

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2019

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2019	Preceding year corresponding quarter 31 December 2018	Current year to date 31 December 2019	Preceding year corresponding period 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	4,808	45,098	43,423	121,246
Cost of Sales	(3,056)	(41,760)	(31,843)	(106,793)
Operational depreciation and amortization	<u>(148)</u>	<u>(183)</u>	<u>(618)</u>	<u>(863)</u>
Gross Profit	1,604	3,155	10,962	13,590
Other operating income	1,775	429	4,375	2,466
Administrative Expenses	(2,074)	(68,752)	(10,185)	(83,386)
Depreciation and amortization	<u>(345)</u>	<u>(544)</u>	<u>(1,304)</u>	<u>(2,257)</u>
Operating Profit/(Loss)	960	(65,712)	3,848	(69,587)
Finance cost	<u>(388)</u>	<u>(737)</u>	<u>(2,018)</u>	<u>(5,121)</u>
Profit/(Loss) Before Tax	572	(66,449)	1,830	(74,708)
Taxation	<u>(336)</u>	<u>734</u>	<u>(570)</u>	<u>(258)</u>
Profit/(Loss) After Tax	236	(65,715)	1,260	(74,966)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>236</u>	<u>(65,715)</u>	<u>1,260</u>	<u>(74,966)</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	91	(60,282)	944	(68,737)
Non-controlling interests	145	(5,433)	316	(6,228)
	<u>236</u>	<u>(65,715)</u>	<u>1,260</u>	<u>(74,965)</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	91	(60,282)	944	(68,737)
Non-controlling interests	145	(5,433)	316	(6,228)
	<u>236</u>	<u>(65,715)</u>	<u>1,260</u>	<u>(74,965)</u>
Weighted average no. of ordinary shares in issue ('000)	5,664,536	5,664,536	5,664,536	4,153,576
Earnings/(Loss) per share (sen):-				
a) Basic	0.00	(1.06)	0.02	(1.65)

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 31 DECEMBER 2019**

	As at 31 December 2019 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,107	27,502
Goodwill on consolidation	146,412	146,412
Other investment	2,969	2,969
Receivables	27,802	28,717
Deferred tax assets	-	-
	<u>194,290</u>	<u>205,600</u>
Current assets		
Inventories	1,977	2,061
Receivables	253,915	262,943
Amount due from customers	27,751	33,237
Tax recoverable	1,796	-
Deposits with licensed banks	10,510	9,783
Cash And Cash Equivalents	36,100	58,915
	<u>332,049</u>	<u>366,939</u>
Total Assets	<u><u>526,339</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	21,336	20,392
Shareholders' equity	<u>448,667</u>	<u>447,723</u>
Non-controlling interests	18,649	18,333
Total equity	<u>467,316</u>	<u>466,056</u>
Non-Current liabilities		
Borrowings	6,833	10,151
Hire purchase payables	480	769
Trade and other payables	10,690	10,690
Deferred taxation	253	253
	<u>18,256</u>	<u>21,863</u>
Current liabilities		
Payables	24,201	50,923
Bank overdraft	-	1,175
Borrowings	15,855	29,779
Hire purchase payables	223	717
Provision for taxation	488	2,026
	<u>40,767</u>	<u>84,620</u>
Total liabilities	59,023	106,483
Total equity and liabilities	<u><u>526,339</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 31 DECEMBER 2019

	Current year to date 31 December 2019 (Unaudited) RM'000	Preceding year corresponding period 31 December 2018 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit Before Taxation	1,830	(74,708)
Adjustments for Non-cash items	<u>3,269</u>	<u>70,472</u>
Operating profit before working capital changes	5,099	(4,236)
Changes in working capital		
Net change in inventories and work-in-progress	84	495
Net change in trade and other receivables	9,028	(38,884)
Net change in trade and other payables	(26,722)	(3,848)
Net change in amount due from customers	<u>5,486</u>	<u>20,409</u>
Net cash from operations	<u>(7,025)</u>	<u>(26,064)</u>
Tax paid	<u>(5,079)</u>	<u>(12,864)</u>
Net cash generated from/(used in) operating activities	<u>(12,104)</u>	<u>(38,928)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(727)	(3,692)
Disposal of subsidiary	-	(196)
Disposal of plant and equipment	8,473	(991)
Interest income	<u>671</u>	<u>363</u>
Net cash generated from/(used in) investing activities	<u>8,417</u>	<u>(4,516)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	-	55,113
Proceeds from Private Placement	-	537
Borrowings	(17,242)	9,012
Hire purchases	(783)	(271)
Finance receivables	915	3,810
Interest paid	<u>(2,018)</u>	<u>(2,692)</u>
Net cash generated (used in)/generated from financing activities	<u>(19,128)</u>	<u>65,509</u>
Net Change in Cash and Cash Equivalents	(22,815)	22,065
Cash and Cash Equivalents at beginning of the period	58,915	36,850
Cash and Cash Equivalents at end of the period	<u><u>36,100</u></u>	<u><u>58,915</u></u>
Represented by :		
Cash and bank balances	<u>36,100</u>	<u>58,915</u>
	<u><u>36,100</u></u>	<u><u>58,915</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 31 DECEMBER 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	-	-	-	944	944	316	1,260
As at 31 December 2019	415,850	11,481	-	21,336	448,667	18,649	467,316
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
Adjustments on initial application of MFRS 9	-	-	-	(6,882)	(6,882)	(1,874)	(8,756)
Issuance of shares under Private Placement	537	-	-	-	537	-	537
Rights Issue	55,114	-	-	-	55,114	-	55,114
Issuance of Warrants E	-	6,683	-	(6,683)	-	-	-
Disposal of equity interest in a subsidiary	-	-	(8)	8	-	(8)	(8)
Total comprehensive loss for the period	-	-	-	(68,737)	(68,737)	(6,228)	(74,965)
As at 31 December 2018	415,850	11,481	-	20,392	447,723	18,333	466,056

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. Change in Financial Year End

As announced on 3 December 2019, the Group has changed its financial year end from 31 December 2019 to 30 June 2020. Accordingly, the current financial period covers an eighteen (18) months period from 1 January 2019 to 30 June 2020.

A2. 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").

A3. 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.

A4. 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.

A5. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A6. 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.

A7. 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.

A8. 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 December 2019, the following warrants have not been exercised:-

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

Warrants C had expired on 22 January 2020.

A9. Dividend paid

There was no dividend paid nor declared for the current financial quarter under review.

A10. 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
31 December 2019	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customers	2,595	1,326	887	-	4,808
Cost of sales	(2,043)	(790)	(371)	-	(3,204)
Segment profit	552	536	516	-	1,604
Profit before taxation					572
Income tax expenses					(336)
Profit after tax					236
Other comprehensive income					-
Total comprehensive income					236

The Group's segmental information by geographical location is not shown as the activities of the Group are in Malaysia.

A11. 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.

A12. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2019.

A13. 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.

A14. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A15. 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.

A16. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2019 that has not been reflected in this interim financial report.

A17. 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 31.12.19 (RM'000)	Preceding Year Corresponding Quarter 31.12.18 (RM'000)	Changes		Current Year To-Date 31.12.19 (RM'000)	Preceding Year Corresponding Period 31.12.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	4,808	45,098	(40,290)	(89.3)	43,423	121,246	(77,823)	(64.2)
Operating Profit/(Loss)	960	(65,712)	66,672	101.5	3,648	(69,587)	73,235	105.2
Profit/(Loss) before tax	572	(66,449)	67,021	100.9	1,830	(74,708)	76,538	102.4
Profit/(Loss) after tax	236	(65,715)	65,951	100.4	1,260	(74,966)	76,226	101.7
Profit/(Loss) attributable to Equity holders of the Company	91	(60,282)	60,373	100.2	944	(68,737)	69,681	101.4

For the current financial quarter ended 31 December 2019, the Group recorded revenue of RM4.808 million and profit before tax of RM0.572 million. The lower revenue is mainly due to decreases in the Construction and Aluminium segments, which were due to slower progress in on-going projects.

For the cumulative financial quarter ended 31 December 2019, the Group recorded revenues of RM43.423 million and profit before tax of RM1.830 million. Notwithstanding the decrease in revenue, the Group recorded better profitability compared to previous year, which recorded a loss before tax of M74.708 million. The loss in previous year was mainly due to various impairments under the first-time adoption of MFRS 9 whilst there is no similar impairment for the current year to-date. In addition, the Group recorded gains from the disposal of fixed assets, which further increased its profit before tax.

Revenue by segment:

	Individual Period				Cumulative Period			
	Current Year Quarter 31.12.19 (RM'000)	Preceding Year Corresponding Quarter 31.12.18 (RM'000)	Changes		Current Year To-Date 31.12.19 (RM'000)	Preceding Year Corresponding Period 31.12.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Construction	2,595	16,664	(14,069)	(84.4)	12,270	60,691	(48,421)	(79.8)
Aluminium	1,326	27,586	(26,260)	(95.2)	27,835	56,355	(28,520)	(50.6)
Telco	887	848	39	4.6	3,318	4,200	(882)	(21.0)
Total	4,808	45,098	(40,290)	(89.3)	43,423	121,246	(77,823)	(64.2)

Construction

The Construction segment contributed 54.0% of the total revenue for the current financial quarter ended 31 December 2019. Most of the projects in the construction segment are still in preliminary stages, hence lower progress billings and would only pick up pace by the second quarter of 2020.

Aluminium

The Aluminium segment contributed 27.6% of the total revenue for the current financial quarter ended 31 December 2019. The lower revenue is due to slower roll-out during the quarter.

Telco

The Telco segment contributed 18.4% of the total revenue for the current financial quarter ended 31 December 2019. The slight increase in revenue for the telco segment is due to higher value work orders received and completed.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.19 (RM'000)	Immediate Preceding Quarter 30.06.19 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	4,808	11,241	(6,433)	(57.2)
Operating Profit/(Loss)	960	2,858	(1,898)	(66.4)
Profit/(Loss) before tax	572	2,474	(1,902)	(76.9)
Profit/(Loss) after tax	236	2,485	(2,249)	(90.5)
Profit/(Loss) attributable to equity holders of the Company	91	2,111	(2,020)	(95.7)

Compared to the preceding financial quarter, the Group recorded decrease of RM6.433 million in revenue, mainly due to slower progress in on-going projects under the Construction and Aluminium segments. Accordingly, the lower revenue affected the profit before tax for the current financial quarter due to fixed overhead expenses.

B3. Prospects for 2020

To mitigate the reliance on its existing businesses, the Group has identified property development as part of its diversification strategy in view to diversify and expand its earnings base. Consequently, the Group had on 30 December 2019 announced that its subsidiary company, Vivocom Enterprise Sdn Bhd has entered into a joint venture development agreement (“JVDA”) with Handy Goals Development Sdn Bhd to develop and complete an on-going residential development in Selangor.

The JVDA serves as an entry point for the Group to venture into property development and is intended to provide a new source of income as well as expected to offer growth prospects for the Group. Moving forward, the Group intends to seek further opportunities in the property development business. Barring any unforeseen circumstances, the Board believes that the Proposed Diversification will potentially contribute positively to the Group's future earnings.

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 31.12.19 (RM'000)	Cumulative Year-to-Date 31.12.19 (RM'000)
Current tax	336	570
	336	570

For the current and cumulative quarter, the effective tax rate is 58.7% and 31.1% respectively, which is higher 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 31 December 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 31 December 2019 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	2,555	6,833
Project revolving credit	13,300	-
Hire purchase creditors	223	480
Total	16,078	7,313

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 2019	Cumulative Year-to-date 31 December 2019
	(RM'000)	(RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	62	671
Gains from disposal of fixed assets	1,500	2,695
Interest expense	(466)	(1,818)
Depreciation and amortization	(493)	(1,922)

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 31.12.19	Preceding Year Corresponding Quarter 31.12.18	Current Year To-Date 31.12.19	Preceding Year Corresponding Period 31.12.18
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	91	(60,282)	944	(68,737)
Weighted average number of shares in issue	('000)	5,664,536	5,664,536	5,664,536	4,153,576
Basic earnings/(loss) per share	(Sen)	0.00	(1.06)	0.02	(1.65)

- (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: 28 February 2020