

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2018

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2018	Preceding year corresponding quarter 31 March 2017	Current year to date 31 March 2018	Preceding year corresponding period 31 March 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	35,054	41,032	35,054	41,032
Cost of Sales	(26,753)	(28,545)	(26,753)	(28,545)
Operational depreciation and amortization	<u>(142)</u>	<u>(340)</u>	<u>(142)</u>	<u>(340)</u>
Gross Profit	8,159	12,147	8,159	12,147
Other operating income	190	353	190	353
Administrative Expenses	(3,243)	(2,636)	(3,243)	(2,636)
Depreciation and amortization	<u>(631)</u>	<u>(793)</u>	<u>(631)</u>	<u>(793)</u>
Operating Profit	4,475	9,071	4,475	9,071
Finance cost	<u>(507)</u>	<u>(494)</u>	<u>(507)</u>	<u>(494)</u>
Profit Before Tax	3,968	8,577	3,968	8,577
Taxation	<u>(1,169)</u>	<u>(2,156)</u>	<u>(1,169)</u>	<u>(2,156)</u>
Profit After Tax	2,799	6,421	2,799	6,421
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,799</u>	<u>6,421</u>	<u>2,799</u>	<u>6,421</u>
Profit attributable to :				
Equity holders of the Company	2,006	5,242	2,006	5,242
Non-controlling interests	793	1,179	793	1,179
	<u>2,799</u>	<u>6,421</u>	<u>2,799</u>	<u>6,421</u>
Total comprehensive income attributable to :				
Equity holders of the Company	2,006	5,242	2,006	5,242
Non-controlling interests	793	1,179	793	1,179
	<u>2,799</u>	<u>6,421</u>	<u>2,799</u>	<u>6,421</u>
Weighted average no. of ordinary shares in issue ('000)	3,396,333	3,234,221	3,396,333	3,234,221
Earnings per share (sen):-				
a) Basic	0.06	0.16	0.06	0.16

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 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	As at 31 March 2018 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2017 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,736	29,595
Goodwill on consolidation	178,830	178,830
Receivables	9,421	9,130
Deferred tax assets	-	-
	<u>216,987</u>	<u>217,555</u>
Current assets		
Inventories	1,875	2,556
Receivables	293,203	287,902
Amount due from customers	63,860	54,820
Deposits with licensed banks	9,357	9,091
Cash And Cash Equivalents	39,697	37,766
	<u>407,992</u>	<u>392,135</u>
Total Assets	<u><u>624,979</u></u>	<u><u>609,690</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	360,736	360,199
Other reserves	4,806	4,806
Retained profits	104,692	102,686
Shareholders' equity	<u>470,234</u>	<u>467,691</u>
Non-controlling interests	27,236	26,443
Total equity	<u>497,470</u>	<u>494,134</u>
Non-Current liabilities		
Borrowings	8,975	8,013
Hire purchase payables	901	950
Deferred taxation	386	386
	<u>10,262</u>	<u>9,349</u>
Current liabilities		
Payables	77,758	65,904
Bank overdraft	986	1,613
Borrowings	21,876	23,382
Hire purchase payables	715	808
Provision for taxation	15,912	14,500
	<u>117,247</u>	<u>106,207</u>
Total liabilities	127,509	115,556
Total equity and liabilities	<u><u>624,979</u></u>	<u><u>609,690</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 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018

	Current year to date 31 March 2018 (Unaudited) RM'000	Preceding year corresponding period 31 March 2017 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	3,968	8,577
Adjustments for Non-cash items	1,280	1,598
Operating profit before working capital changes	5,248	10,175
Changes in working capital		
Net change in inventories and work-in-progress	681	(7,327)
Net change in trade and other receivables	(5,301)	43,028
Net change in trade and other payables	11,854	(29,731)
Net change in amount due from customers	(9,040)	(16,787)
Net change in directors account	-	57
Net cash from operations	3,442	(585)
Tax paid	243	(741)
Net cash used in operating activities	3,685	(1,326)
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(266)	615
Disposal/(Purchase) of plant and equipment	86	(188)
Interest income	-	29
Net cash generated from/(used in) investing activities	(180)	456
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	537	-
Borrowings	(544)	1,916
Hire purchases	(142)	(220)
Finance receivables	(291)	(2,864)
Interest paid	(507)	(494)
Net cash generated from/(used in) financing activities	(947)	(1,662)
Net Change in Cash and Cash Equivalents	2,558	(2,532)
Cash and Cash Equivalents at beginning of the period	36,153	29,443
Cash and Cash Equivalents at end of the period	38,711	26,911
Represented by :		
Cash and bank balances	39,697	26,935
Bank overdrafts	(986)	(24)
	38,711	26,911

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 2017.

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 RM'000	Total RM'000		
As at 31 December 2017 (Audited)	360,199	-	4,798	8	102,686	467,691	26,443	494,134
Issuance of shares under Private Placement	537	-	-	-	-	537	-	537
Total comprehensive income for the period	-	-	-	-	2,006	2,006	793	2,799
As at 31 March 2018	360,736	-	4,798	8	104,692	470,234	27,236	497,470
As at preceding year corresponding quarter 31 March 2017								
As at 31 December 2016 (Audited)	323,422	17,003	4,798	8	88,177	433,408	19,120	452,528
Total comprehensive income for the period	-	-	-	-	5,242	5,242	1,179	6,421
As at 31 March 2017	323,422	17,003	-	8	93,419	438,650	20,299	458,949

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 2017.

**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 2017 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 2018. 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 2017.

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	13.02.2018	5,000,000

As at 31 March 2018, 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	Telco	Aluminium	Construction	Eliminations	Consolidated
31 March 2018	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customers	1,723	8,379	24,952	-	35,054
Cost of sales	(1,660)	(5,217)	(20,018)	-	(26,895)
Segment profit	63	3,162	4,934	-	8,159
Profit before taxation					3,968
Income tax expenses					(1,169)
Profit after tax					2,799
Other comprehensive income					-
Total comprehensive profit					2,799

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 March 2018.

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 2017.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2018 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	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
	31.03.18 (RM'000)	31.03.17 (RM'000)	(RM'000)	(%)	31.03.18 (RM'000)	31.03.17 (RM'000)	(RM'000)	(%)
Revenue	35,054	41,032	(5,978)	(14.6)	35,054	41,032	(5,978)	(14.6)
Operating Profit	4,475	9,071	(4,596)	(50.7)	4,475	9,071	(4,596)	(50.7)
Profit before tax	3,968	8,577	(4,609)	(53.7)	3,968	8,577	(4,609)	(53.7)
Profit after tax	2,799	6,421	(3,622)	(56.4)	2,799	6,421	(3,622)	(56.4)
Profit attributable to Equity holders of the Company	2,006	5,242	(3,236)	(61.7)	2,006	5,242	(3,236)	(61.7)

For the current financial quarter ended 31 March 2018, the Group recorded revenue of RM35.054 million and profit before tax of RM3.968 million. The lower revenue for the year is mainly due to decrease in revenue from the Telco and Aluminium segments, which consequently affected our profit before tax.

Revenue by segment:

	Individual Period				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
	31.03.18 (RM'000)	31.03.17 (RM'000)	(RM'000)	(%)	31.03.18 (RM'000)	31.03.17 (RM'000)	(RM'000)	(%)
Telco	1,723	8,536	(6,813)	(79.8)	1,723	8,536	(6,813)	(79.8)
Aluminium	8,379	14,568	(6,189)	(42.5)	7,280	14,568	(7,288)	(50.0)
Construction	24,952	17,928	7,024	39.2	24,952	17,928	7,024	39.2
Total	35,054	41,032	(5,978)	(14.6)	33,955	41,032	(7,077)	(17.2)

Telco

The Telco segment contributed 4.9% of the total revenue for the current financial quarter ended 31 March 2018. 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 23.9% of the total revenue for the current financial quarter ended 31 March 2018. The decrease in revenue for the current year is mainly attributable to slower demand and roll-out as compared to last year.

Construction

The Construction segment contributed 71.2% of the total revenue for the current financial quarter ended 31 March 2018. The increase in revenue for the current year is mainly attributable to stronger roll out of the Group's on-going projects.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.03.18 (RM'000)	Immediate Preceding Quarter 31.12.17 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	35,054	33,312	1,742	5.2
Operating Profit	4,475	1,211	3,264	269.5
Profit before tax	3,968	464	3,504	755.2
Profit/(Loss) after tax	2,799	(1,130)	3,929	(347.7)
Profit/(Loss) attributable to equity holders of the Company	2,006	(2,635)	4,641	(176.1)

Compared to the preceding financial quarter, the Group recorded slight increase of RM0.642 million in revenue mainly due to stronger roll-out under the Construction segment. No impairment was provided for the current financial quarter (previous quarter : RM5.926 million), hence resulting in a profitable position for the Group for the current financial 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 March 2018 RM'000	Cumulative Year-to-Date 31 March 2018 RM'000
Current tax	1,169	1,169
	<u>1,169</u>	<u>1,169</u>

For the current quarter and year-to-date ended 31 March 2018, the effective tax rate for the Group was 29.5%, which was higher than the statutory rate due to losses incurred in certain subsidiary companies.

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 March 2018 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 additional rights issue expenses of RM294,000
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 March 2018 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. Group borrowings and debt securities

The Group's borrowings as at 31 March 2018 are as follows:-

	Short Term	Long Term
Secured	(RM'000)	(RM'000)
Bank overdraft	986	-
Term Loans	674	9,050
Project revolving credit	21,202	-
Hire purchase creditors	715	901
Total	23,577	9,951

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 March 2018	Cumulative Year-to-date 31 March 2018
	(RM'000)	(RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	-	-
Interest expense	(507)	(507)
Depreciation and amortization	(773)	(773)

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 31.03.18	Preceding Year Corresponding Quarter 31.03.17	Current Year To-Date 31.03.18	Preceding Year Corresponding Period 31.03.17
Profit attributable to the equity holders of the Company	(RM'000)	2,006	5,242	2,006	5,242
Weighted average number of shares in issue	('000)	3,396,333	3,234,221	3,396,333	3,234,221
Basic earnings per share	(Sen)	0.06	0.16	0.06	0.16

(b) Diluted earnings per share

		Individual Quarter		Cumulative Period	
		Current Year Quarter 31.03.18	Preceding Year Corresponding Quarter 31.03.17	Current Year To-Date 31.03.18	Preceding Year Corresponding Period 31.03.17
Profit attributable to the equity holders of the Company	(RM'000)	2,006	5,242	2,006	5,242
Weighted average number of shares in issue	('000)	3,396,333	3,234,221	3,396,333	3,234,221
Effect of dilution on assumed exercise of warrants	('000)	27,803	186,104	27,803	186,104
Adjusted weighted average number of shares in issue	('000)	3,424,136	3,420,325	3,424,136	3,420,325
Diluted earnings per share	(Sen)	0.06	0.15	0.06	0.15

By Order of the Board

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

Date: 31 May 2018