

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2016	Preceding year corresponding quarter 31 December 2015	Current year to date 31 December 2016	Preceding year corresponding period 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	46,009	60,758	365,025	98,671
Cost of Sales	(31,840)	(50,620)	(259,228)	(79,835)
Operational depreciation and amortization	(356)	(834)	(1,557)	(1,954)
Gross Profit	13,813	9,304	104,240	16,882
Other operating income	349	(14)	954	698
Administrative Expenses	(6,792)	(1,191)	(12,353)	(3,754)
Impairment on development cost	(5,876)	-	(5,876)	-
Depreciation and amortization	(122)	(265)	(2,146)	(515)
Operating Profit	1,372	7,834	84,819	13,311
Share of associate's results ^	-	(215)	-	2,312
Finance cost	(634)	(874)	(2,240)	(2,672)
Profit Before Tax	738	6,745	82,579	12,951
Taxation	104	(3,126)	(17,119)	(3,126)
Profit After Tax	842	3,619	65,460	9,825
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	842	3,619	65,460	9,825
Profit attributable to :				
Equity holders of the Company	821	2,149	53,900	8,355
Non-controlling interests	21	1,470	11,560	1,470
	842	3,619	65,460	9,825
Total comprehensive income attributable to :				
Equity holders of the Company	821	2,149	53,900	8,355
Non-controlling interests	21	1,470	11,560	1,470
	842	3,619	65,460	9,825
Weighted average no. of ordinary shares in issue ('000)	3,122,221	1,919,036	3,164,044	1,351,442
Earnings per share (sen):-				
a) Basic	0.03	0.11	1.70	0.62

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	As at 31 December 2016 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,061	29,696
Goodwill on consolidation	185,210	185,210
Receivables	10,641	14,810
Deferred tax assets	1,589	1,589
	<u>231,501</u>	<u>231,305</u>
Intangible Assets		
Intellectual Property Rights	145	163
Software Licenses	341	365
Development cost	-	6,337
	<u>486</u>	<u>6,865</u>
Current assets		
Inventories	560	3,070
Project work-in-progress	6,573	11,687
Receivables	111,265	92,145
Amount due from customers	194,569	35,143
Tax recoverable	6	63
Deposits with licensed banks	8,530	9,583
Cash And Cash Equivalents	30,108	23,012
	<u>351,611</u>	<u>174,703</u>
Total Assets	<u><u>583,598</u></u>	<u><u>412,873</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	323,422	234,025
Share premium	17,003	44,229
Other reserves	4,792	4,792
Retained profits	92,688	38,788
Shareholders' equity	<u>437,905</u>	<u>321,834</u>
Non-controlling interests	19,215	7,655
Total equity	<u>457,120</u>	<u>329,489</u>
Non-Current liabilities		
Borrowings	4,374	9,053
Hire purchase payables	1,638	2,047
Deferred taxation	387	387
	<u>6,399</u>	<u>11,487</u>
Current liabilities		
Payables	66,042	36,073
Amount owing to Directors	44	51
Bank overdraft	920	967
Borrowings	31,782	24,012
Hire purchase payables	1,598	2,445
Provision for taxation	19,693	8,349
	<u>120,079</u>	<u>71,897</u>
Total liabilities	126,478	83,384
Total equity and liabilities	<u><u>583,598</u></u>	<u><u>412,873</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</u>	<u>0.14</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

	Current year to date 31 December 2016 (Unaudited) RM'000	Preceding year corresponding period 31 December 2015 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	82,579	12,951
Adjustments for Non-cash items	<u>11,646</u>	<u>2,348</u>
Operating profit before working capital changes	94,225	15,299
Changes in working capital		
Net change in inventories and work-in-progress	7,624	5,555
Net change in trade and other receivables	(19,120)	(6,913)
Net change in trade and other payables	29,969	(7,575)
Net change in amount due from customers	(159,426)	(2,574)
Net change in directors account	<u>(7)</u>	<u>(5)</u>
Net cash from operations	<u>(46,735)</u>	<u>3,787</u>
Tax refund/(Tax paid)	<u>(5,258)</u>	<u>(123)</u>
Net cash generated from operating activities	<u>(51,993)</u>	<u>3,664</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of subsidiary company	-	(13,000)
Deposit of fixed deposits	1,053	(2,754)
Disposal/(Purchase) of plant and equipment	(8,068)	1,873
Interest income	173	-
Cash and cash equivalent acquired	<u>-</u>	<u>1,218</u>
Net cash generated from/(used in) investing activities	<u>(6,842)</u>	<u>(12,663)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	62,199	-
Proceeds from Rights Issue	-	28,907
Rights Issue expenses	-	(2,737)
Conversion of warrants	15	3
Borrowings	3,091	(3,550)
Hire purchases	(1,256)	(665)
Finance receivables	4,169	(2,070)
Interest paid	<u>(2,240)</u>	<u>(2,524)</u>
Net cash generated from/(used in) financing activities	<u>65,978</u>	<u>17,364</u>
Net Change in Cash and Cash Equivalents	7,143	8,365
Cash and Cash Equivalents at beginning of the period	22,045	13,443
Cash and Cash Equivalents at end of the period	<u><u>29,188</u></u>	<u><u>21,808</u></u>
Represented by :		
Cash and bank balances	30,108	22,775
Bank overdrafts	<u>(920)</u>	<u>(967)</u>
	<u><u>29,188</u></u>	<u><u>21,808</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Group for the financial year ended 31 December 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

	<-----Non-distributable----->				Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Exchange Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000		
As at 31 December 2015 (Audited)	234,025	44,229	4,798	(6)	38,788	321,834	7,655	329,489
Issuance of shares under Private Placement	24,700	37,456	-	-	-	62,156	-	62,156
Bonus issue of shares	64,684	(64,684)	-	-	-	-	-	-
Conversion of warrants	13	2	^	-	^	15	-	15
Total comprehensive income for the period	-	-	-	-	53,900	53,900	11,560	65,460
As at 31 December 2016	323,422	17,003	4,798	(6)	92,688	437,905	19,215	457,120
As at preceding year corresponding quarter 31 December 2015								
As at 31 December 2014 (Audited)	70,225	60,864	-	-	36,406	167,495	-	167,495
Rights Issue	28,907	(1,128)	-	-	-	27,779	-	27,779
Bonus Issue of Warrants	-	-	4,798	-	(4,798)	-	-	-
Bonus Issue of Shares	43,360	(43,360)	-	-	-	-	-	-
Conversion of warrants	2	1	-	-	-	3	-	3
Investment in associate	91,531	27,852	-	-	(1,619)	117,764	6,244	124,008
Total comprehensive income for the period	-	-	-	-	8,355	8,355	1,470	9,825
As at 31 December 2015	234,025	44,229	-	-	38,344	321,396	7,714	329,110

^ less than RM1,000

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

**VIVOCOM INTL HOLDINGS BERHAD (596299-D)
NOTES TO THE QUARTERLY REPORT**

**PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL
REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended ("FYE") 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by Vivocom Intl Holdings Berhad (“Vivocom”) and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB").

A2. Adoption of new and revised accounting policies

The Group has adopted the Malaysian Financial Reporting Standards framework (“MFRS Framework”) framework issued by MASB. This MFRS Framework was introduced by the MASB in order to fully converge the Malaysian’s existing FRS framework with the International Financial Reporting Standards framework issued by the International Accounting Standard Board.

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 January 2016. The adoption of these new and revised MFRSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

A3. Qualification on the Auditors’ Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2015.

A4. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

A6. Changes in estimates of amounts reported

There were no changes in estimates that have had a material effect on the current financial quarter under review and financial year-to-date.

A7. Issuance or repayment of debt and equity securities

Save as disclosed below, there were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date:-

- i. On 7 January 2016, 135,000,000 new Vivocom shares were issued pursuant to the proposed private placement of up to 10% of the issued and paid up shares capital of Vivocom at an issue price of RM0.25 per Vivocom share.
- ii. On 19 April 2016, 112,000,000 new Vivocom shares were issued pursuant to the proposed private placement of up to 10% of the issued and paid up shares capital of Vivocom at an issue price of RM0.264 per Vivocom share.
- iii. On 8 September 2016, the Company announced that the following were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad: -
 - a) 644,844,282 new Vivocom Shares were issued pursuant to the bonus issue of new Vivocom Shares on the basis of one (1) bonus share for every four (4) existing Vivocom Shares held on 7 September 2016; and

- b) 125,229,175 additional Warrants B, 50,073,502 additional Warrants C and 48,164,860 additional Warrants D were issued consequential to the bonus issue.
- iv. For the current and cumulative financial quarter ended 31 December 2016, new Vivocom shares were issued arising from the exercise of the Company's warrants as follows :-

	Current Quarter ended 31 December 2016	Cumulative Year to date 31 December 2016
Warrants B	-	16,600
Warrants C	-	65,772
Warrants D	-	45,556
Total no. of shares issued	-	127,928

As at 31 December 2016, 626,145,878 Warrants B, 250,353,247 Warrants C and 240,814,779 Warrants D have not been exercised.

A8. Dividend paid

There was no dividend paid nor declared for the current financial quarter under review.

A9. Segmental information

The Group is organised into the following operating segments:-

- a. Telecommunication Engineering Services ("Telco")
- b. Aluminium design and fabrication ("Aluminium")
- c. Construction

Quarter Ended 31 December 2016	Telco RM'000	Alumi- nium	Construc- tion	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	13,736	17,093	15,180	-	46,009
Operating expenses (inclusive of depreciation charges)	(8,082)	(11,705)	(12,409)	-	(32,196)
Gross Profit	5,654	5,388	2,771	-	13,813
Profit before taxation					738
Income tax expenses					104
Profit after tax					842
Other comprehensive income					-
Total Comprehensive Profit					842

The Group's segmental information by geographical location is not shown as the activities of the Group are in Malaysia.

A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2016.

A12. Capital Expenditure

The major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date were as follows:-

	Current Quarter Ended 31 December 2016 RM'000	Cumulative Year-to-Date 31 December 2016 RM'000
Property, plant & equipment: Additions	-	8,068

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A14. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since the last audited financial statements of the Group for the FYE 31 December 2015.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2016 that has not been reflected in this interim financial report.

A16. Significant related party transactions

There were no related party transactions during the current financial quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Company

For the current financial quarter ended 31 December 2016, the Group recorded revenue of RM46.009 million and profit before tax of RM0.738 million.

Compared to the previous corresponding financial quarter ended 31 December 2015, the Group recorded decrease of RM14.749 million in revenue, which were attributable to the slower progress claims from the construction segment. During the current financial quarter, the Group had provided impairment on the development cost related to the development and training of new skillset for the implementation and carrying works for Outside Plant (“OSP”) under the telecommunication engineering segment amounting to RM5.876 million. The impairment was provided as the outlook for OSP works remained bleak and was unable to justify its carrying value. This impairment had resulted in lower profit before tax of RM0.738 million, decrease of RM6.007 as compared to the previous corresponding financial quarter.

Revenue by segment:

	Current financial quarter ended 31 December 2016 (RM'000)	Preceding financial quarter ended 31 December 2015 (RM'000)	Current financial period-to-date 31 December 2016 (RM'000)	Preceding Financial period- to-date 31 December 2015 (RM'000)
Telco	13,736	10,006	50,801	47,919
Aluminium	17,093	6,135	45,687	6,135
Construction	15,180	44,617	268,536	44,617
Total	46,009	60,758	365,024	98,671

Telco

The Telco segment contributed 29.9% of the total revenue for the current financial quarter ended 31 December 2016. For current financial quarter and year-to-date, Telco recorded increase in revenue of RM3.730 million and RM2.882 million respectively. The increase in revenue was due to the roll-out of a major project during the year.

Aluminium

The Aluminium segment contributed 37.2% of the total revenue for the current financial quarter ended 31 December 2016. For current financial quarter and year-to-date, Aluminium recorded increase in revenue of RM10.958 million and RM39.552 million respectively. The increase in revenue for the current financial quarter was mainly due to the roll-out of several major projects during the year. The increase in revenue for the current year-to-date was due to the consolidation of a full year revenue as compared to partial consolidation for last year.

Construction

The Construction segment contributed 33.0% of the total revenue for the current financial quarter ended 31 December 2016. For current financial quarter, Construction recorded decrease in revenue of RM29.437 million but recorded increase of RM223.919 million for current financial year-to-date. The increase in revenue for the current year-to-date was due to the consolidation of the full year revenue as compared to partial consolidation for last year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2016 RM'000	Preceding Quarter 30 September 2016 RM'000
Revenue	46,009	55,911
Profit before tax	738	16,250

Compared to the preceding financial quarter, the Group recorded decrease of RM9.902 million in revenue due to slower progress claims under the construction sector. During the current financial quarter, the Group had provided impairment on the development cost related to the development and training of new skillset for the implementation and carrying works for Outside Plant (“OSP”) under the telecommunication engineering segment amounting to RM5.876 million. The impairment was provided as the outlook for OSP works remained bleak and was unable to justify its carrying value. This impairment had resulted in lower profit of RM0.738 million, a decrease of RM15.512 million as compared to profit before tax recorded in the preceding financial quarter.

B3. Prospects for 2016

For the current financial year to date, the Group has been awarded numerous projects for the aluminum and construction segment, which kept the Group busy for the next two to three years. In view of these positive developments and the Group's strong order book, barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the next financial year ending 31 December 2017.

B4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 31 December 2016 RM'000	Cumulative Year-to-Date 31 December 2016 RM'000
Current tax	(104)	17,119
	<u>(104)</u>	<u>17,119</u>

For the current financial quarter, there was tax added back due to overprovision in previous quarter. For current financial year to day, the effective tax rate was 20.7%, which was marginally lower than the statutory rate due utilization of unabsorbed tax losses brought forward for certain subsidiary companies.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report, there are no corporate proposals announced but not completed.

B7. Status of utilisation of proceeds

- i) The status of utilisation of the gross proceeds of RM28.907 million from the Rights Issue by the Company as at 31 December 2016 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Future viable investments	15,000	13,743	1,257	-	Within 24 months from completion	
Repayment of borrowings	12,000	12,000	-	-	Within 24 months from completion	
Working capital	1,007	713	-	294	Within 24 months from completion	Being the additional rights issue expenses of RM294,000 incurred
Rights Issue expenses	900	1,194	-	(294)	Upon completion	
Total	28,907	27,650	1,257	-		

- ii) The status of utilisation of the gross proceeds of RM63.318 million from the Private Placement of up to 10% of the issued and paid up shares capital of Vivocom as at 31 December 2016 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation
Future viable investments	38,000	-	38,000	-	Within 24 months from completion
General working capital for VESB	24,118	24,118	-	-	Within 24 months from completion
Private Placement expenses	1,200	1,200	-	-	Upon completion
Total	63,318	25,318	38,000	-	

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group for the financial quarter ended 31 December 2016 and the preceding year corresponding period 31 December 2015, is as follows :-

	Group Quarter Ended 31 December 2016 RM'000	Group Quarter Ended 31 December 2015 RM'000
Total retained profits of the Group:		
- Realised	145,068	79,608
- Unrealised	1,202	1,202
	<u>146,270</u>	<u>80,810</u>
Less : Consolidation adjustments	(53,582)	(42,022)
Total Group retained profits as per consolidated accounts	<u>92,688</u>	<u>38,788</u>

B9. Group borrowings and debt securities

The Group's borrowings as at 31 December 2016 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	2,774	7,515
Project revolving credit	25,866	-
Hire Purchase Creditors	1,599	1,638
	<u>30,239</u>	<u>9,153</u>

B10. Material Litigation

There was no material litigation as at the date of issuance of this announcement.

B11. Dividends

No interim dividends have been declared during the current financial quarter under review.

B12. Profit/Loss for the period

	Current Quarter Ended 31 December 2016 RM'000	Cumulative Year-to-Date 31 December 2016 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	478	3,703
Gains on disposal of property, plant and equipment	193	385
Impairment on development cost	5,876	5,876

Other disclosure items pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B13. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to the equity holders of the Company (RM'000)	821	2,149	53,900	8,355
Weighted average number of shares in issue ('000)	3,122,163	1,644,437	3,164,044	1,171,205
Effect of issuance of shares pursuant to Rights Issue ('000)	-	274,599	-	180,237
Adjusted weighted average number of shares in issue ('000)	3,122,163	1,919,036	3,164,044	1,351,442
Basic earnings per share (sen)	0.03	0.11	1.70	0.62

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to the equity holders of the Company (RM'000)	821	2,149	53,900	8,355
Weighted average number of shares in issue ('000)	3,122,163	1,919,036	3,164,044	1,351,442
Effect of dilution on assumed exercise of warrants ('000)	385,437	282,205	385,437	161,861
Adjusted weighted average number of shares in issue ('000)	<u>3,507,658</u>	<u>2,201,241</u>	<u>3,549,481</u>	<u>1,513,303</u>
Diluted earnings per share (sen)	0.02	0.10	1.52	0.55

By Order of the Board

Laang Jhe How (MIA 25193)
Anne Kung Soo Ching (MIA 8449)
(Company Secretaries)

Date: 28 February 2017