

VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Quarter ended			Unaudited Year to date ended		
	31-Dec-19 RM'000	31-Dec-18 RM'000	Change %	31-Dec-19 RM'000	31-Dec-18 RM'000	Change %
Continuing Operations						
Revenue	18,124	21,457	-16%	45,616	72,182	-37%
Operating expenses	(18,625)	(20,748)	-10%	(46,020)	(73,139)	-37%
Amortisation & depreciation	(231)	-	-	(625)	-	-
Impairment loss on receivables	-	-	-	-	-	-
PPE written off	-	-	-	-	-	-
Inventories written-off	-	-	-	-	-	-
Inventories written down	-	-	-	-	-	-
Foreign exchange (loss)/gain	-	-	-	-	-	-
Profit/(Loss) from operations	(732)	709	-203%	(1,029)	(957)	8%
Other operating income	-	-	-	-	-	-
Profit/(Loss) before interest	(732)	709	-203%	(1,029)	(957)	8%
Interest Expenses	(23)	(1)	-	(31)	(1)	-
Interest Income	21	112	100%	71	191	100%
Profit/(Loss) before taxation	(734)	820	-190%	(989)	(767)	29%
Income tax reversal / (expense)	(456)	-	-	(508)	(1)	-
Profit/(Loss) for the period from continuing operations	(1,190)	820	-245%	(1,497)	(768)	95%
Discontinued Operations						
Loss net of tax, discontinued operations	(2,118)	(265)	699%	(8,888)	(1,940)	358%
Profit/(Loss) for the period	(3,308)	555	-696%	(10,385)	(2,708)	283%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	(3,308)	555	-696%	(10,385)	(2,708)	283%
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(3,195)	503		(10,077)	(2,847)	
Non-controlling interests	(113)	52		(308)	139	
	(3,308)	555		(10,385)	(2,708)	
Earning/(Loss) per share attributable to equity holders of the parent:						
Basic (sen)	-1.69	0.27		-5.34	-1.67	
Diluted (sen)	-1.17	0.20		-3.67	-1.20	

The unaudited condensed consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

VERTICE BERHAD
(Company No. 200701007217 / 765218-V)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	As at 31-Dec-19 RM'000 (Unaudited)	As at 31-Mar-19 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,388	2,078
Other investments		9,860	9,860
Right of use assets		1,507	-
		14,755	11,938
Current Assets			
Trade receivables	B7 (i)	44,623	69,050
Other receivables, deposits and prepayments	B7 (ii)	23,022	4,554
Contract assets		1,766	1
Tax recoverable		4,383	202
Cash and bank balances		6,673	18,096
		80,467	91,903
Asset held for sale		67,958	76,756
Total current assets		148,425	168,659
TOTAL ASSETS		163,180	180,597
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables		21,114	51,275
Other payables, deposits and accruals		17,972	977
Borrowings		313	142
Finance Lease Rental		311	-
		39,710	52,394
Non Current Liabilities			
Borrowings		1,714	526
Finance Lease Rental		1,214	-
Deferred tax liabilities		-	-
		2,928	526
Total Liabilities		42,638	52,920
Capital and reserves			
Share capital		114,097	114,097
Retained earnings		3,209	13,286
		117,306	127,383
Non-controlling interests		3,236	294
Total Equity		120,542	127,677
TOTAL EQUITY AND LIABILITIES		163,180	180,597
Net Asset per share (in RM)		0.62	0.67

The unaudited condensed consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019 (THE FIGURES HAVE NOT BEEN AUDITED)

	← Attributable to owners of the Company →					Non-controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →		← Distributable →				
	Share Capital RM'000	Share Options Reserve RM'000	Retained Earnings RM'000	Total RM'000			
As At 1 April 2019	114,097	-	13,286	127,383	294	127,677	
Share option value	-	-	-	-	-	-	
Non-exercise of share option	-	-	-	-	-	-	
Shares issued during the year	-	-	-	-	3,250	3,250	
Total comprehensive profit for the period	-	-	(10,077)	(10,077)	(308)	(10,385)	
As At 31 December 2019	114,097	-	3,209	117,306	3,236	120,542	
As At 1 April 2018	74,022	260	18,643	92,925	(241)	92,684	
Share option value	-	519	-	519	-	519	
Non-exercise of share option	-	(779)	779	-	-	-	
Shares issued during the year	38,373	-	-	38,373	-	38,373	
Total comprehensive profit for the period	-	-	(2,904)	(2,904)	139	(2,765)	
As At 31 December 2018	112,395	0	16,518	128,913	(102)	128,811	

The unaudited condensed consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

VERTICE BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2019

	Unaudited 31-Dec-19 RM'000	Unaudited 31-Dec-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(Loss) before tax from continuing operations	(989)	(767)
Profit /(Loss) before tax from discontinued operations	(8,998)	(2,807)
Adjustments for:		
Amortisation & depreciation	3,247	1,683
Impairment loss/(reversal) on receivables	62	-
Equity share-based payment	-	519
Interest expenses	267	199
Interest income	(274)	(176)
Gain on disposal of a subsidiary	(62)	(2,179)
Gain on disposal of property, plant & equipment	(95)	-
Property, plant & equipment written off	23	1,340
Inventories written-off	566	-
Inventories written down	408	1,011
Unrealised loss/(gain) on foreign exchange	-	7
Operating profit/(loss) before working capital changes	(5,845)	(1,170)
Changes in working capital:		
Decrease/(Increase) in inventories	(3,895)	(10,205)
Decrease/(Increase) in receivables	3,959	(60,544)
Increase/(Decrease) in payables	(5,006)	62,799
Cash (used in)/from operations	(10,787)	(9,120)
Interest paid	(267)	(199)
Interest received	274	175
Income tax paid	(4,809)	(237)
Income tax refunded	589	-
Cash (used in)/from operating activities	(15,000)	(9,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in other investment	-	(500)
Proceeds from disposal of a subsidiary	-	21,000
Proceeds from disposal of property, plant & equipment	95	-
Purchase of property, plant & equipment	(2,512)	(7,279)
Net cash used in investing activities	(2,417)	13,221
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(132)	(6,215)
Proceeds from issue of share capital	3,250	39,373
Proceeds from bank borrowings	-	-
Repayment of BA	(2,428)	-
Net cash used in financing activities	690	33,158
Net changes in cash and cash equivalents	(16,727)	36,998
Effect of exchange rate changes	-	(7)
Cash and cash equivalents brought forward	33,386	421
Cash and cash equivalents carried forward	16,659	37,412
Continuing operations		
Money market placement	-	20,000
Cash and bank balances	6,673	1,865
Discontinued operations		
Fixed deposits	5,519	11,000
Cash and bank balances	4,471	4,547
Bank overdrafts	(4)	-
	16,659	37,412

The unaudited condensed consolidated Statement of Cash Flow should be read in conjunction with the audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter ended 31 December 2019 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2019, included the adoption of all the applicable MFRSs and IC Interpretations that are relevant and effective for the financial period beginning on or after 1 January 2018.

The adoption of the MFRSs and IC Interpretations which are applicable to the Group did not have any significant impact on the interim financial statements of the Group.

A2. Audited Report Of Preceding Annual Financial Statements

The audited financial statements for the financial year ended 31 March 2019 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

The construction business of the Group is not affected by any seasonal or cyclical factors, whereas the fashion retail business is generally affected by major festive seasons, school holidays and carnival sales.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature in size or incidence during the current quarter under review.

A5. Material Changes In Estimates

There were no material changes in the estimates of amounts reported that have material effect on the results for the current quarter under review.

A6. Issuances, Cancellations, Repurchases, Resale And Repayments Of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

A7. Dividend Paid

There was no dividend paid during the current quarter under review.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134

A8. Segmental Reporting

The Group's business segmental information for the financial period to date is as follows. There were no disclosure on geographical segment as its revenue from segment other than Malaysia is insignificant.

	Revenue		Profit/(Loss) before tax	
	Year To Date Ended		Year To Date Ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Constructions	45,616	72,182	1,694	3,160
Investment holdings and others	-	-	(2,683)	(3,927)
	45,616	72,182	(989)	(767)
Discontinued Operations				
Apparels, footwear & accessories	81,924	88,121	(8,998)	(2,763)
Disposal				
Apparels, footwear & accessories	-	18,289	-	(258)
Consolidated	81,924	106,410	(8,998)	(3,021)

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the current quarter under review.

A10. Changes In The Composition of The Group

There were no material changes to the composition of the Group for the current quarter under review.

A11. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities, either secured or unsecured and contingent assets of the Group as at the end of the current quarter.

A12. Commitments

There were no material capital commitments approved or contracted for as at 31 December 2019.

VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Results For The Current Quarter and Year-To-Date Ended 31 December 2019

	Quarter ended		Changes	Year To Date Ended		Changes
	31-Dec-19	31-Dec-18		31-Dec-19	31-Dec-18	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Revenue from continuing operations	18,124	21,457	(3,333)	45,616	72,182	(26,566)
Profit/(Loss) before taxation	(734)	820	(1,554)	(989)	(767)	(222)
Profit/(Loss) after taxation	(1,190)	820	(2,010)	(1,497)	(768)	(729)
Discontinued Operations						
Revenue from discontinued operations - Fashion Retail	29,480	31,880	(2,400)	81,924	88,121	(6,197)
Profit/(Loss) net of tax from discontinued operations	(2,118)	(265)	(1,853)	(8,888)	(1,940)	(6,948)
Comprehensive income/(loss) attributable to equity holders of the parent	(3,195)	503	(3,698)	(10,077)	(2,847)	(7,230)

(i) Construction

The construction business recorded a turnover of RM18.1 million in the current quarter which was lower than the preceding year corresponding quarter of RM21.5 million. The revenue in the current period was lower mainly due to slow down in progress of works of certain projects.

Loss before tax was recorded at RM0.7 million in the current quarter compared to profit before tax of RM0.8 million in the preceding year corresponding quarter mainly due to lower revenue as mentioned above and lower overall gross profit margin. As shown in Note A8 on Segmental Reporting, the Construction Segment generated year to date profit before tax of RM1.7 million, being an increase of RM1.0 million from the preceding quarter's cumulative result of RM0.7 million, indicating that the construction segment is performing satisfactorily. This however was weighed down by the results of the investment holding segment which suffered loss before tax of RM2.7 million therefore bringing the overall result to a loss before tax of RM1.0 million.

(ii) Fashion Retail

Fashion retail business revenue achieved RM29.5 million in current quarter compared with RM31.9 million in preceding year corresponding quarter, dropped by RM2.4 million (7.5%); this segment recorded a loss after tax of RM2.1 million in the current quarter compared to preceding year corresponding quarter of RM0.3 million mainly due to lower sales and higher operating expenses.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2. Variation Of Results For The Current Quarter Against Immediate Preceding Quarter

	Current Quarter 31-Dec-19 RM'000	Immediate Preceding Quarter 30-Sep-19 RM'000	Change RM'000	%
Continuing operations				
Revenue from continuing operations	18,124	15,853	2,271	14%
Profit/(Loss) from operations	(732)	(316)	(416)	132%
Profit/(Loss) before taxation	(734)	(308)	(426)	138%
Profit/(Loss) after taxation	(1,190)	(351)	(839)	239%
Discontinued Operations				
Revenue from discontinued operations - Fashion Retail	29,480	23,274	6,206	27%
Profit/(Loss) net of tax from discontinued operations	(2,118)	(3,686)	1,568	-43%
Comprehensive income/(loss) attributable to equity holders of the parent	(3,195)	(3,684)	489	-13%

(i) Construction

The Group recorded the construction revenue of RM18.1 million in the current quarter, representing an increase of RM2.3 million over the immediate preceding quarter, this was mainly due to projects picking up momentum in execution as evidenced in the commencement of early works on the Penang mega infrastructure project in the current quarter.

The loss before tax in current quarter of RM0.7 million as compared to loss before tax of RM0.3 million in the immediate preceding quarter was mainly due to lower overall gross profit margin in the current quarter.

(ii) Fashion Retail

The loss after tax of the fashion retail was RM2.1 million in the current quarter as compared to the immediate preceding quarter of RM3.7 million mainly due to higher sales but offset by higher operating expenses.

B3. Group's Prospects For Financial Period Ending 31 December 2019

The Group's outstanding order book stands at approximately RM1 billion which includes the PMIP project mentioned below.

The Group's construction arm was awarded a contract worth RM815 million for the construction of a by-pass from Bandar Baru Ayer Hitam connecting to Lebuhraya Tun Dr Lim Chong Eu (Package 2 of the Penang Mega Infrastructure Project) ("PMIP") in August 2018. The project has commenced in November 2019 with early works preparation until April 2020. Thereafter major construction works will begin in May 2020 over a period of 36 months and this augurs well for the Group's performance ahead.

Besides this, another project in the order book which is seeing work momentum picking up in the coming quarters is the construction and completion of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia with a contract sum worth RM100 million. This project primarily involves work on the Precast Viaduct (U-Trough Girder) and other related works.

Based on the above, Vertice is cautiously optimistic of its performance in the coming quarters.

B4. Variance Of Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current financial year under review.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

**PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD**

B5. Income Tax Expense

The breakdown of income tax expense is as follows:-

	Current Quarter 31-Dec-19	Year to Date 31-Dec-19
	RM'000	RM'000
Continuing Operations		
Current year tax expense	456	508
Discontinued Operations		
Current year tax expense	(41)	-
Real Property Gain Tax ("RPGT")	-	-
Deferred tax expenses/(reversal)	-	(110)
	(41)	(110)

B6. Group Borrowings and Debt Securities

The Group's borrowings are as follows:-

	Quarter ended 31-December-2019			Quarter ended 31-December-2018		
	Secured Debt	Unsecured Debt	Total	Secured Debt	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Short-term borrowings</u>						
Finance lease liabilities	313	-	313	-	-	-
	313	-	313	-	-	-
<u>Long-term borrowings</u>						
Finance lease liabilities	1,714	-	1,714	-	-	-
	1,714	-	1,714	-	-	-

The Group does not have any foreign currency borrowings as at 31 December 2019. All borrowings indicated above are denominated in Ringgit Malaysia.

B7. Receivables, deposits and prepayments

The ageing analysis of the Group's trade receivables and other receivables breakdown are as follows:-

	As at 31-Dec-19	As at 31-Mar-19
	RM'000	RM'000
(i) Trade receivables from contracts with customers	45,848	70,275
Less: Impairment losses	(1,225)	(1,225)
	44,623	69,050
(ii) Other receivables	5,894	1,297
Deposits and prepayments	17,010	3,085
Input tax claimable	118	172
	23,022	4,554

B8. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B9. Dividend Proposed

No dividend has been declared during the current quarter under review.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B10. Earnings Per Share ("EPS")

Basic EPS

The basic earnings per share of the Group is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

	Current Quarter 31-Dec-19 RM'000	Year to Date 31-Dec-19 RM'000
Earnings attributable to owners of the Company	(3,195)	(10,077)
Number of ordinary shares ('000)	188,760	188,760
Adjustment for assumed exercise of warrants ('000)	60,000	60,000
Adjustment for assumed exercise of Proposed Private Placement ('000)	25,486	25,486
Adjustment for assumed number of ordinary shares issued and issuable ('000)	274,246	274,246
Earnings/(loss) per ordinary share (sen)		
Basic	(1.69)	(5.34)
Diluted	(1.17)	(3.67)

B11. Significant Event Subsequent to Reporting Period

There was no significant event subsequent to this reporting period.

B12. Status of Corporate Proposal Announced

(1) The Group's proposed disposal of 60% equity interest in Kumpulan Voir Sdn Bhd ("KVSb") for a total cash consideration of approximately RM32.62 million to Mr Seow (Executive Deputy Chairman) and provision of financial assistance of RM 13.1 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 6 months from 13 September 2019 for the fulfilment of conditions precedent. On 24 February 2020, the Company has agreed to the Mr Seow's request for a further extension of one (1) month from 13 March 2020 for the fulfilment of the conditions precedent.

(2) On 1 July 2019, the Group announced that it had submitted an application to Bursa Securities for the Proposed Private Placement which entails the issuance of up to 25,485,800 Placement Shares, representing not more than 10% of the enlarged issued share capital of the Company after taking into consideration the existing number of issued shares of 188,760,000 shares and assuming full exercise of the outstanding warrants and outstanding SIS options into new Company shares. Subsequently on 17 July 2019, Bursa Securities had approved the listing and quotation of up to 25,485,800 Placement Shares to be issued pursuant to the Proposed Private Placement. Further to that, Bursa Securities had approved an extension of time up to 17 July 2020 to complete the implementation of the Private Placement.

(3) On 15 January 2020, the Company made an offer of options to eligible persons to subscribe for new shares in the Company under the Company's Employees' Share Issuance Scheme. The total number of options offered was 14,507,000 and the exercise period is within one year from the date of offer. As at the closing date for the acceptance of offer, the number of options accepted was 8,845,000, while the remaining balance of 5,662,000 was not taken up.

B13. Authorization For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2020.