

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 September 2018	Preceding year corresponding quarter 30 September 2017	Current year to date 30 September 2018	Preceding year corresponding period 30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	22,678	61,452	77,330	148,421
Cost of Sales	(21,583)	(45,423)	(67,011)	(106,047)
Operational depreciation and amortization	<u>(218)</u>	<u>(280)</u>	<u>(680)</u>	<u>(929)</u>
<b>Gross Profit</b>	877	15,749	9,639	41,445
Other operating income	386	87	795	733
Administrative Expenses	(9,255)	(4,120)	(16,443)	(10,186)
Depreciation and amortization	<u>(978)</u>	<u>(128)</u>	<u>(1,712)</u>	<u>(1,719)</u>
Operating (Loss)/Profit	(8,970)	11,588	(7,721)	30,273
Finance cost	<u>(655)</u>	<u>(570)</u>	<u>(1,835)</u>	<u>(1,577)</u>
<b>(Loss)/Profit Before Tax</b>	(9,625)	11,018	(9,556)	28,696
Taxation	<u>1,103</u>	<u>(2,762)</u>	<u>-</u>	<u>(7,088)</u>
<b>(Loss)/Profit After Tax</b>	(8,522)	8,256	(9,556)	21,608
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(8,522)</u>	<u>8,256</u>	<u>(9,556)</u>	<u>21,608</u>
<b>(Loss)/Profit attributable to :</b>				
Equity holders of the Company	(6,977)	6,271	(8,758)	17,229
Non-controlling interests	<u>(1,545)</u>	<u>1,985</u>	<u>(798)</u>	<u>4,379</u>
	<u><b>(8,522)</b></u>	<u><b>8,256</b></u>	<u><b>(9,556)</b></u>	<u><b>21,608</b></u>
<b>Total comprehensive (loss)/income attributable to :</b>				
Equity holders of the Company	(6,977)	6,271	(8,758)	17,229
Non-controlling interests	<u>(1,545)</u>	<u>1,985</u>	<u>(798)</u>	<u>4,379</u>
	<u><b>(8,522)</b></u>	<u><b>8,256</b></u>	<u><b>(9,556)</b></u>	<u><b>21,608</b></u>
Weighted average no. of ordinary shares in issue ('000)	4,876,863	4,102,454	4,419,410	4,090,000
(Loss)/Earnings per share (sen):-				
a) Basic	(0.14)	0.15	(0.20)	0.42

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 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018

	As at 30 September 2018 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2017 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,252	29,595
Goodwill on consolidation	178,830	178,830
Receivables	6,488	9,130
Deferred tax assets	-	-
	<u>212,570</u>	<u>217,555</u>
<b>Current assets</b>		
Inventories	4,987	2,556
Receivables	268,375	287,902
Amount due from customers	52,774	54,820
Deposits with licensed banks	10,225	9,091
Cash And Cash Equivalents	87,612	37,766
	<u>423,973</u>	<u>392,135</u>
<b>Total Assets</b>	<u><u>636,543</u></u>	<u><u>609,690</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	415,851	360,199
Other reserves	11,490	4,806
Retained profits	87,244	102,686
<b>Shareholders' equity</b>	<u>514,585</u>	<u>467,691</u>
Non-controlling interests	25,645	26,443
<b>Total equity</b>	<u>540,230</u>	<u>494,134</u>
<b>Non-Current liabilities</b>		
Borrowings	18,315	8,013
Hire purchase payables	791	950
Deferred taxation	386	386
	<u>19,492</u>	<u>9,349</u>
<b>Current liabilities</b>		
Payables	59,538	65,904
Bank overdraft	-	1,613
Borrowings	14,736	23,382
Hire purchase payables	800	808
Provision for taxation	1,747	14,500
	<u>76,821</u>	<u>106,207</u>
<b>Total liabilities</b>	96,313	115,556
<b>Total equity and liabilities</b>	<u><u>636,543</u></u>	<u><u>609,690</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.09</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 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Current year to date 30 September 2018 (Unaudited) RM'000	Preceding year corresponding period 30 September 2017 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit Before Taxation	(9,556)	28,696
Adjustments for Non-cash items	6,444	4,057
<b>Operating profit before working capital changes</b>	(3,112)	32,753
Changes in working capital		
Net change in inventories and work-in-progress	(2,431)	5,130
Net change in trade and other receivables	19,527	(32,552)
Net change in trade and other payables	(6,366)	(969)
Net change in amount due from customers	2,046	57
Net change in directors account	-	130
<b>Net cash from operations</b>	9,664	4,549
Tax paid	(15,114)	(4,668)
<b>Net cash used in operating activities</b>	(5,450)	(119)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Placement of fixed deposits	(1,134)	21
Disposal/(Purchase) of plant and equipment	(48)	1,276
Interest income	143	168
<b>Net cash generated from/(used in) investing activities</b>	(1,039)	1,465
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Rights Issue	56,645	-
Proceeds from Private Placement	537	8,606
Rights Issue expenses	(1,530)	-
Borrowings	1,656	(8,373)
Hire purchases	(167)	(777)
Finance receivables	2,642	(72)
Interest paid	(1,835)	(1,577)
<b>Net cash generated from/(used in) financing activities</b>	57,948	(2,193)
<b>Net Change in Cash and Cash Equivalents</b>	51,459	(847)
<b>Cash and Cash Equivalents at beginning of the period</b>	36,153	29,443
<b>Cash and Cash Equivalents at end of the period</b>	87,612	28,596
<b>Represented by :</b>		
Cash and bank balances	87,612	30,488
Bank overdrafts	-	(1,892)
	87,612	28,596

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 2017.

**VIVOCOM INTL HOLDINGS BERHAD (596299-D)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	<-----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 RM'000	Total RM'000		
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 income for the period	-	-	-	-	(8,758)	(8,758)	(798)	(9,556)
<b>As at 30 September 2018</b>	<b>415,851</b>	<b>-</b>	<b>11,482</b>	<b>8</b>	<b>87,244</b>	<b>514,585</b>	<b>25,645</b>	<b>540,230</b>
<b>As at preceding year corresponding quarter 30 September 2017</b>								
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

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 2017.

**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 2017 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 2017.

**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") :-

	<b>Shares Listing Date</b>	<b>No. of shares</b>
1	13.02.2018	5,000,000

- ii. On 29 August 2018, the following equity securities were issued pursuant renounceable rights issue of up to 3,010,706,070 new ordinary shares in Vivocom on the basis of 2 Rights Shares for every 3 existing Vivocom Shares held together with up to 1,505,353,035 free detachable warrants ("Warrant(s) E") on the basis of 1 Warrant E for every 2 Rights Shares subscribed for :

	<b>Type of Equity</b>	<b>Units</b>
1	Rights Shares	2,265,814,275
2	Warrants E	1,132,906,538
3	Additional Warrants B	275,502,787
4	Additional Warrants C	110,160,335
5	Additional Warrants D	105,962,425

iii. As at 30 September 2018, the following warrants have not been exercised:-

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

Warrants B had expired on 7 Sept 2018 and were subsequently delisted on 12 September 2018.

#### 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 2018	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customers	10,733	11,647	298	-	22,678
Cost of sales	(10,270)	(11,354)	(177)	-	(21,801)
Segment profit	463	293	121	-	877
Loss before taxation					(9,625)
Income tax expenses					1,103
Loss after tax					(8,522)
Other comprehensive income					-
<b>Total comprehensive loss</b>					<b>(8,522)</b>

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 2018.

**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 2017.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 September 2018 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	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
	30.09.18 (RM'000)	30.09.17 (RM'000)	(RM'000)	(%)	30.09.18 (RM'000)	30.09.17 (RM'000)	(RM'000)	(%)
Revenue	22,678	61,452	(38,774)	(63.1)	77,330	148,421	(71,091)	(47.9)
Operating (Loss)/Profit	(8,970)	11,588	(20,558)	(177.4)	(7,721)	30,273	(37,994)	(125.5)
(Loss)/Profit before tax	(9,625)	11,018	(20,643)	(187.4)	(9,556)	28,696	(38,252)	(133.3)
(Loss)/Profit after tax	(8,522)	8,256	(16,778)	(203.2)	(9,556)	21,608	(31,164)	(144.2)
(Loss)/Profit attributable to Equity holders of the Company	(6,977)	6,271	(13,248)	(211.3)	(8,758)	17,229	(25,987)	(150.8)

For the current financial quarter ended 30 September 2018, the Group recorded revenue of RM22.678 million and loss before tax of RM9.625 million. The lower revenue for the year is mainly due to decrease in all revenue segments of the Group.

Compared to the previous corresponding financial quarter ended 30 September 2017, Construction recorded the biggest decrease, amounting to RM28.875 million. Up to 30 September 2018, most projects recorded slower construction pace due to uncertainty arising from the political change in the country and macroeconomic sentiments, hence the amount of work done up to 30 September 2018 was lower.

The decrease in profitability of the Group for the current financial quarter ended 30 September 2018 was due to the lower revenue generated, which was temporarily insufficient to cover the Group's overheads. During the current financial quarter ended 30 September 2018, the Group provided for impairment on MFRS 9 amounting to RM2.363 million.

**Revenue by segment:**

	Individual Period				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
	30.09.18 (RM'000)	30.09.17 (RM'000)	(RM'000)	(%)	30.09.18 (RM'000)	30.09.17 (RM'000)	(RM'000)	(%)
Construction	10,733	39,608	(28,875)	(72.9)	44,518	82,616	(38,098)	(46.1)
Aluminium	11,647	16,450	(4,803)	(29.2)	29,315	44,412	(15,097)	(34.0)
Telco	298	5,394	(5,096)	(94.5)	3,497	21,393	(17,896)	(83.7)
<b>Total</b>	<b>22,678</b>	<b>61,452</b>	<b>(38,774)</b>	<b>(63.1)</b>	<b>77,330</b>	<b>148,421</b>	<b>(71,091)</b>	<b>(47.9)</b>

**Construction**

The Construction segment contributed 47.3% of the total revenue for the current financial quarter ended 30 September 2018. The decrease in revenue for the current year as most projects recorded slower construction pace due to uncertainty arising from the political change in the country and macroeconomic sentiments, hence the amount of work done up to 30 September 2018 was lower.

**Aluminium**

The Aluminium segment contributed 51.4% of the total revenue for the current financial quarter ended 30 September 2018. The decrease in revenue for the current year is mainly attributable to slower roll-out as compared to last year.

**Telco**

The Telco segment contributed 1.3% of the total revenue for the current financial quarter ended 30 September 2018. The decrease in revenue for the telco segment is due to lower work orders received and the delay in award and implementation of the next phase of the USP project under the Malaysian Communications and Multimedia Commissions.

**B2. Comparison to the results of the preceding quarter**

	Current Year Quarter 30.09.18 (RM'000)	Immediate Preceding Quarter 31.06.18 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	22,678	19,597	3,081	15.7
Operating Profit	(8,970)	(3,227)	(5,743)	178.0
Loss before tax	(9,625)	(3,900)	(5,725)	146.8
Loss after tax	(8,522)	(3,833)	(4,689)	122.3
Loss attributable to equity holders of the Company	(6,977)	(3,878)	(3,099)	79.9

Compared to the preceding financial quarter, the Group recorded increase of RM3.081 million in revenue due to slight increase in progress billing for the Construction and Aluminium segments. However, operating profit decreased by RM5.743 million due higher material and operations cost, and the provision of impairment due to MFRS 9 mounting to RM2.363 million.

**B3. Prospects for 2018**

As disclosed recently, currently Group has running contracts worth RM863.5 million, of which RM675.3 million is yet to be billed. The projects will keep the Group busy for the next 2-3 years and contribute positively to the results of the Group.

**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

	<b>Current Quarter 30.09.18 (RM'000)</b>	<b>Cumulative Year-to-Date 30.09.18 (RM'000)</b>
Current tax	(1,103)	-
	<b>(1,103)</b>	<b>-</b>

For the current quarter, the effective tax rate for the Group was -11.5% due to overprovision of tax from the preceding quarter.

For the year-to-date ended 30 September 2018, the effective tax rate for the Group was NIL due to loss making position of 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 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 2018 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Amount Utilised (RM'000)</b>	<b>Amount Unutilised (RM'000)</b>	<b>Deviation (RM'000)</b>	<b>Intended time frame for Utilisation</b>
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
<b>Total</b>	<b>63,318</b>	<b>25,318</b>	<b>38,000</b>	<b>-</b>	

- ii) The status of utilisation of the gross proceeds of RM56.6457 million from the Rights Issue by the Company as at 30 September 2018 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	10,000	20,445	-	Within 24 months from completion	Being additional rights issue expenses of RM330,000 incurred
Rights Issue expenses	1,200	1,530	-	(330)	Upon completion	
<b>Total</b>	<b>56,645</b>	<b>11,530</b>	<b>45,445</b>	<b>(330)</b>		

#### **B8. Group borrowings and debt securities**

The Group's borrowings as at 30 September 2018 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
<b>Secured</b>		
Term Loans	877	18,315
Project revolving credit	13,859	-
Hire purchase creditors	800	791
<b>Total</b>	<b>15,536</b>	<b>19,106</b>

#### **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**

	<b>Current Quarter Ended 30 September 2018 (RM'000)</b>	<b>Cumulative Year-to-date 30 September 2018 (RM'000)</b>
This is arrived at after (charging)/crediting :-		
Interest income	70	143
Impairment for MFRS 9	(2,363)	(2,363)
Interest expense	(655)	(1,835)
Depreciation and amortization	(1,196)	(2,392)

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.

		<b>Individual Quarter</b>		<b>Cumulative Period</b>	
		<b>Current Year Quarter 30.09.18</b>	<b>Preceding Year Corresponding Quarter 30.09.17</b>	<b>Current Year To-Date 30.09.18</b>	<b>Preceding Year Corresponding Period 30.09.17</b>
Profit attributable to the equity holders of the Company	(RM'000)	(6,977)	6,271	(8,758)	17,229
Weighted average number of shares in issue	('000)	3,397,934	3,252,971	3,398,721	3,240,517
Effect of issuance of shares pursuant to the Right Issues	('000)	1,478,929	849,483	1,020,688	849,483
Adjusted weighted average number of shares in issue	('000)	4,876,863	4,102,454	4,419,409	4,090,000
Basic earnings per share	(Sen)	(0.14)	0.15	(0.20)	0.42

- (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: 30 November 2018