayment:				
Prepaid bankers' acceptance Interest	-	148,061	-	-
Prepaid insurance	-	60,391	-	-
Other prepaid expenses	688,068	142,620	-	-
	688,068	351,072	-	-
	4,554,234	11,040,113	545,277	1,829,948

Movement in allowance accounts:

	Group	
	2019 RM	2017 RM
At beginning of the financial year	256,800	256,800
Attributable to discontinued operations	(256,800)	-
At end of the financial year	-	256,800

Notes to the Financial Statements (cont'd)

17. CONTRACT WITH CUSTOMERS

	2019 RM	Group 2017 RM
Aggregate contract costs incurred to date	132,651,430	17,548,293
Add: Attributable profit recognised	10,727,117	1,057,785
	143,378,547	18,606,078
Less: Progress billings	(143,378,154)	(17,491,795)
Gross amount contract assets	393	1,114,283
Represented by:		
Due from customers for the construction contracts	393	1,114,283
Due to customers for the construction contracts	-	-
	393	1,114,283

18. AMOUNT DUE FROM SUBSIDIARIES

This amount is unsecured, interest-free and repayable on demand.

19. SHARE CAPITAL

Group and Company	2019 Units	Number of shares		2017 RM
		2017 Units	2019 RM	
Issued and fully paid ordinary shares				
At beginning of the financial period/year	145,200,000	132,000,000	74,021,898	66,000,000
Issued during the financial period/year	43,560,000	13,200,000	40,075,200	7,920,000
Transfer from share premium pursuant to the Companies Act, 2016	-	-	-	101,898
At end of the financial period/year	188,760,000	145,200,000	114,097,098	74,021,898

Notes to the Financial Statements (cont'd)

19. SHARE CAPITAL (CONT'D)

a) Issuance of shares

During the financial period, the Company has issued the following shares:

Date of issue	Class of share	No. of shares issued	Issue price (RM)
18/07/18	Ordinary shares	14,600,000	0.92
27/07/18	Ordinary shares	14,360,000	0.92
17/08/18	Ordinary shares	12,750,000	0.92
18/03/19	Ordinary shares	1,850,000	0.92

The new shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing shares.

b) Warrant 2014/2024

The warrants issued are constituted by Deed Poll dated 11 March 2014.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at the time from 1 April 2014 up to the date of expiry on 31 March 2024, at an exercise price of RM0.50 or such adjusted price in accordance with the provisions in the Deed Poll dated 11 March 2014. Any warrant not exercised during the exercise period will thereafter lapse and cease to be valid. The warrants are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 4 April 2014.

The ordinary share issued from the exercise of the warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new share shall not be entitled to any dividends, rights, allotments and/ or forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new shares.

As at 31 March 2019, the total number of warrants that remain unexercised were 60,000,000 units (2017 : 60,000,000).

20. BORROWINGS

	Group	
	2019 RM	2017 RM
Term loans	-	427,504
Bills payable	-	11,790,524
Bank overdrafts	-	2,734,906
Finance lease payables (Note 21)	668,462	229,364
	668,462	15,182,298

Notes to the Financial Statements (cont'd)

20. BORROWINGS (CONT'D)

Represent by:

	2019 RM	Group 2017 RM
Current	141,816	14,779,959
Non-current	526,646	402,339
	668,462	15,182,298

The borrowings of the Group are repayable as follows:

	2019 RM	Group 2017 RM
Not later than 1 year	141,816	14,779,959
Later than 1 year and not later than 2 years	141,816	219,928
Later than 2 years and not later than 5 years	384,830	181,411
Present value of borrowings	668,462	15,181,298

The effective interest rates of the borrowings of the Group as at the reporting date were as follows:

	2019 %	Group 2017 %
Term loans	-	4.6 - 8.0
Bills payable	-	3.5 - 5.7
Bank overdrafts	-	6.8 - 8.3
Finance lease liabilities	3.7 - 4.5	4.4 - 6.3

The borrowings of the Group are secured as follows:

- Legal charges over certain freehold land and buildings and leasehold land and buildings of the subsidiaries;
- Personal guarantee from a Director of the Company;
- Corporate guarantee from a subsidiary; and
- Corporate guarantee from the Company.

All finance lease payables, those are arranged at fixed rates, are denominated in Ringgit Malaysia.

The Group and the Company obtain finance lease facilities to finance certain of their plant and machinery and motor vehicles. The average remaining lease term is 4 years as at 31 March 2019. Implicit interest rate of the finance lease are fixed at the date of the agreement, and the amount of lease payments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the hire purchase arrangements.

Notes to the Financial Statements (cont'd)

21. FINANCE LEASE PAYABLES

	2019 RM	Group 2017 RM
Minimum borrowing payments		
Less than 1 year	156,732	137,640
Between 1 and 5 years	582,026	105,717
	738,758	243,357
Less: Future finance charges	(70,296)	(13,993)
Present value of minimum lease payments	668,462	229,364

22. DEFERRED TAX

The following are the movements of deferred tax assets and liabilities (offsetting):

	2019 RM	Group 2017 RM
Deferred tax liabilities		
At the beginning of the financial period/ year	184,000	-
Charge to profit and loss	-	184,000
Attributable to discontinued operations	(184,000)	-
At the end of the financial period/ year	-	184,000

The deferred tax liabilities charged to profit or loss were in respect of capital allowance in excess of depreciation charges.

	2019 RM	Group 2017 RM
Deferred tax assets:		
At the beginning of the financial period/ year	-	(601,000)
Transferred to profit or loss	999,000	333,000
Attributable to discontinued operations	(999,000)	268,000
At the end of the financial period/ year	-	-

Notes to the Financial Statements (cont'd)

22. DEFERRED TAX (CONT'D)

The deferred tax assets recognised were in respect of depreciation charges in excess of capital allowances.

	2019 RM	Group 2017 RM
Deferred tax (credited)/charged to profit or loss:		
Deferred tax liabilities	-	333,000
Deferred tax assets	-	268,000
Total (Note 7)	-	601,000

Deferred tax assets have not been recognised in respect of the following items:

	2019 RM	Group 2017 RM
Unabsorbed tax losses	519,000	521,000
Unutilised capital allowances	4,821,000	1,567,000
	5,340,000	2,088,000
Potential tax benefits calculated at tax rate 24% (2017: 24%)	1,281,600	501,120

The unabsorbed tax losses and capital allowances are subject to agreement with Inland Revenue Board.

23. TRADE PAYABLES

	2019 RM	Group 2017 RM
Trade payables	48,744,055	18,441,459
Retention sum received	2,530,820	-
	51,274,875	18,441,459

Included in trade payables at 31 March 2019 are retentions of RM2,530,820 (2017: RM Nil) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	2019 RM	Group 2017 RM
Within 1 year	2,530,820	-

Notes to the Financial Statements (cont'd)

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM	2017 RM	2019 RM	2017 RM
Landlords	-	131,586	-	-
Other payables	374,772	4,371,464	22,526	43,410
Rental and utilities deposits	-	394,960	-	-
Staff deposit	-	133,950	-	-
Other deposits	326,150	210,000	326,150	-
Staff payroll	44,149	1,847,437	14,615	-
Employees Provident Fund	33,969	282,379	15,445	-
Other accruals	197,648	646,972	139,600	144,072
	976,688	8,018,748	518,336	187,482

25. AMOUNT DUE TO DIRECTORS

The amount due to Directors unsecured advances which are interest free and repayable on demand.

26. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Notes to the Financial Statements
(cont'd)

26. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related parties transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions.

Entity	Relationship	Type of transaction	Group		Company	
			2019 RM	2017 RM	2019 RM	2017 RM
Consortium Zenith Construction Sdn. Bhd.	A company which certain Directors have financial interest	Purchase of unquoted shares	-	9,860,000	-	9,860,000
		Advancement	270,000	-	270,000	-
		Repayment of advancement	(1,780,000)	-	(1,780,000)	-
Ivory Ascent Sdn. Bhd.	A company which certain Directors have financial interest	Supply of counter equipment, furniture and fittings, and maintenance of counters	-	5,566,890	-	5,566,890
		Rental of premises	-	1,815,600	-	1,815,600
		Supply of men, women and kids apparels	-	1,241,555	-	1,241,555
Marvellous Future Sdn. Bhd.	A company which certain Directors have financial interest	Purchase of unquoted shares	-	1,500,000	-	1,500,000

Notes to the Financial Statements (cont'd)

26. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation

The key management personnel compensation during the financial year of the Group and the Company are as stated in Note 6 (c) to the financial statements.

The Directors of the Company are of the opinion that the above transactions were carried out in the normal of business and have been established on terms and conditions negotiated and agreed by the related parties.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's and the Company's business. The Group and the Company has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's and the Company's principal financial risk management policies are as follows:

(a) Credit risk

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Group and the Company placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

Therefore, credit risk arises mainly from the inability of its customers to make payments when due. Trade receivables presented in the statement of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Group and the Company does not hold any collateral and thus, the credit exposure is continuously monitored by the Directors.

(b) Liquidity risk

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM	'Available-for-sale' assets RM	Financial liabilities at amortised cost RM	Total RM
2019				
Financial Assets				
Non-current				
Other investment	–	9,860,000	–	9,860,000
Current				
Trade receivables	69,049,863	–	–	69,049,863
Other receivables and prepayments	2,156,621	–	–	2,156,621
Deposits	2,397,613	–	–	2,397,613
Amount due from contract customer	393	–	–	393
Tax recoverable	201,482	–	–	201,482
Cash and bank balances	18,096,465	–	–	18,096,465
Total financial assets	91,902,437	9,860,000	–	101,762,437
Financial Liabilities				
Non-current				
Borrowings	–	–	526,646	526,646
Current				
Trade payables	–	–	51,274,875	51,274,875
Other payables, deposit and accruals	–	–	976,688	976,688
Borrowings	–	–	141,816	141,816
Total financial liabilities	–	–	52,920,025	52,920,025

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

Group	Loans and receivables RM	'Available-for- -sale' assets RM	Financial liabilities at amortised cost RM	Total RM
2017				
Financial Assets				
<i>Non-current</i>				
Other investment	–	9,875,020	–	9,875,020
<i>Current</i>				
Trade receivables	15,683,023	–	–	15,683,023
Other receivables	3,930,030	–	–	3,930,030
Deposits	6,759,011	–	–	6,759,011
Amount due from contract customers	1,114,283	–	1,114,283	–
Cash and bank balances	2,428,668	–	–	2,428,668
Total financial assets	29,915,015	9,875,020	–	39,790,035
Financial Liabilities				
<i>Non-current</i>				
Borrowings	–	–	402,339	402,339
<i>Current</i>				
Trade payables	–	–	18,441,459	18,441,459
Other payables, deposit and accruals	–	–	8,018,748	8,018,748
Borrowings	–	–	14,779,959	14,779,959
Amount due to Directors	–	–	2,400,000	2,400,000
Total financial liabilities	–	–	44,042,505	44,042,505

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

Company	Loans and receivables RM	'Available-for- -sale' assets RM	Financial liabilities at amortised cost RM	Total RM
2019				
Financial Assets				
<i>Non-current</i>				
Investment in subsidiaries	-	15,855,140	-	15,855,140
Other investment	-	9,860,000	-	9,860,000
<i>Current assets</i>				
Other receivables	545,277	-	-	545,277
Amount due from subsidiaries	43,817,756	-	-	43,817,756
Cash and bank balances	16,327,694	-	-	16,327,694
Total financial assets	60,690,727	25,715,140	-	86,405,867
Financial Liabilities				
<i>Current liabilities</i>				
Other payables and accruals	-	-	192,186	192,171
Deposits	-	-	326,150	326,150
Total financial liabilities	-	-	518,336	518,321
2017				
Financial Assets				
<i>Non-current</i>				
Investment in subsidiaries	-	61,363,100	-	61,363,100
Other investment	-	9,860,000	-	9,860,000
<i>Current assets</i>				
Other receivables	1,816,701	-	-	1,816,701
Amount due from subsidiaries	13,247	-	-	13,247
Cash and bank balances	89,085	-	-	89,085
Total financial assets	1,919,033	71,223,100	-	73,142,133
Financial Liabilities				
<i>Current liabilities</i>				
Other payables and accruals	-	-	187,482	187,482
Total financial liabilities	-	-	187,482	187,482

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments carried at amortised cost and cost

The carrying amounts of the financial assets and financial liabilities are recognised at their fair values, except for the following financial assets and financial liabilities which are initially recognised at cost and amortised cost after initial recognition. However, the Directors are of the opinion that the carrying amounts do not materially differ from their fair values:

Group	2019		2017	
	Carrying Amounts RM	Fair Values RM	Carrying Amounts RM	Fair Values RM
Financial Assets				
'Available-for-sale' investments				
Other investment	9,860,000	9,860,000	9,875,020	9,875,020
Loans and receivables				
Trade receivables	69,049,863	69,049,863	15,683,023	15,683,023
Other receivables and prepayments	2,156,621	2,156,621	3,930,030	3,930,030
Deposits	2,397,613	2,397,613	6,759,011	6,759,011
Amount due from contract customers	393	393	1,114,283	1,114,283
Tax recoverable	201,482	201,482	–	–
Cash and bank balances	18,096,465	18,096,465	2,428,668	2,428,668
	101,762,437	101,762,437	39,790,035	39,790,035
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	51,274,875	51,274,875	18,441,459	18,441,459
Other payables, deposits and accruals	976,688	976,688	8,018,748	8,018,748
Borrowings	668,462	668,462	15,182,298	15,182,298
Amount due to Directors	–	–	2,400,000	2,400,000
	52,920,025	52,920,025	44,042,505	44,042,505

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments carried at amortised cost and cost (Cont'd)

Company	2019		2017	
	Carrying Amounts RM	Fair Values RM	Carrying Amounts RM	Fair Values RM
Financial Assets				
'Available-for-sale' investments				
Investment in subsidiaries	15,855,140	15,855,140	61,636,100	61,636,100
Other investment	9,860,000	9,860,000	9,860,000	9,860,000
	25,715,140	25,715,140	71,496,100	71,496,100
Loans and receivables				
Other receivables, deposits and prepayments	545,277	545,277	1,816,701	1,816,701
Amount due from subsidiaries	43,817,756	43,817,756	13,247	13,247
Cash and bank balances	16,327,694	16,327,694	89,085	89,085
	60,690,727	60,690,727	1,919,033	1,919,033
Financial liabilities				
Financial liabilities at amortised cost				
Other payables and accruals	192,186	192,186	187,481	187,481
Deposits	326,150	326,150	-	-
	518,336	518,336	187,481	187,481

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments carried at amortised cost and cost (Cont'd)

Valuation techniques and significant assumptions used in determining fair value of financial assets and financial liabilities recognised at amortised cost or cost after initial recognition, other than non-current borrowings, are as follows:

Financial assets and liabilities with published price in active markets

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to their quoted market price.

Financial assets and liabilities without published price in active markets

The fair values of financial assets and financial liabilities not traded on active market are determined by using generally accepted valuation techniques.

Trade and other receivables, fixed deposits, cash and bank balances, bank overdrafts and trade and other payables

The carrying amounts approximate the fair values due to their short-term nature.

Non-current borrowings

Non-current borrowings are determined by discounting the relevant cash flows using the current interest rates for similar instruments at the reporting date and their carrying amounts are expected to approximate fair values.

Unquoted equity instruments

The fair value information for unquoted equity instruments recognised at cost are not disclosed as the fair value cannot be measured reliably as these unquoted equity instruments do not have quoted market prices in active markets. The Company intends to hold these unquoted equity instruments to supplement the Company's business operations and does not foresee to dispose of these financial instruments in the foreseeable future.

Notes to the Financial Statements (cont'd)

29. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Discontinued operations of Kumpulan Voir Sdn. Bhd. ("KVSb")

On 13 December 2018, Vertice Berhad ("the Company") entered into a Sale and Purchase Agreement ("SPA") with Seow Khim Soon ("Mr. Seow") for the Company to dispose off its 1,839,000 ordinary shares in KVSb which equivalent to 60% equity interest in KVSb for a total cash consideration of RM32,615,000 (collectively known as "the Proposed Disposal").

As at 31 March 2017, the assets and liabilities related to KVSb Group have been presented in the Statement of Financial Position as "Asset Held for Sale", and its result are presented separately in the Statement of Profit of Loss and Other Comprehensive Income as "Loss from Discontinued Operation, Net of Tax".

The result of KVSb Group for the financial period ended 31 March 2019 are as follows:

(i) Statement of Profit and Loss and Other Comprehensive Income

	01.01.2018 to 31.03.2019 (15 months) RM
Revenue	194,909,641
Cost of sales	(131,359,486)
Gross profit	63,550,155
Other operating income	2,865,863
Selling and distribution costs	(59,118,728)
Administration expenses	(11,894,712)
Finance costs	(732,281)
Loss before tax	(5,329,703)
Income tax expenses	1,056,059
Loss for the financial period from discontinued operations	(4,273,644)

Notes to the Financial Statements (cont'd)

29. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Discontinued operations of Kumpulan Voir Sdn. Bhd. Group ("KVSB Group") (Cont'd)

(ii) Statement of Financial Position

	2019 RM
Assets	
Property, plant and equipment	8,306,870
Investment properties	1,567,656
Other investments	15,020
Intangible assets	183,963
Deferred tax assets	999,000
Inventories	35,775,691
Trade receivables	21,225,740
Other receivables, deposits and prepayments	10,816,300
Tax recoverable	678,956
Fixed deposits	9,000,000
Cash and bank balances	6,289,753
Total assets	94,858,949
Liabilities	
Trade payables	4,128,905
Other payables, deposits and accruals	5,828,106
Borrowings	8,145,458
Total liabilities	18,102,469
Net assets held for sale	76,756,480

(iii) Statement of Cash Flows

	01.01.2018 to 31.03.2019 (15 months) RM
Operating activities	6,823,394
Investing activities	14,244,334
Financing activities	(4,381,935)
	16,685,793

Notes to the Financial Statements (cont'd)

29. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(b) Discontinued operations of Applemints Apparels Sdn. Bhd. ("AASB")

On 30 August 2017, Kumpulan Voir Sdn. Bhd. ("KVSb") entered into a Sale and Purchase Agreement ("SPA") with TDST Sdn. Bhd. ("TDST") for KVSb to dispose off its wholly owned subsidiary, Applemints Apparels Sdn. Bhd. ("AASB") to TDST for a cash consideration of RM21,000,000 (collectively known as "the Proposed Disposal").

As at 31 December 2017, the assets and liabilities related to AASB have been presented in the Statement of Financial Position as "Assets held for sale", and its results are presented separately on the Statement of Profit or Loss and Other Comprehensive Income as "Loss from Discontinued Operation, net of Tax".

The result of AASB for the financial period ended 31 March 2019 which are included in KVSb Group in Note 29 (a) above are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

	01.01.2018 to 30.04.2018 (4 months) RM	01.01.2017 to 31.12.2018 (12 months) RM
Revenue	43,066,136	87,435,459
Cost of sales	(31,403,899)	(58,551,469)
Gross profit	11,662,237	28,883,990
Other operating income	9,955	57,909
Selling and distribution costs	(10,515,993)	(26,538,685)
Administration expenses	(1,214,875)	(3,242,427)
Finance costs	(155,067)	(321,360)
Loss before tax	(213,743)	(1,160,573)
Income tax expenses	-	(365,912)
Loss for the financial period/year from discontinued operations	(213,743)	(1,526,485)

Notes to the Financial Statements (cont'd)

29. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(b) Discontinued operations of Applemints Apparels Sdn. Bhd. ("AASB") (Cont'd)

(ii) Statement of Financial Position

	2019 RM	2017 RM
Assets		
Property, plant and equipment	-	4,884,724
Other investments	-	2,464
Intangible assets	-	109,181
Inventories	-	41,270,810
Trade receivables	-	10,952,473
Other receivables, deposits and prepayments	-	1,607,072
Tax recoverable	-	31,762
Cash and bank balances	-	577,621
	-	59,436,107
Liabilities		
Deferred tax liabilities	-	66,000
Trade payables	-	13,816,213
Other payables, deposits and accruals	-	3,501,175
Borrowings	-	7,250,281
Total liabilities	-	24,633,669
Net assets held for sale	-	34,802,438

(iii) Statement of Cash Flows

	01.01.2018 to 30.04.2018 (4 months) RM	01.01.2017 to 31.12.2018 (12 months) RM
Operating activities	2,817,158	1,341,020
Investing activities	(849,505)	(2,971,777)
Financing activities	(962,000)	19,242
	1,005,653	(1,611,515)

Notes to the Financial Statements (cont'd)

30. CAPITAL MANAGEMENT

The primary objective of the management of the Group's capital structure is to optimise the balance between debts and equity to achieve a low cost of capital and maximise the return to stakeholders.

The capital structure of the Group consists of debts (comprising finance lease) and equity (comprising issued ordinary shares, retained earnings). The Group monitor their capital using a gearing ratio, based on total debts divided by total equity. The target gearing ratio is to maintain it at below 10%. The Directors review the capital structure at least quarterly, and consider the cost of capital and the risks associated with each class of capital.

The Company are not subject to externally imposed capital requirements.

The Group is also required to comply with the disclosures and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

During the financial period, no significant changes were made in the objectives, policies or processes for managing capital.

The gearing ratio at the reporting date was as follows:

	2019 RM	Group	2017 RM
Debts			
Finance lease payables	668,462		15,182,298
Less: Cash and bank balances	(18,096,465)		(2,428,668)
Total Debts	(17,428,003)		12,753,630
Capital			
Ordinary share capital	114,097,098		74,021,898
Accumulated profits	13,285,979		18,611,227
Total Equity	127,383,077		92,633,125
Gearing ratio - Total debts over total equity	(0.14)		0.14

Notes to the Financial Statements (cont'd)

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

(a) Proposed disposal

The Group's proposed to dispose 60% equity interest in Kumpulan Voir Sdn. Bhd. ("KVSB") for a total cash consideration of approximately RM32,620,000 to Mr Seow (Executive Deputy Chairman) and provision of financial assistance of RM13,100,000 million corporate guarantee for the banking facilities procured by KVSB were approved by shareholders during an EGM on 18 February 2019. The parties to the SPA have mutually agreed for extension of time from 13 May 2019 for the fulfilment of conditions precedent.

(b) Letter of Award

The Group has, through its joint venture entity ("JVE"), Buildmarque Construction Sdn. Bhd. (a 50:50 JV owned by Vertice Construction Sdn. Bhd. and Vizione Construction Sdn. Bhd., a wholly-owned subsidiary of Vizione Holdings Berhad) on 31 January 2019 accepted the Letter of Award and its supplemental letter of award from Consortium Zenith Construction Sdn. Bhd. for the proposed construction of a by-pass from Bandar Baru Ayer Itam connecting to Lebuhraya Tun Dr Lim Chong Eu (i.e. Package 2 of the Penang Mega Infrastructure Project) for a fixed contract sum of RM815,000,000. The proposal was approved by shareholders during an EGM on 21 March 2019.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Board of Directors in accordance with a resolution of the Board of Directors on the date of these financial statements.

LIST OF PROPERTIES

As at 31 March 2019

Location	Description/ Existing Use	Tenure / Approximate Age of Building (years)	Land / Built-Up Area (sq. ft.)	Date of Net Book Value Acquisition	Net Book Value (RM)
<u>KUMPULAN VOIR SDN. BHD.</u>					
Lot F1.51, 1st Floor, Plaza Bukit Mertajam, 566, Jalan Arumugam Pillai, Bukit Mertajam, 14000 Penang.	Shop Lot / Rented out	Freehold / 21	N/A / 833	16/08/1995	295,871
Lot A32 Ground Floor, One Stop Midlands Park Centre, 488B, Jalan Burmah, 10350 Penang.	Shop Lot / Rented out	Leasehold - expiring on 30 Apr 2093 / 23	N/A / 628	03/04/1995	537,664
Lot A33 Ground Floor, One Stop Midlands Park Centre, 488B, Jalan Burmah, 10350 Penang.	Shop Lot / Rented out	Leasehold - expiring on 30 Apr 2093 / 23	N/A / 651	03/04/1995	556,274
Lot 1-111, 1st Floor, Prangin Mall Komtar, No. 33, Jalan Dr. Lim Chwee Leong, 10100 Pulau Pinang.	Shop Lot / Own Outlet	Leasehold - expiring on 09 Jun 2096 / 17	N/A / 1,247	01/06/2005	997,854
Lot 27, Concourse Floor, Galaxy Ampang	Shop Lot / Vacant	Leasehold - expiring on 20 Oct 2084 / 20	N/A / 272	29/05/1995	177,848
18-C 18th Floor, Block D Mawar Apartment, Taman Gohtong Jaya, Genting Highlands, Pahang	Apartment / Hostel	Freehold / 17	N/A / 1,485	16/11/2010	519,544

ADDITIONAL INFORMATION

For the Financial Year Ended 31 March 2019

UTILIZATION OF PROCEEDS RAISED FROM ANY CORPORATE EXERCISE

Status of utilization of proceeds raised from Private Placement as at 31 March 2019 is as follow:

<u>Purpose</u>	<u>Proposed utilization amount RM'000</u>	<u>Actual utilization amount RM'000</u>	<u>Intended time frame</u>	<u>Balance available for utilization RM'000</u>
Construction project expenditure	36,075	16,301	24 months	19,774
General working capital	3,000	3,000	12 months	–
Estimated expenses for Private Placement	1,000	1,000	Immediate	–
	<u>40,075</u>	<u>20,301</u>		<u>19,774</u>

The corporate proposal has been completed as announced on 19 March 2019, raising a total of RM40.08 million. The proceeds allocated for construction project expenditure has a time frame for utilisation until 23 September 2020.

SHARE BUYBACKS

There were no share buybacks by the Company during the financial year.

OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no options, warrants and convertible securities being issued during the financial year.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, the Company did not sponsor any ADR or GDR programme.

SANCTION AND / OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or the Management by the relevant regulatory bodies.

NON-AUDIT FEES

During the financial year, there was no other non-audit fee paid to external auditors except for the payment of RM3,500 for the review of Statement on Risk Management and Internal Control.

VARIATION IN RESULTS

The Company did not issue any profit forecast, estimate or projection in relation to any corporate proposal. The audited results did not deviate more than 10% from the unaudited results announced to Bursa Securities in respect of the financial year ended 31 March 2019.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS

The Company had on 12 December 2018 entered into a conditional sale and purchase agreement (“SPA”) with Mr Seow Khim Soon, the Executive Deputy Chairman of the Company (“Mr Seow” or the “Purchaser”), in relation to the disposal of 1,839,000 ordinary shares representing 60% equity interest in Kumpulan Voir Sdn Bhd for a total cash consideration of RM32.62 million

CORPORATE SOCIAL RESPONSIBILITIES

During the financial year ended 31 March 2019, the Group continued involve on its Corporate Social Responsibility activities, inclusive of the donations to the charitable organizations, homes for disabled, schools and educational funds.

RECURRENT RELATED PARTIES TRANSACTIONS (RRPT) OF A REVENUE NATURE

The aggregate values of the RRPT of a revenue nature conducted between the Company’s subsidiaries with the related parties during the financial year ended 31 March 2019 is disclosed in Note 24 to the Financial Statements as set out in this Annual Report.

ANALYSIS OF SHAREHOLDINGS

As at 28 June 2019

SHARE CAPITAL

Number of Issued Shares	:	188,760,000
Paid-Up Share Capital	:	RM114,097,098.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	129	7.00	3,596	0.00*
100 - 1,000	609	33.04	185,230	0.10
1,001 - 10,000	509	27.62	2,931,108	1.55
10,001 - 100,000	413	22.41	15,354,318	8.14
100,001 - less than 5% of issued shares	180	9.77	134,640,414	71.33
5% and above of issued shares	3	0.16	35,645,334	18.88
Total	1843	100.00	188,760,000	100.00

* negligible

SUBSTANTIAL SHAREHOLDERS

No.	Substantial Shareholders	Direct No. of shares	%	Indirect No. of shares	%
1	Vista Lestari Development Sdn Bhd	17,000,000	9.01	–	–
2	Hillspring Venture Sdn Bhd	13,200,000	6.99	–	–
3	Distinct Seasons Sdn Bhd	9,445,334	5.00	–	–
4	Dato' Zarul Ahmad Bin Mohd Zulkifli	245,000	0.13	17,000,000 ^a	9.01
5	Lin Meng Yih	–	–	13,200,000 ^b	6.99
6	Wong Jia Yann	1,596,000	0.85	13,200,000 ^b	6.99
7	Yong Yee Ngo	–	–	9,445,334 ^c	5.00
8	Lee Kah Lin	–	–	9,445,334 ^c	5.00

Notes:

- Indirect interested through their interest in Vista Lestari Development Sdn Bhd.
- Indirect interested through their interest in Hillspring Venture Sdn Bhd.
- Indirect interested through their interest in Distinct Seasons Sdn Bhd.

Analysis of Shareholdings (cont'd)

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED COMPANIES

The Company

No.	Directors	Direct No. of shares	%	Indirect No. of shares	%
1	Ibrahim Bin Sahari	9,391,588	4.98	–	–
2	Wong Kwai Wah	8,490,000	4.50	–	–
3	Ham Hon Kit	800,000	0.42	–	–
4	Yee Yit Yang	50,000	0.03	–	–

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

No.	Registered Shareholders	No. of shares	%
1	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Hillspring Venture Sdn. Bhd.</i>	13,200,000	6.99
2	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vista Lestari Development Sdn. Bhd.</i>	13,000,000	6.89
3	Distinct Seasons Sdn Bhd	9,445,334	5.00
4	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank For Siva Kumar A/L M Jeyapalan</i>	5,500,000	2.91
5	Bimsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sentosa Jaya Capital Sdn Bhd For Sulaiman Bin Abu Bakar</i>	5,479,500	2.90
6	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Kwai Wah</i>	5,300,000	2.81
7	Universal Trustee (Malaysia) Berhad <i>TA Dynamic Absolute Mandate</i>	5,100,000	2.70
8	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - Ambank (M) Berhad For Vista Lestari Development Sdn Bhd</i>	4,000,000	2.12
9	Liew Kok Meng	3,971,166	2.10
10	Koperasi Permodalan Felda Malaysia Berhad	3,690,600	1.96
11	Tasec Nominees (Tempatan) Sdn Bhd <i>Exempt An For TA Investment Management Berhad</i>	3,524,900	1.87
12	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ibrahim Bin Sahari</i>	3,410,000	1.81
13	Gas Generators (Malaysia) Sdn Bhd	3,000,000	1.59
14	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Abu Rizal Bakri Bin Sulaiman</i>	3,000,000	1.59

Analysis of Shareholdings (cont'd)

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Registered Shareholders	No. of shares	%
15	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ibrahim Bin Sahari</i>	2,981,588	1.58
16	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Heng Kear Huat</i>	2,921,532	1.55
17	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Heng Kear Huat</i>	2,840,032	1.50
18	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Heng Kear Huat</i>	2,800,000	1.48
19	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB For Muthukumar A/L Jeyapalan</i>	2,750,000	1.46
20	Ambank (M) Berhad <i>Pledged Securities Account For Phang Miow Sin</i>	2,701,800	1.43
21	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad For Wong Kwai Wah</i>	2,650,000	1.40
22	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – AmBank (M) Berhad For Lee Chee Hoe</i>	2,581,000	1.37
23	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – AmBank (M) Berhad For Ibrahim Bin Sahari</i>	2,550,000	1.35
24	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Chee Hoe</i>	2,550,000	1.35
25	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pembangunan Sumber Manusia Berhad</i>	2,248,800	1.19
26	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Pang Chee Min</i>	2,176,300	1.15
27	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Manhattan Global Holdings Sdn Bhd</i>	2,142,500	1.14
28	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lau Chi Chiang</i>	2,131,200	1.13
29	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account Phang Miow Sin</i>	1,698,600	0.90
30	Wong Jia Yann	1,596,000	0.85
Total		120,940,852	64.07

ANALYSIS OF WARRANT HOLDINGS

Ast at 28 June 2019

Total Number of Warrants	:	60,000,000
Exercise Price Per Warrant	:	RM0.50
Exercise Period	:	Ten (10) years commencing from 1 April 2014 and expires on 31 March 2024
Voting Rights	:	None

DISTRIBUTION OF WARRANT HOLDINGS

Size of Shareholdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	81	7.52	2,514	0.00*
100 - 1,000	540	50.09	82,706	0.14
1,001 - 10,000	235	21.80	987,830	1.65
10,001 - 100,000	176	16.33	6,080,497	10.13
100,001 - less than 5% of issued warrants	41	3.80	16,405,987	27.34
5% and above of issued warrants	5	0.46	36,440,466	60.74
Total	1,078	100.00	60,000,000	100.00

* negligible

DIRECTORS' WARRANT HOLDINGS

No.	Directors	Direct No. of Warrants	%	Indirect No. of Warrants	%
1	Ibrahim Bin Sahari	5,400,000	9.00	–	–
2	Wong Kwai Wah	5,100,000	8.50	–	–
3	Ham Hon Kit	400,000	0.67	–	–

THIRTY (30) LARGEST REGISTERED WARRANT HOLDERS

No.	Registered Shareholders	No. of Warrants	%
1	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vista Lestari Development Sdn Bhd</i>	14,967,799	24.95
2	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vista Lestari Development Sdn Bhd</i>	6,000,000	10.00
3	Distinct Seasons Sdn Bhd	5,972,667	9.95
4	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Kwai Wah</i>	5,100,000	8.50
5	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ibrahim Bin Sahari</i>	4,400,000	7.33
6	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Koh Wan Yi</i>	2,192,300	3.65
7	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Aik Heang</i>	1,000,000	1.67

Analysis of Warrant Holdings (cont'd)

THIRTY (30) LARGEST REGISTERED WARRANT HOLDERS (CONT'D)

No.	Registered Warrant Holders	No. of Warrants	%
8	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ibrahim Bin Sahari</i>	1,000,000	1.67
9	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad For Tee Poh Leng</i>	1,000,000	1.67
10	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kesvaran A/L T P Murugasu</i>	817,000	1.36
11	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Heng Kear Huat</i>	706,799	1.18
12	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Mei Wan</i>	687,300	1.15
13	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kesvaran S/O T P Murugasu</i>	602,000	1.00
14	Chan Ah Har @ Chen Ah Siah	577,700	0.96
15	Koh Beng Teck	518,000	0.86
16	Koh Wan Yi	500,000	0.83
17	Unggul Utama Sdn Bhd	470,922	0.78
18	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ong Lee Ying</i>	451,700	0.75
19	Shirley Gan Shiau Lin	445,000	0.74
20	Lim Tee Siong	429,100	0.72
21	Hong Chuan Chang	415,000	0.69
22	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad For Ham Hon Kit</i>	400,000	0.67
23	Koh Choon Seng	361,700	0.60
24	Lee Swee Miang	334,983	0.56
25	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Pang Chee Min</i>	297,000	0.50
26	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chan Aik Tat</i>	274,500	0.46
27	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kee Seok Koon</i>	268,783	0.45
28	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ng Chee Kin</i>	224,000	0.37
29	Chin Yang Yang	212,600	0.35
30	Sam Loong Tatt	190,000	0.32
	Total	50,816,853	84.69

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Atlanta West, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 45200 Petaling Jaya, Selangor on Wednesday, 28 August 2019 at 10.30 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

- | | | |
|----|--|---------------------------------|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 31 March 2019 and the Reports of Directors and Auditors thereon. | (Explanatory
Note 1) |
| 2. | To re-elect the following Directors who retire in accordance with Article 89 of the Company's Articles of Association: | |
| | (i) Dato' Mah Siew Kwok | (Resolution 1) |
| | (ii) Wong Kwai Wah | (Resolution 2) |
| | (iii) Ibrahim Bin Sahari | (Resolution 3) |
| | Mr. Shaari Bin Haron retires at the conclusion of the 12th AGM pursuant to the latest Malaysia Code on Corporate Governance. [Refer Explanatory Note ii] | |
| 3. | To approve the payment of Directors' fees and benefits up to RM2,450,000 payable to the Directors from 28 August 2019 until the next Annual General Meeting of the Company. | (Resolution 4) |
| 4. | To re-appoint Messrs Afrizan Tarmili Khairul Azhar as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | (Resolution 5) |

Special Business

To consider and if thought fit, with or without modification, to pass the following resolutions:

- | | | |
|----|--|-----------------------|
| 5. | ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | |
| | “THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Constitution (Articles of Association) of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the share capital of the Company for the time being; | (Resolution 6) |
| | AND THAT such authority shall continue in force until the conclusion of the next annual general meeting of the Company.” | |

Notice of Annual General Meeting (cont'd)

6. **ORDINARY RESOLUTION PROPOSED ADDITIONAL AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

(Resolution 7)

"THAT approval be and is hereby given for the additional and renewal of existing shareholders' mandate and for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to Shareholders dated 31 July 2019 ("Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:
 - (a) necessary for the day-to-day operations;
 - (b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
 - (c) undertaken on arm's length basis; and
 - (d) not to the detriment of the minority shareholders of the Company;
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.3 of the Circular."

Notice of Annual General Meeting (cont'd)

7. **ORDINARY RESOLUTION PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

“THAT subject always to the Companies Act, 2016 (“Act”), provisions of the Company’s Constitution and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company’s ordinary shares (“Shares”) through Bursa Securities, subject to the following:-

(Resolution 8)

- (a) The maximum aggregate number of Shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) The Proposed Share Buy-Back may be funded through internally generated funds and/or external borrowings as long as the purchase is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-
 - (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or
 - (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 extensions as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting; whichever occurs first.
- (d) In accordance with Section 127(4) of the Act, where the Company has purchased Vertice Shares, the Directors may deal with the Purchased Shares, at their discretion, in the following manner:-
 - (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares which is referred to as “Treasury Shares”; or
 - (iii) retain part of the Shares so purchased as Treasury Shares and/or cancel the remainder of the Shares/Treasury Shares; or

Notice of Annual General Meeting (cont'd)

Based on Section 127(7) of the Act, where such Shares are held as treasury shares, the Directors may, at their discretion:-

- (i) distribute the Treasury Shares as dividends to shareholders; or
- (ii) resell the Treasury Shares or any of the Treasury Shares in accordance with the relevant rules of Bursa Securities; or
- (iii) transfer the Treasury Shares or any of the Treasury Shares for the purposes of or under an employees' share scheme; or
- (iv) transfer the Treasury Shares or any of the Treasury Shares as purchase consideration; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to enter into all agreements, arrangements and guarantees with any party or parties as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to effect the purchase of its own **shares**.

8. **SPECIAL RESOLUTION** **PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY**

(Resolution 9)

“THAT approval be and is hereby given for the Company to revoke the existing Constitution (Memorandum and Articles of Association) of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 July 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

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

By Order of the Board

CHIN LI THING (MAICSA 7044467)
Company Secretary

Kuala Lumpur, 31 July 2019

Notice of Annual General Meeting (cont'd)

Notes:

1. Only depositors whose names appear in the Record of Depositors on 21 August 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy shall be either (a) under its common seal; or (b) signed by its attorney or an authorised officer on behalf of the corporation and supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
6. The instrument appointing a proxy shall be deposited at the office of the Share Registrar, ShareWorks Sdn Bhd at No.2- 1, Jalan Sri Hartamas 8, Sri Hartamas 50480 Kuala Lumpur, not less than forty eight (48) hours before the time appointed for holding the meeting.
7. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes

i. Agenda Item No. 1

This item of the Agenda is meant for discussion only as it does not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this Agenda item is not put forward for voting.

ii. Retirement of Director

Mr. Shaari Bin Haron who was appointed as Director of the Company on 17 August 2007 will not seek re-election pursuant to the latest Malaysian Code on Corporate Governance. Hence, he will retain office until the close of the 12th AGM.

iii. Resolution 6

- Authority to issue shares pursuant to sections 75 and 76 of the Companies Act, 2016

The proposed resolution, if passed, will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding ten per centum (10%) of the issued share capital of the Company for the time being for such purpose as they considered would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

The authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 will provide flexibility to the Company to issue new shares for possible fund raising exercise, including but not limited to placement of shares, for the purpose of funding investment projects, working capital and/or acquisitions as the Directors may deem fit without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

As at the date of this Notice, the Company has not issued any new shares under the general mandate obtained in its previous annual general meeting.

iv. Resolution 7
Proposed additional and renewal of shareholders' mandate for recurrent related party transactions

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details on the proposal are set out in the Circular to Shareholders dated 31 July 2019 which is circulated together with the 2019 Annual Report.

v. Resolution 8
Proposed Renewal of Share Buy-Back Authority

The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company.

Details on the proposal are set out in the Circular to Shareholders dated 31 July 2019 which is circulated together with the 2019 Annual Report.

vi. Resolution 9
- Proposed adoption of the new Constitution of the Company

The Special Resolution proposed under Agenda 8, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and Main Market Listing Requirements issued by Bursa Securities and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 July 2019.

STATEMENT ACCOMPANYING NOTICE OF TWELFTH ANNUAL GENERAL MEETING

Further details of Directors who are standing for re-election as Directors:

The profiles of the Directors who are standing for re-election at the Twelfth Annual General Meeting are set out in the Profile of Directors of this Annual Report. Their shareholdings in the Company and its subsidiaries are set out in the Analysis of Shareholdings of this Annual Report.



VERTICE BERHAD (765218-V)
(Incorporated In Malaysia)

CDS Account Number _____

FORM OF PROXY

I/We
NRIC No./Company No.
of
being a member/members of **VERTICE BERHAD** hereby appoint

NRIC No.
or failing whom,
NRIC No.

or failing whom, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Atlanta West, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 45200 Petaling Jaya, Selangor on Wednesday, 28 August 2019 at 10.30a.m. and at any adjournment thereof.

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

RESOLUTIONS		FOR	AGAINST
Resolution 1	To re-elect as Director, Dato' Mah Siew Kwok		
Resolution 2	To re-elect as Director, Wong Kwai Wah		
Resolution 3	To re-elect as Director, Ibrahim Bin Sahari		
Resolution 4	To approve the payment of Directors' fees and benefits		
Resolution 5	To re-appoint Auditors		
Resolution 6	Authority to issue shares		
Resolution 7	To approve the Proposed Additional and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority		
Resolution 9	To approve the Proposed Adoption of the New Constitution of the Company		

Dated thisday of 2019

.....
Signature/Common Seal of Member

Number of shares held

For appointment of two proxies, the shareholdings to be represented by the proxies:

Proxies	No. of shares
Proxy 1	
Proxy 2	
Total	

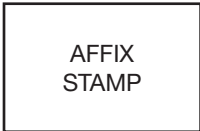
Notes:

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- A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- In the case of a corporate member, the instrument appointing a proxy shall be either (a) under its common seal; or (b) signed by its attorney or an authorised officer on behalf of the corporation and supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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 instrument appointing a proxy shall be deposited at the office of the Share Registrar, ShareWorks Sdn Bhd at No.2-1, Jalan Sri Hartamas 8, Sri Hartamas 50480 Kuala Lumpur, not less than forty eight (48) hours before the time appointed for holding the meeting.
- Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



Fold this flap for sealing

Then fold here



The Share Registrar
VERTICE BERHAD (765218-V)
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas
50480 Kuala Lumpur

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