

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

| | ----- Individual Quarter ----- | | ---- Cumulative Quarter ---- | |
|--|--|---|--|--|
| | Current year quarter 30 September 2019 | Preceding year corresponding quarter 30 September 2018 | Current year to date 30 September 2019 | Preceding year corresponding period 30 September 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 11,241 | 22,678 | 38,615 | 77,330 |
| Cost of Sales | (6,818) | (21,583) | (28,787) | (67,011) |
| Operational depreciation and amortization | <u>(149)</u> | <u>(218)</u> | <u>(470)</u> | <u>(680)</u> |
| Gross Profit | 4,274 | 877 | 9,358 | 9,639 |
| Other operating income | 1,859 | 386 | 2,700 | 795 |
| Administrative Expenses | (2,997) | (9,255) | (8,489) | (16,443) |
| Depreciation and amortization | <u>(278)</u> | <u>(978)</u> | <u>(958)</u> | <u>(1,712)</u> |
| Operating Profit/(Loss) | 2,858 | (8,970) | 2,611 | (7,721) |
| Finance cost | <u>(384)</u> | <u>(655)</u> | <u>(1,352)</u> | <u>(1,835)</u> |
| Profit/(Loss) Before Tax | 2,474 | (9,625) | 1,259 | (9,556) |
| Taxation | <u>11</u> | <u>1,103</u> | <u>(234)</u> | <u>-</u> |
| Profit/(Loss) After Tax | 2,485 | (8,522) | 1,025 | (9,556) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) | <u>2,485</u> | <u>(8,522)</u> | <u>1,025</u> | <u>(9,556)</u> |
| Profit/(Loss) attributable to : | | | | |
| Equity holders of the Company | 2,111 | (6,977) | 853 | (8,758) |
| Non-controlling interests | 374 | (1,545) | 172 | (798) |
| | <u>2,485</u> | <u>(8,522)</u> | <u>1,025</u> | <u>(9,556)</u> |
| Total comprehensive income/(loss) attributable to : | | | | |
| Equity holders of the Company | 2,111 | (6,977) | 853 | (8,758) |
| Non-controlling interests | 374 | (1,545) | 172 | (798) |
| | <u>2,485</u> | <u>(8,522)</u> | <u>1,025</u> | <u>(9,556)</u> |
| Weighted average no. of ordinary shares in issue ('000) | 5,664,536 | 4,876,863 | 5,664,536 | 4,419,410 |
| Earnings/(Loss) per share (sen):- | | | | |
| a) Basic | 0.04 | (0.14) | 0.02 | (0.20) |

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 2018.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

| | As at 30 September 2019 (Unaudited) RM'000 | As at Preceding Financial Year Ended 31 December 2018 (Audited) RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 17,572 | 27,502 |
| Goodwill on consolidation | 146,412 | 146,412 |
| Other investment | 2,969 | 2,969 |
| Receivables | 27,213 | 28,717 |
| Deferred tax assets | - | - |
| | <u>194,166</u> | <u>205,600</u> |
| Current assets | | |
| Inventories | 2,129 | 2,061 |
| Receivables | 248,368 | 262,943 |
| Amount due from customers | 29,590 | 33,237 |
| Tax recoverable | 2,031 | - |
| Deposits with licensed banks | 11,214 | 9,783 |
| Cash And Cash Equivalents | 44,277 | 58,915 |
| | <u>337,609</u> | <u>366,939</u> |
| Total Assets | <u><u>531,775</u></u> | <u><u>572,539</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 415,850 | 415,850 |
| Other reserves | 11,481 | 11,481 |
| Retained profits | 21,245 | 20,392 |
| Shareholders' equity | <u>448,576</u> | <u>447,723</u> |
| Non-controlling interests | 18,505 | 18,333 |
| Total equity | <u>467,081</u> | <u>466,056</u> |
| Non-Current liabilities | | |
| Borrowings | 8,761 | 10,151 |
| Hire purchase payables | 544 | 769 |
| Trade and other payables | 10,690 | 10,690 |
| Deferred taxation | 253 | 253 |
| | <u>20,248</u> | <u>21,863</u> |
| Current liabilities | | |
| Payables | 29,136 | 50,923 |
| Bank overdraft | - | 1,175 |
| Borrowings | 14,102 | 29,779 |
| Hire purchase payables | 307 | 717 |
| Provision for taxation | 901 | 2,026 |
| | <u>44,446</u> | <u>84,620</u> |
| Total liabilities | 64,694 | 106,483 |
| Total equity and liabilities | <u><u>531,775</u></u> | <u><u>572,539</u></u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | <u>0.08</u> | <u>0.08</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 2018.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

| | Current year to date 30 September 2019 (Unaudited) RM'000 | Preceding year corresponding period 30 September 2018 (Unaudited) RM'000 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit Before Taxation | 1,259 | (9,556) |
| Adjustments for Non-cash items | <u>2,171</u> | <u>6,444</u> |
| Operating profit before working capital changes | 3,430 | (3,112) |
| Changes in working capital | | |
| Net change in inventories and work-in-progress | (68) | (2,431) |
| Net change in trade and other receivables | 14,575 | 19,527 |
| Net change in trade and other payables | (21,787) | (6,366) |
| Net change in amount due from customers | <u>3,647</u> | <u>2,046</u> |
| Net cash from operations | (203) | 9,664 |
| Tax paid | <u>(4,565)</u> | <u>(15,114)</u> |
| Net cash generated from/(used in) operating activities | <u>(4,768)</u> | <u>(5,450)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Placement of fixed deposits | (1,431) | (1,134) |
| Disposal of plant and equipment | 8,502 | (48) |
| Interest income | <u>609</u> | <u>143</u> |
| Net cash generated from/(used in) investing activities | <u>7,680</u> | <u>(1,039)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Rights Issue | - | 56,645 |
| Proceeds from Private Placement | - | 537 |
| Rights Issue expenses | - | (1,530) |
| Borrowings | (17,067) | 1,656 |
| Hire purchases | (635) | (167) |
| Finance receivables | 1,504 | 2,642 |
| Interest paid | <u>(1,352)</u> | <u>(1,835)</u> |
| Net cash generated (used in)/generated from financing activities | <u>(17,550)</u> | <u>57,948</u> |
| Net Change in Cash and Cash Equivalents | (14,638) | 51,459 |
| Cash and Cash Equivalents at beginning of the period | 58,915 | 36,153 |
| Cash and Cash Equivalents at end of the period | <u><u>44,277</u></u> | <u><u>87,612</u></u> |
| Represented by : | | |
| Cash and bank balances | 44,277 | 87,612 |
| Bank overdrafts | - | - |
| | <u><u>44,277</u></u> | <u><u>87,612</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 2018.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2019

| | <-----Non-distributable-----> | | | Distributable | | Non-controlling interests RM'000 | Total Equity RM'000 |
|--|-------------------------------|----------------------------|----------------------------|----------------------------|-----------------|-------------------------------------|------------------------|
| | Share Capital RM'000 | Warrants Reserve RM'000 | Exchange Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | | |
| As at 31 December 2018 (Audited) | 415,850 | 11,481 | - | 20,392 | 447,723 | 18,333 | 466,056 |
| Total comprehensive income for the period | - | - | - | 853 | 853 | 172 | 1,025 |
| As at 30 September 2019 | 415,850 | 11,481 | - | 21,245 | 448,576 | 18,505 | 467,081 |
| As at preceding year corresponding quarter 30 June 2018 | | | | | | | |
| 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 |
| Rights Issue | 55,115 | - | - | - | 55,115 | - | 55,115 |
| Issuance of Warrants E | - | 6,684 | - | (6,684) | - | - | - |
| Total comprehensive loss for the period | - | - | - | (8,758) | (8,758) | (798) | (9,556) |
| As at 30 September 2018 | 415,851 | 11,482 | 8 | 87,244 | 514,585 | 25,645 | 540,230 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2018.

**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 Malaysian Financial Reporting Standards ("MFRS") 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 2018 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 2018.

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 30 September 2019, the following warrants have not been exercised:-

| | |
|------------|---------------|
| Warrants C | 360,527,848 |
| Warrants D | 346,786,726 |
| Warrants E | 1,132,906,538 |

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. Construction
- b. Aluminium design and fabrication (“Aluminium”)
- c. Telecommunication Engineering Services (“Telco”)

| Quarter ended | Construction | Aluminium | Telco | Eliminations | Consolidated |
|-----------------------------------|--------------|-----------|----------|--------------|--------------|
| 30 September 2019 | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Revenue from external customers | 4,886 | 5,840 | 515 | - | 11,241 |
| Cost of sales | (2,021) | (4,903) | (43) | - | (6,967) |
| Segment profit | 2,865 | 937 | 472 | - | 4,274 |
| Profit before taxation | | | | | 2,474 |
| Income tax expenses | | | | | 11 |
| Profit after tax | | | | | 2,485 |
| Other comprehensive income | | | | | - |
| Total comprehensive income | | | | | 2,485 |

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 2019.

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 2018.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 30 September 2019 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 30.09.19 (RM'000) | Preceding Year Corresponding Quarter 30.09.18 (RM'000) | Changes | | Current Year To-Date 30.09.19 (RM'000) | Preceding Year Corresponding Period 30.09.18 (RM'000) | Changes | |
| | | | (RM'000) | (%) | | | (RM'000) | (%) |
| Revenue | 11,241 | 22,678 | (11,437) | (50.4) | 38,615 | 77,330 | (38,715) | (50.1) |
| Operating Profit/(Loss) | 2,858 | (8,970) | 11,828 | 131.9 | 2,611 | (7,721) | 10,332 | (133.8) |
| Profit/(Loss) before tax | 2,474 | (9,625) | 12,099 | 125.7 | 1,259 | (9,556) | 10,815 | (113.2) |
| Profit/(Loss) after tax | 2,485 | (8,522) | 11,007 | 129.2 | 1,025 | (9,556) | 10,581 | 110.7 |
| Profit/(Loss) attributable to Equity holders of the Company | 2,111 | (6,977) | 9,088 | 130.3 | 853 | (8,758) | 9,611 | 109.7 |

For the current financial quarter ended 30 September 2019, the Group recorded revenue of RM11.241 million and profit before tax of RM2.474 million. The lower revenue is mainly due to decreases in the Construction and Aluminium segments, which had slower roll-out.

Notwithstanding that, the Group recorded better results, with profit before tax RM2.485 million for the current financial quarter compared to loss before tax RM9.625 million in the previous year quarter. The loss in previous year was due to the decommissioning costs for transmission sites under the Telco segment and impairments under MFRS 9. There is no similar impairment for the current year. In addition, the Group made some gains from the disposal of fixed assets, which further increased its profit before tax.

Revenue by segment:

| | Individual Period | | | | Cumulative Period | | | |
|--------------|--|--|-----------------|---------------|--|---|-----------------|---------------|
| | Current Year Quarter 30.09.19 (RM'000) | Preceding Year Corresponding Quarter 30.09.18 (RM'000) | Changes | | Current Year To-Date 30.09.19 (RM'000) | Preceding Year Corresponding Period 30.09.18 (RM'000) | Changes | |
| | | | (RM'000) | (%) | | | (RM'000) | (%) |
| Construction | 4,886 | 10,733 | (5,847) | (54.5) | 9,675 | 44,518 | (34,843) | (78.3) |
| Aluminium | 5,840 | 11,647 | (5,807) | (49.9) | 26,508 | 29,315 | (2,807) | (9.6) |
| Telco | 515 | 298 | 217 | 72.8 | 2,432 | 3,497 | (1,065) | (30.5) |
| Total | 11,241 | 22,678 | (11,437) | (50.4) | 38,615 | 77,330 | (38,715) | (50.1) |

Construction

The Construction segment contributed 43.5% of the total revenue for the current financial quarter ended 30 September 2019. Most of the projects in the construction segment are in preliminary stages, hence lower progress billings and would only pick up pace by the 4th quarter of the year.

Aluminium

The Aluminium segment contributed 52.0% of the total revenue for the current financial quarter ended 30 September 2019. The lower revenue is due to slower roll-out during the quarter.

Telco

The Telco segment contributed 4.6% of the total revenue for the current financial quarter ended 30 September 2019. The decrease in revenue for the telco segment is due to lower work orders received.

B2. Comparison to the results of the preceding quarter

| | Current Year Quarter 30.09.19 (RM'000) | Immediate Preceding Quarter 30.06.19 (RM'000) | Changes | |
|--|--|---|----------|-----------|
| | | | (RM'000) | (%) |
| Revenue | 11,241 | 12,357 | (1,116) | (9.0) |
| Operating Profit/(Loss) | 2,858 | (270) | 3,128 | (1,158.5) |
| Profit/(Loss) before tax | 2,474 | (678) | 3,152 | (464.9) |
| Profit/(Loss) after tax | 2,485 | (770) | 3,255 | (422.7) |
| Profit/(Loss) attributable to equity holders of the Company | 2,111 | (703) | 2,814 | (400.3) |

Compared to the preceding financial quarter, the Group recorded decrease of RM1.116 million in revenue, mainly due to lower revenue in the Aluminium segment. The profit before tax recorded in the current financial quarter are mainly due to higher billing under the Construction sector, and gains from the disposal of fixed assets.

B3. Prospects for 2019

After a slow period, the construction sector is expected to pick up soon with the various initiatives by the government, amongst others, the federal government pledging to build 1 million affordable homes in 10 years' time, allocation of RM1.5 billion for PPR, PPAM, Prima and SPNB housing, and exemption for stamp duty and special loans agreement for first time house buyers. The Group will be targeting to get more affordable home projects to add to its current running projects.

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 30.09.19 (RM'000) | Cumulative Year-to-Date 30.09.19 (RM'000) |
|-------------|--|--|
| Current tax | (11) | 234 |
| | (11) | 234 |

For the current and cumulative quarter, the effective tax rate is Nil and 18.6% respectively, which is lower than the statutory tax rate due to losses incurred by the subsidiary companies in the Group.

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 RM56.6457 million from the Rights Issue by the Company as at 30 September 2019 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 | 25,000 | - | 25,000 | - | Within 24 months from completion | |
| Working capital | 30,445 | 30,115 | | 330 | Within 24 months from completion | Being additional rights issue expenses of RM330,000 incurred |
| Rights Issue expenses | 1,200 | 1,530 | - | (330) | Upon completion | |
| Total | 56,645 | 31,645 | 25,000 | - | | |

B8. Group borrowings and debt securities

The Group's borrowings as at 30 September 2019 are as follows:-

| | Short Term (RM'000) | Long Term (RM'000) |
|--------------------------|---------------------|--------------------|
| Secured | | |
| Term Loans | 2,835 | 8,761 |
| Project revolving credit | 11,267 | - |
| Hire purchase creditors | 307 | 544 |
| Total | 14,409 | 9,305 |

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 30 September 2019 (RM'000) | Cumulative Year-to-date 30 September 2019 (RM'000) |
|--|---|---|
| This is arrived at after (charging)/crediting :- | | |
| Interest income | 453 | 609 |
| Gains from disposal of fixed assets | 1,195 | 1,195 |
| Interest expense | (385) | (1,352) |
| Depreciation and amortization | (360) | (1,428) |

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 30.09.19 | Preceding Year Corresponding Quarter 30.09.18 | Current Year To-Date 30.09.19 | Preceding Year Corresponding Period 30.09.18 |
| Profit/(Loss) attributable to the equity holders of the Company | (RM'000) | 2,111 | (6,977) | 853 | (8,758) |
| Weighted average number of shares in issue | ('000) | 5,664,536 | 4,876,863 | 5,664,536 | 4,419,410 |
| Basic earnings/(loss) per share | (Sen) | 0.04 | (0.14) | 0.02 | (0.20) |

- (b) Diluted earnings per share
Diluted earnings per share is not applicable for the financial period as the unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants.

By Order of the Board

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

Date: 29 November 2019