

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
(Formerly known as Instacom Group Berhad)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2016	Preceding year corresponding quarter 30 June 2015	Current year to date 30 June 2016	Preceding year corresponding period 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	121,560	8,642	263,104	15,680
Cost of Sales	(87,171)	(8,153)	(191,023)	(13,781)
Operational depreciation and amortization	<u>(617)</u>	<u>(379)</u>	<u>(1,026)</u>	<u>(789)</u>
Gross Profit	33,772	110	71,055	1,110
Other operating income	526	368	586	898
Administrative Expenses	(988)	(2,075)	(3,969)	(2,649)
Depreciation and amortization	<u>(614)</u>	<u>(82)</u>	<u>(1,164)</u>	<u>(170)</u>
Operating Profit	32,696	(1,679)	66,508	(811)
Share of associate's results [^]	-	891	-	1,596
Finance cost	<u>(403)</u>	<u>(671)</u>	<u>(916)</u>	<u>(1,320)</u>
Profit Before Tax	32,293	(1,459)	65,592	(535)
Taxation	<u>(6,869)</u>	<u>-</u>	<u>(15,047)</u>	<u>-</u>
Profit After Tax	25,424	(1,459)	50,545	(535)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u>25,424</u>	<u>(1,459)</u>	<u>50,545</u>	<u>(535)</u>
Profit attributable to :				
Equity holders of the Company	21,014	(1,459)	40,885	(535)
Non-controlling interests	4,410	-	9,660	-
	<u>25,424</u>	<u>(1,459)</u>	<u>50,545</u>	<u>(535)</u>
Total comprehensive income attributable to :				
Equity holders of the Company	21,014	(1,459)	40,885	(535)
Non-controlling interests	4,410	-	9,660	-
	<u>25,424</u>	<u>(1,459)</u>	<u>50,545</u>	<u>(535)</u>
Weighted average no. of ordinary shares in issue ('000)	2,475,262	1,011,728	2,470,807	962,144
Earnings per share (sen):-				
a) Basic	0.85	(0.14)	1.65	(0.06)

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 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	As at 30 June 2016 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,562	29,696
Goodwill on consolidation	185,210	185,210
Receivables	18,462	14,810
Deferred tax assets	1,589	1,589
	<u>233,823</u>	<u>231,305</u>
Intangible Assets		
Intellectual Property Rights	154	163
Software Licenses	353	365
Development cost	6,106	6,337
	<u>6,613</u>	<u>6,865</u>
Current assets		
Inventories	4,461	3,070
Project work-in-progress	13,620	11,687
Receivables	86,007	92,145
Amount due from customers	90,493	35,143
Tax recoverable	-	63
Deposits with licensed banks	8,944	9,583
Cash And Cash Equivalents	59,828	23,012
	<u>263,353</u>	<u>174,703</u>
Total Assets	<u>503,789</u>	<u>412,873</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	258,728	234,025
Share premium	81,746	44,229
Other reserves	4,792	4,792
Retained profits	79,673	38,788
Shareholders' equity	<u>424,939</u>	<u>321,834</u>
Non-controlling interests	17,315	7,655
Total equity	<u>442,254</u>	<u>329,489</u>
Non-Current liabilities		
Borrowings	6,795	9,053
Hire purchase payables	2,137	2,047
Deferred taxation	387	387
	<u>9,319</u>	<u>11,487</u>
Current liabilities		
Payables	13,272	36,073
Amount owing to Directors	73	51
Bank overdraft	-	967
Borrowings	15,433	24,012
Hire purchase payables	1,502	2,445
Provision for taxation	21,936	8,349
	<u>52,216</u>	<u>71,897</u>
Total liabilities	<u>61,535</u>	<u>83,384</u>
Total equity and liabilities	<u>503,789</u>	<u>412,873</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.33</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 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Current year to date 30 June 2016 (Unaudited) RM'000	Preceding year corresponding period 30 June 2015 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	65,592	(535)
Adjustments for Non-cash items	2,915	326
Operating profit before working capital changes	68,507	(209)
Changes in working capital		
Net change in inventories and work-in-progress	(3,324)	(3,085)
Net change in trade and other receivables	6,138	6,063
Net change in trade and other payables	(22,801)	(69)
Net change in amount due from customers	(55,350)	-
Net change in directors account	22	(56)
Net cash from operations	(6,808)	2,644
Tax refund/(Tax paid)	(1,188)	608
Net cash generated from operating activities	(7,996)	3,252
CASH FLOW FROM INVESTING ACTIVITIES		
Withdrawal of fixed deposits	639	1,163
Disposal/(Purchase) of plant and equipment	(826)	1,045
Interest income	22	-
Net cash generated from/(used in) investing activities	(165)	2,208
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	62,199	-
Conversion of warrants	3	-
Borrowings	(10,837)	(4,661)
Hire purchases	(853)	(1,031)
Finance receivables	(3,652)	1,134
Interest paid	(916)	(1,253)
Net cash generated from/(used in) financing activities	45,944	(5,811)
Net Change in Cash and Cash Equivalents	37,783	(351)
Cash and Cash Equivalents at beginning of the period	22,045	13,443
Cash and Cash Equivalents at end of the period	59,828	13,092
Represented by :		
Cash and bank balances	59,828	13,642
Bank overdrafts	-	(550)
	59,828	13,092

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 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	<-----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 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
Conversion of warrants	3	-	- [^]	-	-	3	-	3
Total comprehensive income for the period	-	-	-	-	40,885	40,885	9,660	50,545
As at 31 June 2016	258,728	81,746	4,798	(6)	79,673	424,939	17,315	442,254
As at preceding year corresponding quarter 31 December 2015								
As at 31 December 2014 (Audited)	70,225	60,864	-	-	36,406	167,495	-	167,495
Investment in associate	30,948	27,852	-	-	-	58,800	-	58,800
Total comprehensive income for the period	-	-	-	-	(535)	(535)	-	(535)
As at 30 June 2015	101,173	88,716	-	-	35,871	225,760	-	225,760

[^] 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 2015.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
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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 2015 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 2016. 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 2015.

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. On 7 January 2016, 135,000,000 new Vivocom shares were issued pursuant to the proposed private placement of up to 10% of the issued and paid up shares capital of Vivocom at an issue price of RM0.25 per Vivocom share.
- ii. On 19 April 2016, 112,000,000 new Vivocom shares were issued pursuant to the proposed private placement of up to 10% of the issued and paid up shares capital of Vivocom at an issue price of RM0.264 per Vivocom share.
- iii. For the current and cumulative financial quarter ended 30 June 2016, 27,721 (Warrants B 2,334, Warrants C 15,199 and Warrants D 10,188) and 31,189 (Warrants B 2,334, Warrants C 17,267 and Warrants D 11,588) new Vivocom shares were issued respectively arising from the exercise of the Company's warrants.

As at 30 June 2016, 500,930,696 Warrants B, 200,342,516 Warrants C and 192,693,409 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 June 2016	Telco RM'000	Aluminium	Construction	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	15,712	11,780	94,068	-	121,560
Operating expenses (inclusive of depreciation charges)	(9,573)	(7,142)	(70,873)	-	(87,788)
Gross Profit	5,939	4,638	23,195	-	33,772
Profit before taxation					32,293
Income tax expenses					(6,869)
Profit after tax					25,424
Other comprehensive income					-
Total Comprehensive Profit					25,424

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 June 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 30 June 2016 RM'000	Cumulative Year-to-Date 30 June 2016 RM'000
Property, plant & equipment: Additions	567	826

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 2015.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 30 June 2016 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 30 June 2016, the Group recorded revenue of RM121.560 million and profit before tax of RM32.293 million.

Compared to the previous corresponding financial quarter ended 30 June 2015, the Group recorded increase of RM112.918 million in revenue. The substantial increase in revenue was attributable to the consolidation of the results of the subsidiary companies, Neata Aluminium (Malaysia) Sdn Bhd (“Neata”) and Vivocom Enterprise Sdn Bhd (“VESB”). The Group’s profit before tax also increased accordingly by RM33.752 million.

Revenue by segment:

	Current financial quarter ended 30 June 2016 (RM'000)	Preceding financial quarter ended 30 June 2015 (RM'000)	Current financial period-to-date 30 June 2016 (RM'000)	Preceding Financial period- to-date 30 June 2015 (RM'000)
Telco	15,712	8,642	23,409	15,680
Aluminium	11,780	N/A	19,821	N/A
Construction	94,068	N/A	219,874	N/A
Total	121,560	8,642	263,104	15,680

Telco

The Telco segment contributed 12.9% of the total revenue for the current financial quarter ended 30 June 2016. For current financial quarter and year-to-date, Telco recorded increase in revenue of RM7.070 million and RM7.729 million respectively. The increase was due the progress billing for a few major projects currently on-going.

Aluminium

The Aluminium segment contributed 9.7% of the total revenue for the current financial quarter ended 30 June 2016. The works carried out comprised the design and fabrication of aluminium structures for several housing projects.

Construction

The Construction segment contributed 77.4% of the total revenue for the current financial quarter ended 30 June 2016. This revenue was derived from the progress billings of several on-going construction projects undertaken by VESB.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 June 2016 RM'000	Preceding Quarter 31 March 2016 RM'000
Revenue	121,560	141,544
Profit before tax	32,293	33,299

Compared to the preceding financial quarter, the Group recorded decrease of RM19.984 million in revenue due to variation in the roll-out of projects. The profit before tax decreased slightly by RM1.006 million in conjunction with the decrease in revenue as compared to the preceding quarter. The increase in profit margin was due to the increase contribution from the Telco and Aluminium division, which have higher margin.

B3. Prospects for 2016

Since becoming subsidiary companies under the Group in November 2015, Neata and VESB have won numerous contracts and entered into various Heads of Agreement (“HOA”) with several parties for contract works amounting to RM1.412 billion.

In view of the positive developments above 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 2016.

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 June 2016 RM'000	Cumulative Year-to-Date 30 June 2016 RM'000
Current tax	6,869	15,047
	<hr/>	<hr/>
	6,869	15,047

For the current financial and cumulative quarter, the effective tax rate of the Group is 21.3% and 22.9% respectively. The effective tax rates are marginally lower than the statutory rate due utilization of unabsorbed tax losses brought forward for 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 :-

The proposed bonus issue announced on 12 July 2016 of up to 870,311,821 new ordinary shares of RM0.10 each in Vivocom to be credited as fully paid-up on the basis of one (1) bonus share for every four (4) existing Vivocom shares held on an entitlement date to be determined later. Subsequently, on 23 August 2016, the Company announced the entitlement date for the bonus issue is on 7 September 2016.

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 June 2016 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

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
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 30 June 2016 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	20,000	4,118	-	Within 24 months from completion
Private Placement expenses	1,200	1,200	-	-	Upon completion
Total	63,318	21,200	42,118	-	

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group for the financial quarter ended 30 June 2016 and the preceding year corresponding period 30 June 2015, is as follows :-

	Group Quarter Ended 30 June 2016 RM'000	Group Quarter Ended 30 June 2015 RM'000
Total retained profits of the Group:		
- Realised	120,493	60,699
- Unrealised	1,202	-
	<hr/> 121,695	<hr/> 60,699
Less : Consolidation adjustments	(42,022)	(24,828)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 79,673	<hr/> <hr/> 35,871

B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2016 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	1,187	6,795
Project revolving credit	14,246	-
Hire Purchase Creditors	1,502	2,137
	<hr/> 16,935	<hr/> 8,932

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 June 2016 RM'000	Cumulative Year-to-Date 30 June 2016 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	1,231	2,190
Gains on disposal of property, plant and equipment	179	192

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 June 2016	Preceding Year Corresponding Quarter 30 June 2015	Current Year-To-Date 30 June 2016	Preceding Year Corresponding Period 30 June 2015
Profit/(Loss) attributable to the equity holders of the Company (RM'000)	21,014	(1,459)	40,885	(535)
Weighted average number of shares in issue ('000)	2,475,262	1,011,728	2,470,807	962,144
Basic earnings per share (sen)	0.85	(0.14)	1.65	(0.06)

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Profit attributable to the equity holders of the Company (RM'000)	21,014	N/A	40,885	N/A
Weighted average number of shares in issue ('000)	2,475,262	N/A	2,470,807	N/A
Effect of dilution on assumed exercise of warrants ('000)	334,223	N/A	334,223	N/A
Adjusted weighted average number of shares in issue ('000)	<u>2,809,485</u>	<u>N/A</u>	<u>2,805,030</u>	<u>N/A</u>
Diluted earnings per share (sen)	0.75	N/A	01.46	N/A

By Order of the Board

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

Date: 30 August 2016