

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2017	Preceding year corresponding quarter 31 December 2016	Current year to date 31 December 2017	Preceding year corresponding period 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	33,312	46,009	181,733	365,025
Cost of Sales	(21,107)	(31,840)	(127,154)	(259,228)
Operational depreciation and amortization	<u>(255)</u>	<u>(356)</u>	<u>(1,184)</u>	<u>(1,557)</u>
Gross Profit	11,950	13,813	53,395	104,240
Other operating income	54	349	788	954
Administrative Expenses	(9,801)	(6,792)	(19,988)	(12,353)
Impairment on development cost	-	(5,876)	-	(5,876)
Depreciation and amortization	<u>(992)</u>	<u>(122)</u>	<u>(2,711)</u>	<u>(2,146)</u>
Operating Profit	1,211	1,372	31,484	84,819
Finance cost	<u>(747)</u>	<u>(634)</u>	<u>(2,324)</u>	<u>(2,240)</u>
Profit Before Tax	464	738	29,160	82,579
Taxation	<u>(1,594)</u>	<u>104</u>	<u>(8,682)</u>	<u>(17,119)</u>
(Loss)/Profit After Tax	(1,130)	842	20,478	65,460
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(1,130)</u>	<u>842</u>	<u>20,478</u>	<u>65,460</u>
(Loss)/Profit attributable to :				
Equity holders of the Company	(2,635)	821	14,594	53,900
Non-controlling interests	<u>1,505</u>	<u>21</u>	<u>5,884</u>	<u>11,560</u>
	<u>(1,130)</u>	<u>842</u>	<u>20,478</u>	<u>65,460</u>
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	(2,635)	821	14,594	53,900
Non-controlling interests	<u>1,505</u>	<u>21</u>	<u>5,884</u>	<u>11,560</u>
	<u>(1,130)</u>	<u>842</u>	<u>20,478</u>	<u>65,460</u>
Weighted average no. of ordinary shares in issue ('000)	3,369,982	3,122,221	3,287,057	3,164,044
(Loss)/Earnings per share (sen):-				
a) Basic	(0.08)	0.03	0.44	1.70

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 2016.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	As at 31 December 2017 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2016 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,603	33,698
Goodwill on consolidation	185,210	185,210
Receivables	9,130	10,641
Deferred tax assets	-	-
	<u>223,943</u>	<u>229,549</u>
Current assets		
Inventories	2,556	6,300
Receivables	296,833	266,242
Amount due from customers	50,700	63,258
Tax recoverable	-	5
Deposits with licensed banks	8,889	8,610
Cash And Cash Equivalents	35,924	30,347
	<u>394,902</u>	<u>374,762</u>
Total Assets	<u><u>618,845</u></u>	<u><u>604,311</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	343,197	323,422
Share premium	17,003	17,003
Other reserves	4,806	4,806
Retained profits	102,771	88,177
Shareholders' equity	<u>467,777</u>	<u>433,408</u>
Non-controlling interests	25,004	19,120
Total equity	<u>492,781</u>	<u>452,528</u>
Non-Current liabilities		
Borrowings	21,379	9,458
Hire purchase payables	295	1,545
Deferred taxation	350	383
	<u>22,024</u>	<u>11,386</u>
Current liabilities		
Payables	65,285	91,949
Amount owing to Directors	-	44
Bank overdraft	2,110	904
Borrowings	7,147	24,846
Hire purchase payables	1,464	1,189
Provision for taxation	28,034	21,465
	<u>104,040</u>	<u>140,397</u>
Total liabilities	126,064	151,783
Total equity and liabilities	<u><u>618,845</u></u>	<u><u>604,311</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</u>	<u>0.13</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 2016.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2017

	Current year to date 31 December 2017 (Unaudited) RM'000	Preceding year corresponding period 31 December 2016 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	29,160	82,579
Adjustments for Non-cash items	<u>11,050</u>	<u>11,646</u>
Operating profit before working capital changes	40,210	94,225
Changes in working capital		
Net change in inventories and work-in-progress	3,744	7,624
Net change in trade and other receivables	(30,591)	(19,120)
Net change in trade and other payables	(26,664)	29,969
Net change in amount due from customers	12,558	(159,426)
Net change in directors account	(44)	(7)
Net cash from operations	<u>(787)</u>	<u>(46,735)</u>
Tax paid	(7,141)	(5,258)
Net cash used in operating activities	<u>(7,928)</u>	<u>(51,993)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(279)	1,053
Disposal/(Purchase) of plant and equipment	200	(8,068)
Interest income	169	173
Net cash generated from/(used in) investing activities	<u>90</u>	<u>(6,842)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	19,775	62,199
Conversion of warrants	-	15
Borrowings	(5,778)	3,091
Hire purchases	(975)	(1,256)
Finance receivables	1,511	4,169
Interest paid	(2,324)	(2,240)
Net cash generated from/(used in) financing activities	<u>12,209</u>	<u>65,978</u>
Net Change in Cash and Cash Equivalents	4,371	7,143
Cash and Cash Equivalents at beginning of the period	29,443	22,045
Cash and Cash Equivalents at end of the period	<u><u>33,814</u></u>	<u><u>29,188</u></u>
Represented by :		
Cash and bank balances	35,924	30,108
Bank overdrafts	(2,110)	(920)
	<u><u>33,814</u></u>	<u><u>29,188</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 2016.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2017

	<-----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 2016 (Audited)	323,422	17,003	4,798	8	88,177	433,408	19,120	452,528
Issuance of shares under Private Placement	19,775	-	-	-	-	19,775	-	19,775
Total comprehensive income for the period	-	-	-	-	14,594	14,594	5,884	20,478
As at 31 December 2017	343,197	17,003	4,798	8	102,771	467,777	25,004	492,781

As at preceding year corresponding quarter 31 December 2016

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	37,517	-	-	-	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	17,064	-	(6)	92,688	437,905	19,215	457,120

[^] 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 2016.

**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 2016 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 2017. 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 2016.

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. Shares issued under the Private Placement exercise of up to 10% of the total number of issued shares of the Company to Macquarie Bank Limited ("Macquarie Bank") :-

	Shares Listing Date	No. of shares
1	02.08.17	4,000,000
2	07.08.17	5,000,000
3	10.08.17	7,500,000
4	23.08.17	2,000,000
5	25.08.17	4,000,000
6	11.09.17	5,000,000
7	14.09.17	6,000,000
8	15.09.17	10,000,000
9	21.09.17	15,000,000
10	27.09.17	5,000,000
	(continue next page)	

	Shares Listing Date	No. of shares
11	29.09.17	7,000,000
12	12.10.17	9,000,000
13	13.10.17	15,000,000
14	16.10.17	20,000,000
15	20.10.17	20,000,000
16	02.11.17	10,000,000
17	17.11.17	5,000,000
18	23.11.17	5,000,000
19	21.12.17	5,000,000

As at 31 December 2017, the following warrants have not exercised :-

Warrants B	626,145,878
Warrants C	250,367,513
Warrants D	240,824,301

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 2017	Telco (RM'000)	Aluminium (RM'000)	Construction (RM'000)	Eliminations (RM'000)	Consolidated (RM'000)
Revenue from external customers	1,033	7,536	24,743	-	33,312
Cost of sales	(974)	(2,098)	(18,290)	-	(21,362)
Segment profit	59	5,438	6,453	-	11,950
Profit before taxation					464
Income tax expenses					(1,594)
Loss after tax					(1,130)
Other comprehensive income					-
Total comprehensive loss					(1,130)

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 2017.

A12. Capital Expenditure

There were no major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date.

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 2016.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2017 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

	Individual Period				Cumulative Period			
	Current Year Quarter 31.12.17 (RM'000)	Preceding Year Corresponding Quarter 31.12.16 (RM'000)	Changes		Current Year To-Date 31.12.17 (RM'000)	Preceding Year Corresponding Period 31.12.16 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	33,312	46,009	(12,697)	(27.6)	181,733	365,025	(183,292)	(50.2)
Operating Profit	1,211	1,372	(161)	(11.7)	31,484	84,819	(53,335)	(62.9)
Profit before tax	464	738	(274)	(37.1)	29,160	82,579	(53,419)	(64.7)
(Loss)/Profit after tax	(1,130)	842	(1,972)	(234.2)	(20,478)	65,460	(85,938)	(131.3)
(Loss)/Profit attributable to Equity holders of the Company	(2,635)	821	(3,456)	(421.0)	14,594	53,900	(39,306)	(72.9)

For the current financial quarter ended 31 December 2017, the Group recorded revenue of RM33.312 million and profit before tax of RM0.464 million. The lower profit before tax was mainly attributable to lower revenue and the provision of doubtful debts amounting to RM5.926 million under the telecommunications segment. The lower revenue for the year is mainly attributable to the aggressive roll-out of projects under the Construction segment to clear the backlogs in 2016 as compared to 2017 which had slower progress billing.

Revenue by segment:

	Individual Period 3rd quarter				Cumulative Period			
	Current Year Quarter 30.09.17 (RM'000)	Preceding Year Corresponding Quarter 30.09.16 (RM'000)	Changes		Current Year To-Date 30.09.17 (RM'000)	Preceding Year Corresponding Period 30.09.16 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Telco	1,033	13,736	(12,703)	(92.5)	22,426	50,608	(28,182)	(55.7)
Aluminium	7,536	17,093	(9,557)	(55.9)	51,948	45,469	6,479	14.2
Construction	24,743	15,180	9,563	63.0	107,359	268,948	(161,589)	(60.1)
Total	33,312	46,009	(12,697)	(27.6)	181,733	365,025	(183,292)	(50.2)

Telco

The Telco segment contributed 3.1% of the total revenue for the current financial quarter ended 31 December 2017. The decrease in revenue for the telco segment is due to lower work orders received and the delay in award and implementation of the next phase of the USP project under the Malaysian Communications and Multimedia Commissions.

Aluminium

The Aluminium segment contributed 22.6% of the total revenue for the current financial quarter ended 31 December 2017. The increase in revenue for the current year is mainly attributable to higher project wins and roll-out in 2017.

Construction

The Construction segment contributed 74.3% of the total revenue for the current financial quarter ended 31 December. The decrease in revenue for the current year is mainly attributable to the aggressive roll-out of projects under the Construction segment to clear the backlogs in 2016 as compared to 2017 which had slower progress billing.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.17 (RM'000)	Immediate Preceding Quarter 30.09.17 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	33,312	61,452	(28,140)	(45.8)
Operating Profit	1,211	11,588	(10,377)	(89.5)
Profit before tax	464	11,018	(10,554)	(95.8)
(Loss)/Profit after tax	(1,130)	8,256	(9,386)	(113.7)
(Loss)/Profit attributable to equity holders of the Company	(2,635)	821	(3,456)	(421.0)

Compared to the preceding financial quarter, the Group recorded decrease of RM28.140 million in revenue mainly due to lower progress claims under the Construction segments. During the current financial quarter, the Group provided for doubtful debts amounting to RM5.926 million under the telecommunications segment. This resulted in the loss after tax as compared to the previous profitable quarter.

B3. Prospects for 2018

For the current financial year to date, the Group has been awarded numerous projects for the aluminum and construction segment, which will keep 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 2018.

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 2017 RM'000	Cumulative Year-to-Date 31 December 2017 RM'000
Current tax	1,594	8,682
	<hr/> <hr/>	<hr/> <hr/>
	1,594	8,682

For the current quarter and year-to-date ended 31 December, the effective tax rate for the Group was 343.5% and 29.8% respectively, which were higher than the statutory rate due to adding back of disallowed expenses for tax computation purposes.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report, save as disclosed below, there are no corporate proposals announced but not completed :-

On 22 February 2018, UOB Kay Hian Securities (M) Sdn Bhd announced on behalf of the Board of Directors of the Company that the Company proposed to undertake a renounceable rights issue of up to 3,010,706,070 new ordinary shares in Vivocom ("Vivocom Share(s) or Share(s)") ("Rights Share(s)") on the basis of 2 Rights Shares for every 3 existing Vivocom Shares held together with up to 1,505,353,035 free detachable warrants ("Warrant(s) E") on the basis of 1 Warrant E for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Entitlement Date").

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 2017 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 share capital of Vivocom as at 31 December 2017 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	-	

- iii) The status of utilisation of the gross proceeds of RM8.605 million from the Private Placement of up to 10% of the issued and paid up share capital of Vivocom to Macquarie Bank as at 30 September 2017 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation
General working capital	19,475	19,475	-	-	Within 24 months from completion
Private Placement expenses	300	300	-	-	Upon completion
Total	19,775	19,775	-	-	

B8. Group borrowings and debt securities

The Group's borrowings as at 31 December 2017 are as follows:-

	Short Term	Long Term
Secured	(RM'000)	(RM'000)
Bank overdraft	2,110	-
Term Loans	3,086	21,379
Project revolving credit	4,061	-
Hire purchase creditors	1,464	295
Total	10,721	21,674

B9. Material Litigation

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

B10. Dividends

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

B11. Profit/Loss for the period

	Current Quarter Ended 31 December 2017 RM'000	Cumulative Year-to-Date 31 December 2017 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	1,247	3,895
Provision for doubtful debts	(5,926)	(5,126)
Loss on disposal of property, plant and equipment	(159)	(159)

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

B12. 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 Period	
		Current Year Quarter 31.12.17	Preceding Year Corresponding Quarter 31.12.16	Current Year To-Date 31.12.17	Preceding Year Corresponding Period 31.12.16
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	(2,635)	821	14,594	53,900
Weighted average number of shares in issue	('000)	3,369,982	3,122,221	3,287,057	3,164,044
Basic earnings/(loss) per share	(Sen)	(0.08)	0.03	0.44	1.70

(b) Diluted earnings per share

		Individual Quarter		Cumulative Period	
		Current Year Quarter 31.12.17	Preceding Year Corresponding Quarter 31.12.16	Current Year To-Date 31.12.17	Preceding Year Corresponding Period 31.12.16
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	(2,635)	821	14,594	53,900
Weighted average number of shares in issue	('000)	3,369,982	3,122,221	3,287,057	3,164,044
Effect of dilution on assumed exercise of warrants	('000)	145,282	385,437	145,282	385,437
Adjusted weighted average number of shares in issue	('000)	3,515,264	3,507,658	3,432,339	3,549,481
Diluted earnings/(loss) per share	(Sen)	(0.07)	0.02	0.43	1.52

By Order of the Board

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

Date: 28 February 2018