

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

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

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2017	Preceding year corresponding quarter 31 March 2016	Current year to date 31 March 2017	Preceding year corresponding period 31 March 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	41,032	141,544	41,032	141,544
Cost of Sales	(28,545)	(103,852)	(28,545)	(103,852)
Operational depreciation and amortization	<u>(340)</u>	<u>(409)</u>	<u>(340)</u>	<u>(409)</u>
Gross Profit	12,147	37,283	12,147	37,283
Other operating income	353	60	353	60
Administrative Expenses	(2,636)	(2,982)	(2,636)	(2,982)
Impairment on development cost	-	-	-	-
Depreciation and amortization	<u>(793)</u>	<u>(550)</u>	<u>(793)</u>	<u>(550)</u>
Operating Profit	9,071	33,811	9,071	33,811
Share of associate's results [^]	-	-	-	-
Finance cost	<u>(494)</u>	<u>(512)</u>	<u>(494)</u>	<u>(512)</u>
Profit Before Tax	8,577	33,299	8,577	33,299
Taxation	<u>(2,156)</u>	<u>(8,178)</u>	<u>(2,156)</u>	<u>(8,178)</u>
Profit After Tax	6,421	25,121	6,421	25,121
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u>6,421</u>	<u>25,121</u>	<u>6,421</u>	<u>25,121</u>
Profit attributable to :				
Equity holders of the Company	5,242	19,871	5,242	19,871
Non-controlling interests	1,179	5,250	1,179	5,250
	<u>6,421</u>	<u>25,121</u>	<u>6,421</u>	<u>25,121</u>
Total comprehensive income attributable to :				
Equity holders of the Company	5,242	19,871	5,242	19,871
Non-controlling interests	1,179	5,250	1,179	5,250
	<u>6,421</u>	<u>25,121</u>	<u>6,421</u>	<u>25,121</u>
Weighted average no. of ordinary shares in issue ('000)	3,234,221	2,466,351	3,234,221	2,466,351
Earnings per share (sen):-				
a) Basic	0.16	0.81	0.16	0.81

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 MARH 2017

	As at 31 March 2017 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2016 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,753	33,698
Goodwill on consolidation	185,210	185,210
Receivables	13,505	10,641
Deferred tax assets	-	-
	<u>231,468</u>	<u>229,549</u>
Current assets		
Inventories	13,627	6,300
Receivables	223,214	266,242
Amount due from customers	80,045	63,258
Tax recoverable	-	5
Deposits with licensed banks	7,995	8,610
Cash And Cash Equivalents	26,935	30,347
	<u>351,816</u>	<u>374,762</u>
Total Assets	<u><u>583,284</u></u>	<u><u>604,311</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	323,422	323,422
Share premium	17,003	17,003
Other reserves	4,806	4,806
Retained profits	93,419	88,177
Shareholders' equity	<u>438,650</u>	<u>433,408</u>
Non-controlling interests	20,299	19,120
Total equity	<u>458,949</u>	<u>452,528</u>
Non-Current liabilities		
Borrowings	9,450	9,458
Hire purchase payables	1,515	1,545
Deferred taxation	383	383
	<u>11,348</u>	<u>11,386</u>
Current liabilities		
Payables	62,218	91,949
Amount owing to Directors	101	44
Bank overdraft	24	904
Borrowings	26,770	24,846
Hire purchase payables	999	1,189
Provision for taxation	22,875	21,465
	<u>112,987</u>	<u>140,397</u>
Total liabilities	124,335	151,783
Total equity and liabilities	<u><u>583,284</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 FIRST QUARTER ENDED 31 MARCH 2017

	Current year to date 31 March 2017 (Unaudited) RM'000	Preceding year corresponding period 31 March 2016 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	8,577	33,299
Adjustments for Non-cash items	<u>1,598</u>	<u>1,572</u>
Operating profit before working capital changes	10,175	34,871
Changes in working capital		
Net change in inventories and work-in-progress	(7,327)	2,745
Net change in trade and other receivables	43,028	2,858
Net change in trade and other payables	(29,731)	(3,886)
Net change in amount due from customers	(16,787)	(53,992)
Net change in directors account	57	(45)
Net cash from operations	<u>(585)</u>	<u>(17,449)</u>
Tax refund/(Tax paid)	(741)	(129)
Net cash generated from operating activities	<u>(1,326)</u>	<u>(17,578)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Deposit of fixed deposits	615	1,481
Disposal/(Purchase) of plant and equipment	(188)	(259)
Interest income	29	11
Net cash generated from/(used in) investing activities	<u>456</u>	<u>1,233</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	-	32,945
Conversion of warrants	-	- [^]
Borrowings	1,916	(3,841)
Hire purchases	(220)	(769)
Finance receivables	(2,864)	1,160
Interest paid	(494)	(512)
Net cash generated from/(used in) financing activities	<u>(1,662)</u>	<u>28,983</u>
Net Change in Cash and Cash Equivalents	(2,532)	12,638
Cash and Cash Equivalents at beginning of the period	29,443	22,045
Cash and Cash Equivalents at end of the period	<u><u>26,911</u></u>	<u><u>34,683</u></u>
Represented by :		
Cash and bank balances	26,935	34,683
Bank overdrafts	(24)	-
	<u><u>26,911</u></u>	<u><u>34,683</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 FIRST QUARTER ENDED 31 MARCH 2017

	<-----Non-distributable----->				Distributable			
	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	Non- controlling interests RM'000	Total Equity RM'000
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	4,798	8	93,419	438,650	20,299	458,949
As at preceding year corresponding quarter 31 March 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	13,500	19,445	-	-	-	32,945	-	32,945
Conversion of warrants	- [^]	-	- [^]	-	-	- [^]	-	- [^]
Total comprehensive income for the period	-	-	-	-	19,871	19,871	5,250	25,121
As at 31 March 2016	247,525	63,674	-	-	58,659	374,650	12,905	387,555

[^] 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

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.

As at 31 March 2017, 626,145,878 Warrants B, 250,367,513 Warrants C and 240,824,301 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 March 2017	Telco RM'000	Alumi- nium	Construc- tion	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	8,536	14,568	17,928	-	41,032
Operating expenses (inclusive of depreciation charges)	(6,195)	(8,602)	(14,088)	-	(28,885)
Gross Profit	2,341	5,966	3,840	-	12,147
Profit before taxation					8,577
Income tax expenses					(2,156)
Profit after tax					6,421
Other comprehensive income					-
Total Comprehensive Profit					6,421

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 March 2017 RM'000	Cumulative Year-to-Date 31 March 2017 RM'000
Property, plant & equipment: Additions	-	-

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 March 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

For the current financial quarter ended 31 March 2017, the Group recorded revenue of RM41.032 million and profit before tax of RM8.577 million.

Compared to the previous corresponding financial quarter ended 31 March 2016, the Group recorded decrease of RM100.512 million in revenue, which were mainly attributable to the aggressive roll-out of projects under the Construction segment in 2016 to clear backlogs as compared to 2017. The decrease in revenue were mitigated by the improving performance of the Telco and Aluminium segments.

Revenue by segment:

	Current financial quarter ended 31 March 2017 (RM'000)	Preceding financial quarter ended 31 March 2016 (RM'000)	Current financial period-to-date 31 March 2017 (RM'000)	Preceding Financial period- to-date 31 March 2016 (RM'000)
Telco	8,536	7,697	8,536	7,697
Aluminium	14,568	8,041	14,568	8,041
Construction	17,928	125,806	17,928	125,806
Total	41,032	141,544	41,032	141,544

Telco

The Telco segment contributed 20.8% of the total revenue for the current financial quarter ended 31 March 2017. For current financial quarter and year-to-date, Telco recorded increase in revenue of RM0.839 million as compared to the corresponding period in 2016. The increase in revenue was due to the continuing roll-out of a major project during the current financial quarter.

Aluminium

The Aluminium segment contributed 35.5% of the total revenue for the current financial quarter ended 31 March 2017. For current financial quarter and year-to-date, Aluminium recorded increase in revenue of RM6.527 million as compared to the corresponding period in 2016. The increase in revenue for the current financial quarter was due to the higher rate of progress and billing of on-going projects.

Construction

The Construction segment contributed 43.7% of the total revenue for the current financial quarter ended 31 March 2017. For current financial quarter, Construction recorded decrease in revenue of RM107.8787 million as compared to the corresponding period in 2016. The decrease was mainly attributable to the aggressive roll-out of projects under the Construction segment in 2016 to clear backlogs as compared to 2017.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2017 RM'000	Preceding Quarter 31 December 2016 RM'000
Revenue	41,032	46,009
Profit before tax	8,577	738

Compared to the preceding financial quarter, the Group recorded decrease of RM4.977 million in revenue due to lower progress claims under the Telco and Aluminium segments. During the preceding quarter ended 31 December 2016, 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. There was no further impairment required to be provided for the current quarter ended 31 March 2017, thereby resulting in higher profit before tax.

B3. Prospects for 2017

For the previous and 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 current 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 March 2017 RM'000	Cumulative Year-to-Date 31 March 2017 RM'000
Current tax	2,156	2,156
	<u>2,156</u>	<u>2,156</u>

For the current quarter ended 31 March 2017, the effective tax rate for the Group was 25.1%, which was marginally 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, 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 March 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 shares capital of Vivocom as at 31 March 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	-	

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group for the financial quarter ended 31 March 2017 and the preceding year corresponding period 31 March 2016, is as follows :-

	Group Quarter Ended 31 March 2017 RM'000	Group Quarter Ended 31 March 2016 RM'000
Total retained profits of the Group:		
- Realised	148,454	99,478
- Unrealised	(383)	1,202
	<u>148,071</u>	<u>100,680</u>
Less : Consolidation adjustments	(54,652)	(42,021)
Total Group retained profits as per consolidated accounts	<u>93,419</u>	<u>58,659</u>

B9. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	850	9,450
Project revolving credit	25,920	-
Hire Purchase Creditors	999	1,515
	<u>27,769</u>	<u>10,965</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 March 2017 RM'000	Cumulative Year-to-Date 31 March 2017 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	1,133	1,133
Gains on disposal of property, plant and equipment	188	188

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 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit attributable to the equity holders of the Company (RM'000)	5,242	19,871	5,242	19,871
Weighted average number of shares in issue ('000)	3,234,221	2,466,351	3,234,221	2,466,351
Basic earnings per share (sen)	0.16	0.81	0.16	0.81

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit attributable to the equity holders of the Company (RM'000)	5,242	19,871	5,242	19,871
Weighted average number of shares in issue ('000)	3,234,221	2,466,351	3,234,221	2,466,351
Effect of dilution on assumed exercise of warrants ('000)	186,104	310,703	186,104	310,703
Adjusted weighted average number of shares in issue ('000)	<u>3,420,325</u>	<u>2,777,055</u>	<u>3,420,325</u>	<u>2,777,055</u>
Diluted earnings per share (sen)	0.15	0.72	0.15	0.72

By Order of the Board

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

Date: 31 May 2017