

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

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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

	Quarter ended		Change %	Year to date ended		Change %
	31-Dec-20 RM'000	31-Dec-19 RM'000		31-Dec-20 RM'000	31-Dec-19 RM'000	
Revenue	21,891	18,124	21%	32,367	45,616	-29%
Cost of sales	(20,502)	(17,538)	17%	(31,567)	(42,246)	-25%
Gross profit	<u>1,389</u>	<u>586</u>	137%	<u>800</u>	<u>3,370</u>	-76%
Administrative expenses	(1,892)	(1,318)	44%	(5,906)	(4,399)	34%
Net allowance for expected credit losses	-	-	-	154	-	-
Profit/(Loss) from operations	<u>(503)</u>	<u>(732)</u>	-31%	<u>(4,952)</u>	<u>(1,029)</u>	381%
Other operating income	20	-		20	-	-
Other operating loss	(3,350)	-		(3,350)	-	-
Finance income	6	21	-71%	12	71	-83%
Finance cost	(573)	(23)	2391%	(599)	(31)	1832%
Net finance (cost)/income	(567)	(2)		(587)	40	
Profit/(Loss) before taxation	<u>(4,400)</u>	<u>(734)</u>	499%	<u>(8,869)</u>	<u>(989)</u>	797%
Income tax reversal / (expense)	-	(456)	-100%	(95)	(508)	-81%
Profit/(Loss) after taxation	<u>(4,400)</u>	<u>(1,190)</u>	270%	<u>(8,964)</u>	<u>(1,497)</u>	499%
Loss net of tax from discontinued operations	-	(2,118)	-100%	-	(8,888)	-100%
Profit/(Loss) for the period	<u>(4,400)</u>	<u>(3,308)</u>	33%	<u>(8,964)</u>	<u>(10,385)</u>	-14%
Other comprehensive income						
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	<u>(4,400)</u>	<u>(3,308)</u>	33%	<u>(8,964)</u>	<u>(10,385)</u>	-14%
Net profit/(loss) attributable to:						
Owners of the Company	(4,633)	(3,195)		(9,348)	(10,077)	
Non-controlling interests	233	(113)		384	(308)	
	<u>(4,400)</u>	<u>(3,308)</u>		<u>(8,964)</u>	<u>(10,385)</u>	
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(4,633)	(3,195)		(9,348)	(10,077)	
Non-controlling interests	233	(113)		384	(308)	
	<u>(4,400)</u>	<u>(3,308)</u>		<u>(8,964)</u>	<u>(10,385)</u>	
Earning/(Loss) per share attributable to equity holders of the parent:						
Basic (sen)	<u>-2.36</u>	<u>-1.69</u>		<u>-4.76</u>	<u>-5.34</u>	
Diluted (sen)	<u>-1.85</u>	<u>-1.17</u>		<u>-3.74</u>	<u>-3.67</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 31 DECEMBER 2020

	Note	As at 31-Dec-20 RM'000 (Unaudited)	As at 31-Mar-20 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,058	1,325
Investment in associate		10,943	-
Other investments		9,860	9,860
Right of use assets		4,288	5,171
Trade receivables	B7 (i)	11,819	9,956
		<u>37,968</u>	<u>26,312</u>
Current Assets			
Trade receivables	B7 (i)	23,910	33,253
Other receivables, deposits and prepayments	B7 (ii)	19,171	11,637
Amount due from associate company		25,451	-
Contract assets		22,320	4,339
Tax recoverable		3,440	5,893
Cash and bank balances		8,937	2,960
		<u>103,229</u>	<u>58,082</u>
Asset held for sale		-	55,169
Total current assets		<u>103,229</u>	<u>113,251</u>
TOTAL ASSETS		<u>141,197</u>	<u>139,563</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables		9,171	13,867
Other payables, deposits and accruals		15,580	12,568
Contract liabilities		-	320
Borrowings	B6	3,779	413
Finance Lease Rental		523	680
Provision for tax		-	-
		<u>29,053</u>	<u>27,848</u>
Non Current Liabilities			
Borrowings	B6	1,337	1,514
Finance Lease Rental		2,110	2,442
Deferred tax liabilities		14	14
Trade payables		3,352	3,224
		<u>6,813</u>	<u>7,194</u>
Total Liabilities		<u>35,866</u>	<u>35,042</u>
Capital and reserves			
Share capital		122,517	114,097
Reserves		455	-
Retained earnings		(22,192)	(12,844)
		<u>100,780</u>	<u>101,253</u>
Non-controlling interests		4,551	3,268
Total Equity		<u>105,331</u>	<u>104,521</u>
TOTAL EQUITY AND LIABILITIES		<u>141,197</u>	<u>139,563</u>
Net Asset per share (in RM)		<u>0.43</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.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020
(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	Fair Value Adjustment Reserve RM'000	Retained Earnings RM'000	Total RM'000	Total RM'000		
As At 1 April 2020	114,097	-	-	(12,844)	101,253	3,268	104,521	
Share option value		688	-	-	688	-	688	
Exercise of share option	233	(233)	-	-	-	-	-	
Shares issued during the period								
- Private Placement	4,297	-	-	-	4,297	-	4,297	
- Share issuance scheme	840	-	-	-	840	-	840	
- Conversion of redeemable convertible preference shares	3,050	-	-	-	3,050	-	3,050	
	8,187	-	-	-	8,187	-	8,187	
Disposal of asset held for sale	-	-	-	-	-	899	899	
Total comprehensive loss for the period	-	-	-	(9,348)	(9,348)	384	(8,964)	
As At 31 December 2020	122,517	455	-	(22,192)	100,780	4,551	105,331	
As At 1 April 2019 (as previously reported)	114,097	-	-	13,286	127,383	294	127,677	
Prior year adjustments	-	-	-	(1,639)	(1,639)	-	(1,639)	
As At 1 April 2019 (as restated)	114,097	-	-	11,647	125,744	294	126,038	
Share option value	-	-	-	-	-	-	-	
Non-exercise of share option	-	-	-	-	-	-	-	
Shares issued during the period	-	-	-	-	-	3,250	3,250	
Total comprehensive loss for the period	-	-	-	(10,077)	(10,077)	(308)	(10,385)	
As At 31 December 2019	114,097	-	-	1,570	115,667	3,236	118,903	

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.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2020

	Unaudited 31-Dec-20 RM'000	Unaudited 31-Dec-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(8,869)	(989)
Loss before tax from discontinued operations	-	(8,998)
Adjustments for:		
Amortisation & depreciation	1,156	3,247
Bad debt written off	71	-
Impairment loss/(reversal) on receivables	(154)	62
Equity share-based payment	688	-
Interest expenses	599	267
Interest income	(12)	(274)
Gain on disposal of a subsidiary	-	(62)
Gain on disposal of property, plant & equipment	-	(95)
Loss on disposal of subsidiary	3,350	-
Property, plant & equipment written off	-	23
Inventories written-off	-	566
Inventories written down	-	408
Operating loss before working capital changes	(3,171)	(5,845)
Changes in working capital:		
Decrease/(Increase) in inventories	-	(3,895)
Decrease/(Increase) in receivables	(61)	3,959
Increase/(Decrease) in payables	(1,556)	(5,006)
(Increase)/Decrease in contract assets	(18,300)	-
Cash used in operations	(23,088)	(10,787)
Income tax paid	(714)	(4,809)
Income tax refunded	3,072	589
Net cash used in operating activities	(20,730)	(15,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Non-controlling interest' subscription of shares of a subsidiary	-	3,250
Proceeds from disposal of a subsidiary	16,414	-
Proceeds from disposal of property, plant & equipment	-	95
Purchase of property, plant & equipment	(7)	(2,512)
Interest received	12	274
Net cash from investing activities	16,419	1,107
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(599)	(267)
Repayment of borrowings	(659)	(132)
Proceeds from borrowings	2,991	-
Proceeds from private placement	4,297	-
Proceeds from share issuance scheme	840	-
Issuance of redeemable convertible preference shares	3,050	-
Repayment of BA	-	(2,428)
Net cash from / (used in) financing activities	9,920	(2,827)
Net changes in cash and cash equivalents	5,609	(16,727)
Cash and cash equivalents brought forward	2,960	33,386
Cash and cash equivalents carried forward	8,569	16,659
Cash and cash equivalents at the end of the financial period comprise of the following:		
Continuing operations		
Cash and bank balances	8,937	6,673
Bank overdrafts	(368)	-
Discontinued operations		
Fixed deposits	-	5,519
Cash and bank balances	-	4,471
Bank overdrafts	-	(4)
	8,569	16,659

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 31 DECEMBER 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 third quarter ended 31 December 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.

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 as disclosed in note B12, during the current quarter, 3,000,000 options under the Employees' Share Issuance Scheme were exercised raising a total of RM840,000. Further to that, a total principal amount RM4,000,000 had been subscribed under the Proposed Issuance of RCPS and such RCPS had been fully converted into 21,893,814 number of ordinary shares. 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.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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.

	<u>Revenue</u>		<u>Profit/(Loss) before tax</u>	
	<u>Year To Date Ended</u>		<u>Year To Date Ended</u>	
	<u>31-Dec-20</u>	<u>31-Dec-19</u>	<u>31-Dec-20</u>	<u>31-Dec-19</u>
	RM'000	RM'000	RM'000	RM'000
Constructions	32,367	45,616	(1,056)	1,694
Investment holdings and others	-	-	(7,813)	(2,683)
	<u>32,367</u>	<u>45,616</u>	<u>(8,869)</u>	<u>(989)</u>

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

As disclosed in note B12, the Group's proposed disposal of 60% equity interest in Kumpulan Voir Sdn Bhd was completed on 24 December 2020. Other than this, 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 2020.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 2020

	Quarter ended		Changes	Year To Date Ended		Changes
	31-Dec-20	31-Dec-19		31-Dec-20	31-Dec-19	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	21,891	18,124	3,767	32,367	45,616	(13,249)
Profit/(Loss) before taxation	(4,400)	(734)	(3,666)	(8,869)	(989)	(7,880)
Profit/(Loss) after taxation	(4,400)	(1,190)	(3,210)	(8,964)	(1,497)	(7,467)
Comprehensive income/(loss) attributable to equity holders of the parent	(4,633)	(3,195)	(1,438)	(9,348)	(10,077)	729

Construction

The construction business recorded a turnover of RM21.9 million in the current quarter which was higher than the preceding year corresponding quarter of RM18.1 million. The revenue in the current period was higher mainly due to an additional new project secured which contributed approximately RM5.6 million in revenue in the current quarter. Overall, works momentum has picked up in current quarter and the Group capitalised on the easing of restrictions under the Movement Control Order.

Loss before tax was recorded at RM4.4 million in the current quarter compared to loss before tax of RM0.7 million in the preceding year corresponding quarter mainly due to the recognition of loss from disposal of the fashion retail segment of RM3.4 million previously classified under the result of discontinued operations, and finance cost incurred of approximately RM0.5 million on a temporary loan arranged to ease tight cash flow conditions under a challenging economic landscape in year 2020.

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

	Current	Immediate	Change	
	Quarter	Preceding		
	31-Dec-20	30-Sep-20	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	21,891	5,820	16,071	276%
Profit/(Loss) from operations	(503)	(1,119)	616	-55%
Profit/(Loss) before taxation	(4,400)	(1,131)	(3,269)	289%
Profit/(Loss) after taxation	(4,400)	(1,146)	(3,254)	284%
Comprehensive income/(loss) attributable to equity holders of the parent	(4,633)	(4,810)	177	-4%

Construction

The Group recorded the construction revenue of RM21.9 million in the current quarter, representing an increase of RM16.1 million over the immediate preceding quarter. The improvement in the current third quarter was expected as work on projects picked up pace under a more relaxed Movement Control Order.

The loss from operations in current quarter of RM0.5 million was lower as compared to immediate preceding quarter of RM1.1 million mainly due to the much higher revenue recorder in current quarter. Despite the improvement, the loss before tax in current quarter was RM4.4 million as compared to loss before tax of RM1.1 million in the immediate preceding quarter. This was mainly due to the recognition of loss from disposal of the fashion retail segment of RM3.4 million previously classified under the results of discontinued operations.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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

B3. Group's Prospects

The Group's outstanding order book stands at approximately RM910 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 initially 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 February 2021 and barring any unforeseen circumstances, major construction works will then span over a period of 48 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.

B5. Income Tax Expense

The breakdown of income tax expense is as follows:-

	Current Quarter	Year to Date
	31-Dec-20	31-Dec-20
	RM'000	RM'000
Current year tax expense	-	95
Under/(over) provision in prior year	-	-
Deferred tax expenses/(reversal)	-	-
	<u>-</u>	<u>95</u>

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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

B6. Group Borrowings and Debt Securities

The Group's borrowings are as follows:-

	Quarter ended 31-December-2020			Quarter ended 31-December-2019		
	Secured Debt	Unsecured Debt	Total	Secured Debt	Unsecured Debt	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Short-term borrowings</u>						
Hire purchase creditors	420	-	420	313	-	313
Bridging loan	2,991	-	2,991	-	-	-
Bank overdrafts	368	-	368	-	-	-
	<u>3,779</u>	<u>-</u>	<u>3,779</u>	<u>313</u>	<u>-</u>	<u>313</u>
<u>Long-term borrowings</u>						
Hire purchase creditors	1,337	-	1,337	1,714	-	1,714
	<u>1,337</u>	<u>-</u>	<u>1,337</u>	<u>1,714</u>	<u>-</u>	<u>1,714</u>

The Group does not have any foreign currency borrowings as at 31 December 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:-

	As at 31-Dec-20 RM'000	As at 31-Mar-20 RM'000
(i) Trade receivables from contracts with customers	37,663	45,297
Less: Impairment losses	<u>(1,934)</u>	<u>(2,088)</u>
	<u>35,729</u>	<u>43,209</u>
(ii) Other receivables	3,874	3,149
Deposits and prepayments	<u>15,297</u>	<u>8,488</u>
	<u>19,171</u>	<u>11,637</u>

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.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31-Dec-20	Year to Date 31-Dec-20
	RM'000	RM'000
Earnings attributable to owners of the Company	(4,633)	(9,348)
Number of ordinary shares ('000)	196,223	196,223
Adjustment for assumed exercise of warrants ('000)	-	-
Adjustment for assumed exercise of Share Issuance Scheme ('000)	-	-
Adjustment for number of ordinary shares from issuance of RCPS ('000)	33,453	33,453
Adjustment for assumed exercise of Proposed Private Placement ('000)	20,369	20,369
Adjustment for assumed number of ordinary shares issued and issuable ('000)	250,045	250,045
Earnings/(loss) per ordinary share (sen)		
Basic	(2.36)	(4.76)
Diluted	(1.85)	(3.74)

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 was approved by shareholders at the Extraordinary General Meeting on 11 December 2020 and was subsequently completed on 24 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 Proposed Private Placement 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	4,240	4 months	-	-	-
(ii) Expenses for the private placement	101	101	Immediate	-	-	-

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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)

(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. On 27 November 2020, 3,000,000 options were exercised raising a total of RM840,000. The balance of the number of options not yet exercised is 5,845,000.

(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 principle 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 were approved by shareholders at the Extraordinary General Meeting on 11 December 2020. As at 24 December 2020, a total principal amount of RM4,000,000 had been subscribed and such RCPS had been fully converted into 21,893,814 number of ordinary shares.

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) Funding for construction business segment	2,717	815	Within 3 years	1,902	70%	Note 1
(ii) Working Capital	333	333	Within 1 year	-	-	
(iii) Estimated expenses relating to the proposals	950	950	Within 3 years	-	-	
Total	<u>4,000</u>	<u>2,098</u>		<u>1,902</u>		

Note 1 : The estimated timeframe for the utilisation is from the date of issuance of the respective sub-tranches of the RCPS.

As at 20 January 2021, another total principal amount of RM6,000,000 had been subscribed and such RCPS had been fully converted into 33,453,305 number of ordinary shares.

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 25 February 2021.