

# VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEP 2020

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Quarter ended 30-Sep-20 RM'000	Audited Quarter ended 30-Sep-19 RM'000	Change %	Unaudited Year to date ended 30-Sep-20 RM'000	Audited Year to date ended 30-Sep-19 RM'000	Change %
<b>Continuing Operations</b>						
Revenue	5,820	15,853	-63%	10,476	27,492	-62%
Cost of sales	(5,429)	(14,457)	-62%	(11,065)	(24,708)	-55%
<b>Gross profit</b>	<u>391</u>	<u>1,396</u>	-72%	<u>(589)</u>	<u>2,784</u>	-121%
Administrative expenses	(1,664)	(1,712)	-	(4,014)	(3,081)	-
Net allowance for expected credit losses	154	-	-	154	-	-
<b>Profit/(Loss) from operations</b>	<u>(1,119)</u>	<u>(316)</u>	-	<u>(4,449)</u>	<u>(297)</u>	-
Finance income	1	12	-92%	6	50	-88%
Finance cost	(13)	(4)	225%	(26)	(8)	225%
Net finance (cost)/income	(12)	8		(20)	42	
<b>Profit/(Loss) before taxation</b>	<u>(1,131)</u>	<u>(308)</u>	267%	<u>(4,469)</u>	<u>(255)</u>	1653%
Income tax reversal / (expense)	(15)	(43)	-65%	(95)	(52)	83%
<b>Profit/(Loss) for the period from continuing operations</b>	<u>(1,146)</u>	<u>(351)</u>	226%	<u>(4,564)</u>	<u>(307)</u>	1387%
<b>Discontinued Operations</b>						
Loss net of tax, discontinued operations	<b>(3,628)</b>	(3,686)	-2%	<b>(7,695)</b>	(6,770)	14%
<b>Profit/(Loss) for the period</b>	<u>(4,774)</u>	<u>(4,037)</u>	18%	<u>(12,259)</u>	<u>(7,077)</u>	73%
<b>Other comprehensive income</b>						
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<u>(4,774)</u>	<u>(4,037)</u>	18%	<u>(12,259)</u>	<u>(7,077)</u>	73%
<b>Net profit/(loss) attributable to:</b>						
Owners of the Company	(4,810)	(3,684)		(12,412)	(6,882)	
Non-controlling interests	36	(353)		153	(195)	
	<u>(4,774)</u>	<u>(4,037)</u>		<u>(12,259)</u>	<u>(7,077)</u>	
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	(4,810)	(3,684)		(12,412)	(6,882)	
Non-controlling interests	36	(353)		153	(195)	
	<u>(4,774)</u>	<u>(4,037)</u>		<u>(12,259)</u>	<u>(7,077)</u>	
<b>Earning/(Loss) per share attributable to equity holders of the parent:</b>						
Basic (sen)	<u>-2.42</u>	<u>-1.95</u>		<u>-6.24</u>	<u>-3.65</u>	
Diluted (sen)	<u>-1.80</u>	<u>-1.34</u>		<u>-4.64</u>	<u>-2.51</u>	

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 2020 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 30 SEPTEMBER 2020

	Note	As at 30-Sep-20 RM'000 (Unaudited)	As at 31-Mar-20 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,149	1,325
Other investments		9,860	9,860
Right of use assets		4,583	5,171
Trade receivables	B7 (i)	10,619	9,956
		<u>26,211</u>	<u>26,312</u>
<b>Current Assets</b>			
Trade receivables	B7 (i)	28,353	33,253
Other receivables, deposits and prepayments	B7 (ii)	16,221	11,637
Contract assets		5,610	4,339
Tax recoverable		3,310	5,893
Cash and bank balances		5,354	2,960
		<u>58,848</u>	<u>58,082</u>
Asset held for sale		47,563	55,169
<b>Total current assets</b>		<u>106,411</u>	<u>113,251</u>
<b>TOTAL ASSETS</b>		<u>132,622</u>	<u>139,563</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables		12,953	13,867
Other payables, deposits and accruals		14,356	12,568
Contract liabilities		-	320
Borrowings		415	413
Finance Lease Rental		611	680
Provision for tax		-	-
		<u>28,335</u>	<u>27,848</u>
<b>Non Current Liabilities</b>			
Borrowings		1,443	1,514
Finance Lease Rental		2,192	2,442
Deferred tax liabilities		14	14
Trade payables		3,391	3,224
		<u>7,040</u>	<u>7,194</u>
<b>Total Liabilities</b>		<u>35,375</u>	<u>35,042</u>
<b>Capital and reserves</b>			
Share capital		118,394	114,097
Reserves		688	-
Retained earnings		(25,256)	(12,844)
		<u>93,826</u>	<u>101,253</u>
Non-controlling interests		3,421	3,268
<b>Total Equity</b>		<u>97,247</u>	<u>104,521</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>132,622</u>	<u>139,563</u>
<b>Net Asset per share (in RM)</b>		<u>0.45</u>	<u>0.54</u>

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 2020 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020**  
**( THE FIGURES HAVE NOT BEEN AUDITED )**

	← Attributable to owners of the Company →						
	← Non-Distributable →			Distributable			
	Share Capital RM'000	Share Options Reserve RM'000	Fair Value Adjustment Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
<b>As At 1 April 2020</b>	114,097	-	-	(12,844)	101,253	3,268	<b>104,521</b>
Share option value	-	688	-	-	688	-	<b>688</b>
Non-exercise of share option	-	-	-	-	-	-	-
Shares issued during the period	4,297	-	-	-	4,297	-	<b>4,297</b>
Total comprehensive loss for the period	-	-	-	(12,412)	(12,412)	153	<b>(12,259)</b>
<b>As At 30 September 2020</b>	<b>118,394</b>	<b>688</b>	<b>-</b>	<b>(25,256)</b>	<b>93,826</b>	<b>3,421</b>	<b>97,247</b>
<b>As At 1 April 2019</b> (as previously reported)	114,097	-	-	13,286	127,383	294	<b>127,677</b>
Prior year adjustments	-	-	-	(1,639)	(1,639)	-	<b>(1,639)</b>
<b>As At 1 April 2019</b> (as restated)	114,097	-	-	11,647	125,744	294	<b>126,038</b>
Share option value	-	-	-	-	-	-	-
Non-exercise of share option	-	-	-	-	-	-	-
Shares issued during the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,882)	(6,882)	(195)	<b>(7,077)</b>
Subscription of shares	-	-	-	-	-	-	-
<b>As At 30 September 2019</b>	<b>114,097</b>	<b>-</b>	<b>-</b>	<b>4,765</b>	<b>118,862</b>	<b>99</b>	<b>118,961</b>

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 2020 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	<b>Unaudited 30-Sep-20 RM'000</b>	<b>Unaudited 30-Sep-19 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit /(Loss) before tax from continuing operations	(4,469)	(255)
Profit /(Loss) before tax from discontinued operations	(7,695)	(6,840)
Adjustments for:		
Amortisation & depreciation	4,201	2,108
Bad debt written off	45	-
Impairment loss/(reversal)	(140)	-
Equity share-based payment	688	-
Interest expenses	255	191
Interest income	(27)	(204)
Gain on disposal of a subsidiary	-	-
Loss/(gain) on disposal of property, plant & equipment	-	(95)
Property, plant & equipment written off	19	3
Inventories written-off	54	459
Inventories written down	204	291
Unrealised loss/(gain) on foreign exchange	-	-
Operating profit/(loss) before working capital changes	(6,865)	(4,342)
Changes in working capital:		
Decrease/(Increase) in inventories	9,632	5,085
Decrease/(Increase) in receivables	(7,892)	19,929
Increase/(Decrease) in payables	896	(26,210)
(Increase)/Decrease in contract assets	(1,590)	-
Net Changes in inter-company balances	-	-
Cash (used in)/from operations	(5,819)	(5,538)
Interest paid	(255)	(191)
Interest received	27	204
Income tax paid	(609)	(4,362)
Income tax refunded	3,072	260
<b>Cash (used in)/from operating activities</b>	<b>(3,584)</b>	<b>(9,627)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of a subsidiary	-	-
Proceeds from disposal of property, plant & equipment	-	95
Purchase of property, plant & equipment	(106)	(1,621)
<b>Net cash used in investing activities</b>	<b>(106)</b>	<b>(1,526)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(2,314)	(76)
Proceeds from issue of share capital	4,297	-
Proceeds from bank borrowings	19	-
Repayment of BA	(1,135)	(4,398)
Repayment to directors	-	-
<b>Net cash used in financing activities</b>	<b>867</b>	<b>(4,474)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(2,823)</b>	<b>(15,627)</b>
<b>Effect of exchange rate changes</b>	-	-
<b>Cash and cash equivalents brought forward</b>	<b>10,336</b>	<b>33,386</b>
<b>Cash and cash equivalents carried forward</b>	<b>7,513</b>	<b>17,759</b>
<b>Continuing operations</b>		
Money market placement	-	2,000
Cash and bank balances	5,354	1,795
<b>Discontinued operations</b>		
Fixed deposits	461	12,533
Cash and bank balances	1,702	1,433
Bank overdrafts	(4)	(2)
	<b>7,513</b>	<b>17,759</b>

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 2020 and the accompanying explanatory notes attached to the interim consolidated Financial Statements.

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the second quarter ended 30 September 2020 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 2020 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 2020, 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 2020 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**

Pursuant to the corporate exercise undertaken in relation to the Proposed Private Placement which was completed on 24 September 2020, the Group had issued 18,876,000 Placement Shares during the current quarter raising a total of RM4,341,480. Other than this, 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.

**VERTICE BERHAD**

(Company No. 200701007217 / 765218-V)

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020****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.

	<b>Revenue</b>		<b>Profit/(Loss) before tax</b>	
	<b>Year To Date Ended</b>		<b>Year To Date Ended</b>	
	<b>30-Sep-20</b>	<b>30-Sep-19</b>	<b>30-Sep-20</b>	<b>30-Sep-19</b>
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Constructions	10,476	27,492	(1,850)	692
Investment holdings and others	-	-	(2,619)	(947)
	<b>10,476</b>	<b>27,492</b>	<b>(4,469)</b>	<b>(255)</b>
<b>Discontinued Operations</b>				
Apparels, footwear & accessories	30,217	52,444	(7,695)	(6,840)
	<b>30,217</b>	<b>52,444</b>	<b>(7,695)</b>	<b>(6,840)</b>

**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. Related Party Transactions**

Details of the relationship between the Group and its related parties are as described below:-

<b>Name of Related Party</b>	<b>Relationship</b>
Consortium Zenith Construction Sdn Bhd ("CZCSB")	A company which certain substantial shareholders have financial interest.

Shareholders' mandate had already been obtained at the Extraordinary General Meeting held on 21 March 2019.

The information on the transactions which have been entered into with CZCSB during the financial period is as follows:-

<b>Related Party</b>	<b>Nature of Transactions</b>	<b>Quarter Ended</b>	<b>Year To Date Ended</b>
		<b>30 September 2020</b>	<b>30 September 2020</b>
		RM'000	RM'000
CZCSB	Sub-contracting works	992	9,134

**A11. Changes In The Composition of The Group**

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

**A12. 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.

**A13. Commitments**

There were no material capital commitments approved or contracted for as at 30 September 2020.

**VERTICE BERHAD**

(Company No. 200701007217 / 765218-V)

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020****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 30 September 2020**

	Quarter ended		Changes RM'000	Year To Date Ended		Changes RM'000
	30-Sep-20 RM'000	30-Sep-19 RM'000		30-Sep-20 RM'000	30-Sep-19 RM'000	
<b>Continuing operations</b>						
Revenue from continuing operations	5,820	15,853	(10,033)	10,476	27,492	(17,016)
Profit/(Loss) before taxation	(1,131)	(308)	(823)	(4,469)	(255)	(4,214)
Profit/(Loss) after taxation	(1,146)	(351)	(795)	(4,564)	(307)	(4,257)
<b>Discontinued Operations</b>						
Revenue from discontinued operations - Fashion Retail	19,980	23,274	(3,294)	30,217	52,444	(22,227)
Profit/(Loss) net of tax from discontinued operations	(3,628)	(3,686)	58	(7,695)	(6,770)	(925)
Comprehensive income/(loss) attributable to equity holders of the parent	(4,810)	(3,684)	(1,126)	(12,412)	(6,882)	(5,530)

**(i) Construction**

The construction business recorded a turnover of RM5.8 million in the current quarter which was lower than the preceding year corresponding quarter of RM15.9 million. The revenue in the current period was lower mainly due to temporary stoppage of work on most projects when the government's Movement Control Order came into effect on 18 March 2020, and work only resumed towards the end of the first quarter. However, the resumption of work in the current second quarter was still very much affected by the COVID-19 pandemic and strict compliance to standard operating procedures needed to be adhered to.

Loss before tax was recorded at RM1.1 million in the current quarter compared to loss before tax of RM0.3 million in the preceding year corresponding quarter mainly due to lower revenue as mentioned above. The current quarter loss continued to be weighed down by recurring expenditure from the investment holding segment of RM0.9 million which primarily consist of corporate expenses and remunerations.

**(ii) Fashion Retail**

Fashion retail business revenue achieved RM20.0 million in current quarter compared with RM23.3 million in preceding year corresponding quarter, dropped by RM3.3 million (14.2%); this segment recorded a loss after tax of RM3.6 million in the current quarter compared to preceding year corresponding quarter of RM3.7 million. The lower sales are mainly due to the outbreak of COVID-19 pandemic.

# VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

### 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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Change</b>	
	<b>30-Sep-20</b>	<b>30-Jun-20</b>	<b>RM'000</b>	<b>%</b>
	RM'000	RM'000		
<b>Continuing operations</b>				
Revenue from continuing operations	5,820	4,656	1,164	25%
Profit/(Loss) from operations	(1,119)	(3,338)	2,219	-66%
Profit/(Loss) before taxation	(1,131)	(3,338)	2,207	-66%
Profit/(Loss) after taxation	(1,146)	(3,418)	2,272	-66%
<b>Discontinued Operations</b>				
Revenue from discontinued operations - Fashion Retail	19,980	10,237	9,743	95%
Profit/(Loss) net of tax from discontinued operations	(3,628)	(4,067)	439	-11%
Comprehensive income/(loss) attributable to equity holders of the parent	(4,810)	(7,602)	2,792	-37%

#### (i) Construction

The Group recorded the construction revenue of RM5.8 million in the current quarter, representing an increase of RM1.2 million over the immediate preceding quarter. The progress of projects was affected and delayed when the Movement Control Order came into effect on 18 March 2020 and although work has gradually resumed, recovery is still taking place in the current quarter.

The loss before tax in current quarter of RM1.1 million as compared to loss before tax of RM3.3 million in the immediate preceding quarter was mainly due to revised additional construction expenditure for a certain project in the immediate preceding quarter and the equity share based payment expenses of RM0.7 million accounted for in the immediate preceding quarter.

#### (ii) Fashion Retail

Fashion retail business revenue achieved RM20.0 million in the current quarter compared with RM10.2 million in immediate preceding quarter, increased by RM9.7 million (95.2%); The loss after tax of the fashion retail was RM3.6 million in the current quarter as compared to the immediate preceding quarter of RM4.1 million, mainly due to lower profit margin in order to gain higher sales after outbreak of COVID-19 pandemic.

#### B3. Group's Prospects

The Group's outstanding order book stands at approximately RM926 million 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. However, due to the COVID-19 pandemic and Movement Control Order implemented by the Malaysian government, progress of works has been delayed until around December 2020 and barring any unforeseen circumstances, major construction works will then span over a period of 36 months.

Besides this, another project in the order book which may pick up work momentum 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 remains cautiously optimistic of its performance with the gradual recovery in the overall economic climate which had been severely affected by the COVID-19 pandemic.

#### B4. Variance Of Profit Forecast

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

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(Company No. 200701007217 / 765218-V)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

### 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:-

	<b>Current Quarter</b>	<b>Year to Date</b>
	<b>30-Sep-20</b>	<b>30-Sep-20</b>
	RM'000	RM'000
<b>Continuing Operations</b>		
Current year tax expense	15	95
Under/(over) provision in prior year	-	-
Deferred tax expenses/(reversal)	-	-
	15	95
<b>Discontinued Operations</b>		
Current year tax expense	-	-
Under/(over) provision in prior year	-	-
Deferred tax expenses/(reversal)	-	-
	-	-

#### B6. Group Borrowings and Debt Securities

The Group's borrowings are as follows:-

	Quarter ended 30-September-2020			Quarter ended 30-September-2019		
	Secured	Unsecured	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	415	-	415	197	-	197
	415	-	415	197	-	197
<u>Long-term borrowings</u>						
Finance lease liabilities	1,443	-	1,443	678	-	678
	1,443	-	1,443	678	-	678

The Group does not have any foreign currency borrowings as at 30 September 2020. 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:-

	<b>As at</b>	<b>As at</b>
	<b>30-Sep-20</b>	<b>31-Mar-20</b>
	RM'000	RM'000
(i) Trade receivables from contracts with customers	40,906	45,297
Less: Impairment losses	(1,934)	(2,088)
	38,972	43,209
(ii) Other receivables	4,665	3,149
Deposits and prepayments	11,556	8,488
	16,221	11,637

#### 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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(Company No. 200701007217 / 765218-V)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

### 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 Year to Date	
	30-Sep-20	30-Sep-20
	RM'000	RM'000
Earnings attributable to owners of the Company	(4,810)	(12,412)
Number of ordinary shares ('000)	188,760	188,760
Weighted average number of ordinary shares from Private Placement	10,084	10,084
Adjustment for assumed exercise of warrants ('000)	60,000	60,000
Adjustment for assumed exercise of Share Issuance Scheme ('000)	8,845	8,845
Adjustment for assumed number of ordinary shares issued and issuable ('000)	267,689	267,689
Earnings/(loss) per ordinary share (sen)		
Basic	(2.42)	(6.24)
Diluted	(1.80)	(4.64)

#### 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 RM13.1 million corporate guarantee for the banking facilities procured by KVSb were approved by shareholders during an EGM on 18 February 2019. On 30 June 2020, the SPA became unconditional. On 21 October 2020, the Company had entered into a Supplemental Sale and Purchase Agreement for the proposed disposal at a total cash consideration of approximately RM16.41 million. The consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited consolidated net assets of KVSb as at 31 May 2020 of RM27.36 million. The proposed disposal is currently subject to shareholders approval at an Extraordinary General Meeting which will be held on 11 December 2020.

(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. On 24 September 2020, the Private Placement was completed following the listing and quotation of 18,876,000 Placement Shares on the Main Market of Bursa Securities and the Company has raised a total of RM4,341,480 from the Private Placement.

During the quarter, the status of utilisation of the proceeds raised from the corporate proposal are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Yet to be utilised amount RM'000	%	Explanation (if "Yet to be utilised" is 5% or more)
(i) Construction project expenditure	4,240	-	4 months	4,240	100%	Note 1
(ii) Expenses for the private placement	101	101	Immediate	-		

Note 1 : The proceeds allocated for construction project expenditure is expected to be fully utilised by January 2021.

(3) On 19 May 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.

# VERTICE BERHAD

(Company No. 200701007217 / 765218-V)

## INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

#### **B12. Status of Corporate Proposal Announced (continued)**

(4) On 30 September 2020, the Company entered into a subscription agreement with the RCPS Subscribers in relation to the Proposed Issuance of RCPS totalling an aggregate principal amount of up to RM60.0 million to undertake the following:

(i) proposed issuance of up to 600,000,000 new 2% cumulative redeemable convertible preference shares in Vertice ("RCPS") at an issue price of RM0.10 each ("RCPS Issue Price") to Advance Opportunities Fund ("AOF") and Advance Opportunities Fund I ("AOF I") (collectively, AOF and AOF I are referred to as the "RCPS Subscribers") ("Proposed Issuance of RCPS"); and

(ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Issuance of RCPS ("Proposed Amendments").

The Proposed Issuance of RCPS and Proposed Amendments are currently subject to shareholders approval at an Extraordinary General Meeting which will be held on 11 December 2020.

#### **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 26 November 2020.