

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 September 2016	Preceding year corresponding quarter 30 September 2015	Current year to date 30 September 2016	Preceding year corresponding period 30 September 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	55,911	22,233	319,015	37,913
Cost of Sales	(35,619)	(14,434)	(226,642)	(29,215)
Operational depreciation and amortization	<u>(920)</u>	<u>(331)</u>	<u>(1,946)</u>	<u>(1,120)</u>
Gross Profit	19,372	7,468	90,427	7,578
Other operating income	20	991	606	1,889
Administrative Expenses	(1,593)	(2,091)	(5,563)	(3,740)
Depreciation and amortization	<u>(859)</u>	<u>(80)</u>	<u>(2,023)</u>	<u>(250)</u>
Operating Profit	16,940	6,288	83,447	5,477
Share of associate's results [^]	-	931	-	2,527
Finance cost	<u>(690)</u>	<u>(478)</u>	<u>(1,605)</u>	<u>(1,798)</u>
Profit Before Tax	16,250	6,741	81,842	6,206
Taxation	<u>(2,177)</u>	<u>-</u>	<u>(17,224)</u>	<u>-</u>
Profit After Tax	14,073	6,741	64,618	6,206
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u>14,073</u>	<u>6,741</u>	<u>64,618</u>	<u>6,206</u>
Profit attributable to :				
Equity holders of the Company	12,152	6,741	53,036	6,206
Non-controlling interests	1,921	-	11,582	-
	<u>14,073</u>	<u>6,741</u>	<u>64,618</u>	<u>6,206</u>
Total comprehensive income attributable to :				
Equity holders of the Company	12,152	6,741	53,036	6,206
Non-controlling interests	1,921	-	11,582	-
	<u>14,073</u>	<u>6,741</u>	<u>64,618</u>	<u>6,206</u>
Weighted average no. of ordinary shares in issue ('000)	3,122,163	1,271,860	3,119,166	1,121,282
Earnings per share (sen):-				
a) Basic	0.39	0.53	1.70	0.55

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)
(Formerly known as Instacom Group Berhad)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	As at 30 September 2016 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,200	29,696
Goodwill on consolidation	185,210	185,210
Receivables	12,551	14,810
Deferred tax assets	1,589	1,589
	<u>233,550</u>	<u>231,305</u>
Intangible Assets		
Intellectual Property Rights	149	163
Software Licenses	347	365
Development cost	5,991	6,337
	<u>6,487</u>	<u>6,865</u>
Current assets		
Inventories	1,448	3,070
Project work-in-progress	7,419	11,687
Receivables	115,418	92,145
Amount due from customers	115,619	35,143
Tax recoverable	214	63
Deposits with licensed banks	10,845	9,583
Cash And Cash Equivalents	31,334	23,012
	<u>282,297</u>	<u>174,703</u>
Total Assets	<u>522,334</u>	<u>412,873</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	323,422	234,025
Share premium	17,064	44,229
Other reserves	4,792	4,792
Retained profits	91,824	38,788
Shareholders' equity	<u>437,102</u>	<u>321,834</u>
Non-controlling interests	19,237	7,655
Total equity	<u>456,339</u>	<u>329,489</u>
Non-Current liabilities		
Borrowings	10,642	9,053
Hire purchase payables	1,840	2,047
Deferred taxation	387	387
	<u>12,869</u>	<u>11,487</u>
Current liabilities		
Payables	7,540	36,073
Amount owing to Directors	6	51
Bank overdraft	-	967
Borrowings	23,625	24,012
Hire purchase payables	1,354	2,445
Provision for taxation	20,601	8,349
	<u>53,126</u>	<u>71,897</u>
Total liabilities	<u>65,995</u>	<u>83,384</u>
Total equity and liabilities	<u>522,334</u>	<u>412,873</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</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)
(Formerly known as Instacom Group Berhad)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Current year to date 30 September 2016 (Unaudited) RM'000	Preceding year corresponding period 30 September 2015 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	81,842	6,206
Adjustments for Non-cash items	5,443	(560)
Operating profit before working capital changes	87,285	5,646
Changes in working capital		
Net change in inventories and work-in-progress	5,890	(3,063)
Net change in trade and other receivables	(23,273)	10,239
Net change in trade and other payables	(28,533)	(2,608)
Net change in amount due from customers	(80,476)	-
Net change in directors account	(45)	(22)
Net cash from operations	(39,152)	10,192
Tax refund/(Tax paid)	(5,074)	689
Net cash generated from operating activities	(44,226)	10,881
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in associate company	-	(7,358)
Deposit of fixed deposits	(1,262)	1,255
Disposal/(Purchase) of plant and equipment	(8,128)	1,965
Interest income	131	-
Net cash generated from/(used in) investing activities	(9,259)	(4,138)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	62,199	-
Proceeds from Rights Issue	-	28,906
Rights Issue expenses	-	(1,194)
Conversion of warrants	17	-
Borrowings	1,202	(4,500)
Hire purchases	(1,298)	(1,818)
Finance receivables	2,259	(2,324)
Interest paid	(1,605)	(1,870)
Net cash generated from/(used in) financing activities	62,774	17,200
Net Change in Cash and Cash Equivalents	9,289	24,087
Cash and Cash Equivalents at beginning of the period	22,045	13,443
Cash and Cash Equivalents at end of the period	31,334	37,530
Represented by :		
Cash and bank balances	31,334	37,994
Bank overdrafts	-	(464)
	31,334	37,530

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)*(Formerly known as Instacom Group Berhad)***UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
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	4,798	(6)	91,824	437,102	19,237	456,339
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
Rights Issue	28,906	(1,194)	-	-	-	27,712	-	27,712
Investment in associate	30,948	27,852	-	-	(742)	58,058	-	58,058
Total comprehensive income for the period	-	-	-	-	6,206	6,206	-	6,206
As at 30 September 2015	130,079	87,522	-	-	41,870	259,471	-	259,471

^ 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)

(Formerly known as Instacom Group Berhad)

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. On 8 September 2016, the Company announced that the following were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad: -
 - a) 644,844,282 new Vivocom Shares were issued pursuant to the bonus issue of new Vivocom Shares on the basis of one (1) bonus share for every four (4) existing Vivocom Shares held on 7 September 2016; and

- b) 125,229,175 additional Warrants B, 50,073,502 additional Warrants C and 48,164,860 additional Warrants D were issued consequential to the bonus issue.
- iv. For the current and cumulative financial quarter ended 30 September 2016, new Vivocom shares were issued arising from the exercise of the Company's warrants as follows :-

	Current Quarter ended 30 September 2016	Cumulative Year to date 30 September 2016
Warrants B	14,266	16,600
Warrants C	62,771	80,038
Warrants D	43,490	55,078
Total no. of shares issued	120,527	151,716

As at 30 September 2016, 626,145,878 Warrants B, 250,353,247 Warrants C and 240,814,779 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 2016	Telco RM'000	Alumi- nium	Construc- tion	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	13,656	8,773	33,482	-	55,911
Operating expenses (inclusive of depreciation charges)	(6,846)	(4,625)	(25,068)	-	(36,539)
Gross Profit	6,810	4,148	8,414	-	19,372
Profit before taxation					16,250
Income tax expenses					(2,177)
Profit after tax					14,073
Other comprehensive income					-
Total Comprehensive Profit					14,073

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 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 September 2016 RM'000	Cumulative Year-to-Date 30 September 2016 RM'000
Property, plant & equipment: Additions	7,302	8,128

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 September 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 September 2016, the Group recorded revenue of RM55.911 million and profit before tax of RM14.073 million.

Compared to the previous corresponding financial quarter ended 30 September 2015, the Group recorded increase of RM33.678 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 RM9.509 million.

Revenue by segment:

	Current financial quarter ended 30 September 2016 (RM'000)	Preceding financial quarter ended 30 September 2015 (RM'000)	Current financial period-to-date 30 September 2016 (RM'000)	Preceding Financial period- to-date 30 September 2015 (RM'000)
Telco	13,656	22,233	37,065	37,913
Aluminium	8,773	N/A	28,594	N/A
Construction	33,482	N/A	253,356	N/A
Total	55,911	22,233	319,015	37,913

Telco

The Telco segment contributed 24.4% of the total revenue for the current financial quarter ended 30 September 2016. For current financial quarter and year-to-date, Telco recorded decrease in revenue of RM8.577 million and RM0.848 million respectively. The decrease was due to the fewer work orders received.

Aluminium

The Aluminium segment contributed 15.7% of the total revenue for the current financial quarter ended 30 September 2016. The works carried out comprised the design and fabrication of aluminium structures for several housing projects.

Construction

The Construction segment contributed 59.9% of the total revenue for the current financial quarter ended 30 September 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 September 2016 RM'000	Preceding Quarter 30 June 2016 RM'000
Revenue	55,911	121,560
Profit before tax	16,250	32,293

Compared to the preceding financial quarter, the Group recorded decrease of RM65.649 million in revenue due to difference in billing cycle of the projects. The profit before tax decreased accordingly by RM16.043 million in conjunction with the decrease in revenue as compared to the preceding quarter. The slight increase in profit margin was due to the increase contribution from the Telco and Aluminium division, which have higher margin.

B3. Prospects for 2016

For the current financial year to date, the Group has been awarded numerous projects for the aluminium and construction segment, which shall 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 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 September 2016 RM'000	Cumulative Year-to-Date 30 September 2016 RM'000
Current tax	2,177	17,224
	<hr/>	<hr/>
	2,177	17,224

For the current financial and cumulative quarter, the effective tax rate of the Group is 13.4% and 21.1% 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, 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 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
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 September 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	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 30 September 2016 and the preceding year corresponding period 30 September 2015, is as follows :-

	Group Quarter Ended 30 September 2016 RM'000	Group Quarter Ended 30 September 2015 RM'000
Total retained profits of the Group:		
- Realised	132,644	61,901
- Unrealised	1,202	-
	<u>133,846</u>	<u>61,901</u>
Less : Consolidation adjustments	(42,022)	(24,829)
Total Group retained profits as per consolidated accounts	<u>91,824</u>	<u>37,072</u>

B9. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	5,228	10,642
Project revolving credit	18,397	-
Hire Purchase Creditors	1,355	1,840
	<u>24,980</u>	<u>12,482</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 30 September 2016 RM'000	Cumulative Year-to-Date 30 September 2016 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	1,779	3,969
Gains on disposal of property, plant and equipment	-	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 September 2016	Preceding Year Corresponding Quarter 30 September 2015	Current Year-To-Date 30 September 2016	Preceding Year Corresponding Period 30 September 2015
Profit/(Loss) attributable to the equity holders of the Company (RM'000)	12,152	6,741	53,036	6,206
Weighted average number of shares in issue ('000)	3,122,163	1,011,728	3,119,166	977,720
Effect of issuance of shares pursuant to Rights Issue ('000)	N/A	260,132	N/A	143,562
Adjusted weighted average number of shares in issue ('000)	3,122,163	1,271,860	3,119,166	1,121,282
Basic earnings/(loss) per share (sen)	0.39	0.53	1.70	0.55

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Profit attributable to the equity holders of the Company (RM'000)	12,152	6,741	53,036	6,206
Weighted average number of shares in issue ('000)	3,122,163	1,271,860	3,119,166	1,121,282
Effect of dilution on assumed exercise of warrants ('000)	386,731	17,566	386,731	8,749
Adjusted weighted average number of shares in issue ('000)	<u>3,508,894</u>	<u>1,289,426</u>	<u>3,505,897</u>	<u>1,130,031</u>
Diluted earnings per share (sen)	0.35	0.52	1.51	0.55

By Order of the Board

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

Date: 29 November 2016