

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 September 2017	Preceding year corresponding quarter 30 September 2016	Current year to date 30 September 2017	Preceding year corresponding period 30 September 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	61,452	55,911	148,421	319,015
Cost of Sales	(45,423)	(35,619)	(106,047)	(226,642)
Operational depreciation and amortization	(280)	(920)	(929)	(1,946)
Gross Profit	15,749	19,372	41,445	90,427
Other operating income	87	20	733	606
Administrative Expenses	(4,120)	(1,593)	(10,186)	(5,563)
Depreciation and amortization	(128)	(859)	(1,719)	(2,023)
Operating Profit	11,588	16,940	30,273	83,447
Finance cost	(570)	(690)	(1,577)	(1,605)
Profit Before Tax	11,018	16,250	28,696	81,842
Taxation	(2,762)	(2,177)	(7,088)	(17,224)
Profit After Tax	8,256	14,073	21,608	64,618
Other comprehensive income	-	-	-	-
Total comprehensive income	8,256	14,073	21,608	64,618
Profit attributable to :				
Equity holders of the Company	6,271	12,152	17,229	53,036
Non-controlling interests	1,985	1,921	4,379	11,582
	8,256	14,073	21,608	64,618
Total comprehensive income attributable to :				
Equity holders of the Company	6,271	12,152	17,229	53,036
Non-controlling interests	1,985	1,921	4,379	11,582
	8,256	14,073	21,608	64,618
Weighted average no. of ordinary shares in issue ('000)	3,252,971	3,122,163	3,240,517	3,119,166
Earnings per share (sen):-				
a) Basic	0.19	0.39	0.53	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 30 SEPTEMBER 2017

	As at 30 September 2017 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2016 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,183	33,698
Goodwill on consolidation	185,210	185,210
Receivables	10,713	10,641
Deferred tax assets	-	-
	<u>226,106</u>	<u>229,549</u>
Current assets		
Inventories	1,170	6,300
Receivables	298,794	266,242
Amount due from customers	63,201	63,258
Tax recoverable	-	5
Deposits with licensed banks	8,589	8,610
Cash And Cash Equivalents	30,488	30,347
	<u>402,242</u>	<u>374,762</u>
Total Assets	<u><u>628,348</u></u>	<u><u>604,311</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	332,028	323,422
Share premium	17,003	17,003
Other reserves	4,806	4,806
Retained profits	105,406	88,177
Shareholders' equity	<u>459,243</u>	<u>433,408</u>
Non-controlling interests	23,499	19,120
Total equity	<u>482,742</u>	<u>452,528</u>
Non-Current liabilities		
Borrowings	16,251	9,458
Hire purchase payables	1,503	1,545
Deferred taxation	350	383
	<u>18,104</u>	<u>11,386</u>
Current liabilities		
Payables	90,980	91,949
Amount owing to Directors	174	44
Bank overdraft	1,892	904
Borrowings	9,680	24,846
Hire purchase payables	454	1,189
Provision for taxation	24,322	21,465
	<u>127,502</u>	<u>140,397</u>
Total liabilities	145,606	151,783
Total equity and liabilities	<u><u>628,348</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 30 SEPTEMBER 2017

	Current year to date 30 September 2017 (Unaudited) RM'000	Preceding year corresponding period 30 September 2016 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	28,696	81,842
Adjustments for Non-cash items	<u>4,057</u>	<u>5,443</u>
Operating profit before working capital changes	32,753	87,285
Changes in working capital		
Net change in inventories and work-in-progress	5,130	5,890
Net change in trade and other receivables	(32,552)	(23,273)
Net change in trade and other payables	(969)	(28,533)
Net change in amount due from customers	57	(80,476)
Net change in directors account	130	(45)
Net cash from operations	<u>4,549</u>	<u>(39,152)</u>
Tax refund/(Tax paid)	(4,668)	(5,074)
Net cash used in operating activities	<u>(119)</u>	<u>(44,226)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	21	(1,262)
Purchase of plant and equipment	1,276	(8,128)
Interest income	168	131
Net cash generated from/(used in) investing activities	<u>1,465</u>	<u>(9,259)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	8,606	62,199
Conversion of warrants	-	17
Borrowings	(8,373)	1,202
Hire purchases	(777)	(1,298)
Finance receivables	(72)	2,259
Interest paid	(1,577)	(1,605)
Net cash generated from/(used in) financing activities	<u>(2,193)</u>	<u>62,774</u>
Net Change in Cash and Cash Equivalents	(847)	9,289
Cash and Cash Equivalents at beginning of the period	29,443	22,045
Cash and Cash Equivalents at end of the period	<u><u>28,596</u></u>	<u><u>31,334</u></u>
Represented by :		
Cash and bank balances	30,488	31,334
Bank overdrafts	(1,892)	-
	<u><u>28,596</u></u>	<u><u>31,334</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 30 SEPTEMBER 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	8,606	-	-	-	-	8,606	-	8,606
Total comprehensive income for the period	-	-	-	-	17,229	17,229	4,379	21,608
As at 30 September 2017	332,028	17,003	4,798	8	105,406	459,243	23,499	482,742

As at preceding year corresponding quarter 30 September 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	-	-	-	62,217	-	62,217
Bonus issue of shares	64,684	(64,684)	-	-	-	-	-	-
Conversion of warrants	13	2	- [^]	-	-	15	-	15
Total comprehensive income for the period	-	-	-	-	53,036	53,036	11,582	64,618
As at 30 September 2016	323,422	17,064	-	(6)	91,824	437,102	19,237	456,339

[^] 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
11	29.09.17	7,000,000

As at 30 September 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 30 September 2017	Telco RM'000	Aluminium	Construction	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	5,394	16,450	39,608	-	61,452
Operating expenses (inclusive of depreciation charges)	(5,159)	(9,549)	(30,995)	-	(45,703)
Gross Profit	235	6,901	8,613	-	15,749
Profit before taxation					11,018
Income tax expenses					(2,762)
Profit after tax					8,256
Other comprehensive income					-
Total Comprehensive Profit					8,256

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 30 September 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 30 September 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 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)	(%)
Revenue	61,452	55,911	5,541	9.9	148,421	319,015	(170,594)	(53.5)
Operating Profit	11,588	16,940	(5,352)	(31.6)	30,273	83,447	(53,174)	(63.7)
Profit before tax	11,018	16,250	(5,232)	(32.2)	28,696	81,842	(53,146)	(64.9)
Profit after tax	8,256	14,073	(5,817)	(41.3)	21,608	64,618	(43,010)	(66.6)
Profit attributable to Equity holders of the Company	6,271	12,152	(5,881)	(48.4)	17,229	53,036	(35,807)	(67.5)

For the current financial quarter ended 30 September 2017, the Group recorded revenue of RM61.452 million and profit before tax of RM11.018 million.

Compared to the previous corresponding financial quarter ended 30 September 2016, the Group recorded decrease of RM170.594 million in revenue, which were 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	5,394	13,656	(8,262)	(60.5)	21,393	37,065	(15,672)	(42.3)
Aluminium	16,450	8,773	7,677	87.5	44,412	28,594	15,818	55.3
Construction	39,608	33,482	6,126	18.3	82,616	253,356	(170,740)	(67.4)
Total	61,452	55,911	5,541	9.9	148,421	319,015	(170,594)	(53.5)

Telco

The Telco segment contributed 8.8% of the total revenue for the current financial quarter ended 30 September 2017. For current financial quarter and year-to-date, Telco recorded decrease in revenue of RM8.262 million and RM15.672 million respectively, due to lower work orders received.

Aluminium

The Aluminium segment contributed 26.8% of the total revenue for the current financial quarter ended 30 September 2017. For current financial quarter and year-to-date, Aluminium recorded increase in revenue of RM7.677 million and RM15.818 million respectively as compared to the corresponding periods in 2016. The increase in revenue was due to the higher of number of projects on-going under this segment.

Construction

The Construction segment contributed 64.5% of the total revenue for the current financial quarter ended 30 September 2017. For the current financial quarter, Construction recorded increase in revenue of RM6.126 million when compared to corresponding period last year, but recorded a decrease of RM170.740 million when compared to financial year to date for 2017 and 2016. The decrease in financial year to date revenue was mainly attributable to the aggressive roll-out of projects under this 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 30.09.17 (RM'000)	Immediate Preceding Quarter 30.06.17 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	61,452	45,937	15,515	33.8
Operating Profit	11,588	9,616	1,972	20.5
Profit before tax	11,018	9,102	1,916	21.1
Profit after tax	8,256	6,930	1,326	19.1
Profit attributable to Equity holders of the Company	6,271	5,715	556	9.7

Compared to the preceding financial quarter, the Group recorded increase of RM15.515 million in revenue mainly due to higher progress claims under the Construction segments. The increase of RM1.916 million in profit before tax is mainly attributable to the same reason.

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 30 September 2017 RM'000	Cumulative Year-to-Date 30 September 2017 RM'000
Current tax	2,762	7,088
	<u>2,762</u>	<u>7,088</u>

For the current quarter and year-to-date ended 30 September 2017, the effective tax rate for the Group was 25.1% and 24.7% respectively, which was marginally higher than the statutory rate due to adding back of disallowed expenses for tax computation purposes.

B6. Status of corporate proposals – private placement

As at the date of issuance of this interim financial report, save as disclosed under Note A15 above, 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 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	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 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
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	8,305	8,305	-	-	Within 24 months from completion
Private Placement expenses	300	300	-	-	Upon completion
Total	8,605	8,605	-	-	

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group for the financial quarter ended 30 September 2017 and the preceding year corresponding period 30 September 2016, is as follows :-

	Group Quarter Ended 30 September 2017 RM'000	Group Quarter Ended 30 September 2016 RM'000
Total retained profits of the Group:		
- Realised	163,641	132,644
- Unrealised	(350)	1,202
	<hr/> 163,291	<hr/> 133,846
Less : Consolidation adjustments	(57,885)	(42,022)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 105,406	<hr/> <hr/> 91,824

B9. Group borrowings and debt securities

The Group's borrowings as at 30 September 2017 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank overdraft	1,892	-
Term loans	673	16,251
Project revolving credit	9,007	-
Hire Purchase Creditors	454	1,503
	<hr/> 12,026	<hr/> 17,754

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 30 September 2017 RM'000	Cumulative Year-to-Date 30 September 2017 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	408	2,648
Gains on disposal of property, plant and equipment	87	253

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 30 September 2017	Preceding Year Corresponding Quarter 30 September 2016	Current Year-To-Date 30 September 2017	Preceding Year Corresponding Period 30 September 2016
Profit attributable to the equity holders of the Company (RM'000)	6,271	12,152	17,229	53,036
Weighted average number of shares in issue ('000)	3,252,971	3,122,163	3,240,517	3,119,166
Basic earnings per share (sen)	0.19	0.39	0.53	1.70

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30 September 2017	Preceding Year Corresponding Quarter 30 September 2016	Current Year-To-Date 30 September 2017	Preceding Year Corresponding Period 30 September 2016
Profit attributable to the equity holders of the Company (RM'000)	6,271	12,152	17,229	53,036
Weighted average number of shares in issue ('000)	3,252,971	3,122,163	3,240,517	3,119,166
Effect of dilution on assumed exercise of warrants ('000)	152,439	386,731	152,439	386,731
Adjusted weighted average number of shares in issue ('000)	<u>3,405,410</u>	<u>3,508,894</u>	<u>3,392,956</u>	<u>3,505,897</u>
Diluted earnings per share (sen)	0.18	0.35	0.51	1.51

By Order of the Board

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

Date: 30 November 2017