

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

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

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2019	Preceding year corresponding quarter 31 March 2018	Current year to date 31 March 2019	Preceding year corresponding period 31 March 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	15,017	35,054	15,017	35,054
Cost of Sales	(11,921)	(26,753)	(11,921)	(26,753)
Operational depreciation and amortization	<u>(165)</u>	<u>(142)</u>	<u>(165)</u>	<u>(142)</u>
Gross Profit	2,931	8,159	2,931	8,159
Other operating income	239	190	239	190
Administrative Expenses	(2,952)	(3,243)	(2,952)	(3,243)
Depreciation and amortization	<u>(195)</u>	<u>(631)</u>	<u>(195)</u>	<u>(631)</u>
Operating (Loss)/Profit	23	4,475	23	4,475
Finance cost	<u>(559)</u>	<u>(507)</u>	<u>(559)</u>	<u>(507)</u>
(Loss)/Profit Before Tax	(536)	3,968	(536)	3,968
Taxation	<u>(152)</u>	<u>(1,169)</u>	<u>(152)</u>	<u>(1,169)</u>
(Loss)/Profit After Tax	(688)	2,799	(688)	2,799
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(688)</u>	<u>2,799</u>	<u>(688)</u>	<u>2,799</u>
(Loss)/Profit attributable to :				
Equity holders of the Company	(554)	2,006	(554)	2,006
Non-controlling interests	<u>(134)</u>	<u>793</u>	<u>(134)</u>	<u>793</u>
	<u>(688)</u>	<u>2,799</u>	<u>(688)</u>	<u>2,799</u>
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	(554)	2,006	(554)	2,006
Non-controlling interests	<u>(134)</u>	<u>793</u>	<u>(134)</u>	<u>793</u>
	<u>(688)</u>	<u>2,799</u>	<u>(688)</u>	<u>2,799</u>
Weighted average no. of ordinary shares in issue ('000)	5,664,536	3,396,333	5,664,536	3,396,333
(Loss)/Earnings per share (sen):-				
a) Basic	(0.01)	0.06	(0.01)	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 2018.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	As at 31 March 2019 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,884	27,502
Goodwill on consolidation	146,412	146,412
Other investment	2,969	2,969
Receivables	29,067	28,717
Deferred tax assets	-	-
	<u>205,332</u>	<u>205,600</u>
Current assets		
Inventories	2,494	2,061
Receivables	267,421	262,943
Amount due from customers	24,192	33,237
Deposits with licensed banks	9,478	9,783
Cash And Cash Equivalents	53,946	58,915
	<u>357,531</u>	<u>366,939</u>
Total Assets	<u><u>562,863</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	19,838	20,392
Shareholders' equity	<u>447,169</u>	<u>447,723</u>
Non-controlling interests	18,199	18,333
Total equity	<u>465,368</u>	<u>466,056</u>
Non-Current liabilities		
Borrowings	9,823	10,151
Hire purchase payables	684	769
Trade and other payables	10,690	10,690
Deferred taxation	253	253
	<u>21,450</u>	<u>21,863</u>
Current liabilities		
Payables	48,908	50,923
Bank overdraft	-	1,175
Borrowings	24,562	29,779
Hire purchase payables	536	717
Provision for taxation	2,039	2,026
	<u>76,045</u>	<u>84,620</u>
Total liabilities	97,495	106,483
Total equity and liabilities	<u><u>562,863</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>0.13</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 MARCH 2019

	Current year to date 31 March 2019 (Unaudited) RM'000	Preceding year corresponding period 31 March 2018 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit Before Taxation	(536)	3,968
Adjustments for Non-cash items	882	1,280
Operating profit before working capital changes	346	5,248
Changes in working capital		
Net change in inventories and work-in-progress	(433)	681
Net change in trade and other receivables	(4,478)	(5,301)
Net change in trade and other payables	(2,015)	11,854
Net change in amount due from customers	9,045	(9,040)
Net change in directors account	-	-
Net cash from operations	2,465	3,442
Tax paid	(1,314)	243
Net cash used in operating activities	1,151	3,685
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	305	(266)
Disposal of plant and equipment	258	86
Interest income	37	-
Net cash generated from/(used in) investing activities	600	(180)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	-	537
Borrowings	(5,545)	(544)
Hire purchases	(266)	(142)
Finance receivables	(350)	(291)
Interest paid	(559)	(507)
Net cash generated from/(used in) financing activities	(6,720)	(947)
Net Change in Cash and Cash Equivalents	(4,969)	2,558
Cash and Cash Equivalents at beginning of the period	58,915	36,153
Cash and Cash Equivalents at end of the period	53,946	38,711
Represented by :		
Cash and bank balances	53,946	39,697
Bank overdrafts	-	(986)
	53,946	38,711

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 MARCH 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	-	-	-	(554)	(554)	(134)	(688)
As at 31 March 2019	415,850	11,481	-	19,838	447,169	18,199	465,368
As at preceding year corresponding quarter 31 March 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
Total comprehensive income for the period	-	-	-	2,006	2,006	793	2,799
As at 31 March 2018	360,736	4,798	8	104,692	470,234	27,236	497,470

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 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 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 31 March 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
31 March 2019	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customers	2,557	11,086	1,374	-	15,017
Cost of sales	(2,257)	(9,333)	(496)	-	(12,086)
Segment profit	300	1,753	878	-	2,931
Loss before taxation					(536)
Income tax expenses					(152)
Loss after tax					(688)
Other comprehensive income					-
Total comprehensive loss					(688)

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 31 March 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 31 March 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 31.03.19 (RM'000)	Preceding Year Corresponding Quarter 31.03.18 (RM'000)	Changes		Current Year To-Date 31.03.19 (RM'000)	Preceding Year Corresponding Period 31.03.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	15,017	35,054	(20,037)	(57.2)	15,017	35,054	(20,037)	(57.2)
Operating Profit	23	4,475	(4,452)	(99.5)	23	4,475	(4,452)	(99.5)
(Loss)/Profit before tax	(536)	3,968	(4,504)	(113.5)	(536)	3,968	(4,504)	(113.5)
(Loss)/Profit after tax	(688)	2,799	(3,487)	(124.6)	(688)	2,799	(3,487)	(124.6)
(Loss)/Profit attributable to Equity holders of the Company	(554)	2,006	(2,560)	(127.6)	(554)	2,006	(2,560)	(127.6)

For the current financial quarter ended 31 March 2019, the Group recorded revenue of RM15.017 million and loss before tax of RM0.536 million. The lower revenue is mainly due to decrease in the Construction segment and mitigated by the increase in revenue under Aluminium segment. Most of the projects in the construction segment are in preliminary stages, hence lower progress billings and would only pick up pace by the 3rd quarter of the year.

The lower revenue had resulted in the loss before tax of RM0.536 million compared to the profit before tax of RM3.968 million recorded in the same period in 2018, due to the running costs of the Group. In mitigation, the Group has embarked on a resource rationalization exercise and this had resulted in lower administrative expenses by RM0.291 million in the first quarter of 2019.

Revenue by segment:

	Individual Period				Cumulative Period			
	Current Year Quarter 31.03.19 (RM'000)	Preceding Year Corresponding Quarter 31.03.18 (RM'000)	Changes		Current Year To-Date 31.03.19 (RM'000)	Preceding Year Corresponding Period 31.03.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Construction	2,557	24,952	(22,395)	(89.8)	2,557	24,952	(22,395)	(89.8)
Aluminium	11,086	8,379	2,707	32.3	11,085	8,379	2,706	32.3
Telco	1,374	1,723	(349)	(20.3)	1,375	1,723	(348)	(20.2)
Total	15,017	35,054	(20,037)	(57.2)	15,017	35,054	(20,037)	(57.2)

Construction

The Construction segment contributed 17.0% of the total revenue for the current financial quarter ended 31 March 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 3rd quarter of the year.

Aluminium

The Aluminium segment contributed 73.8% of the total revenue for the current financial quarter ended 31 March 2019. The increase in revenue for the current year is mainly attributable to several projects ramping up for completion.

Telco

The Telco segment contributed 9.1% of the total revenue for the current financial quarter ended 31 March 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 31.03.19 (RM'000)	Immediate Preceding Quarter 31.12.18 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	15,017	45,098	(30,081)	(66.7)
Operating Loss	23	(65,712)	65,735	(100.0)
Loss before tax	(536)	(66,449)	65,913	(99.2)
Loss after tax	(688)	(65,715)	65,027	(99.0)
Loss attributable to equity holders of the Company	(554)	(60,282)	59,728	(99.1)

Compared to the preceding financial quarter, the Group recorded decrease of RM30.081 million in revenue mainly due to lower revenue in the Construction segment and mitigated by the increase in revenue under Aluminium segment. Most of the projects in the construction segment are in preliminary stages, hence lower progress billings and would only pick up pace by the 3rd quarter of the year. There are no impairment charges for the current quarter, hence the losses before and after tax is lower than the preceding quarter.

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 31.03.19 (RM'000)	Cumulative Year-to-Date 31.03.19 (RM'000)
Current tax	152	152
	152	152

For the current and cumulative quarter, the effective tax rate is 28.4%, 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 RM63.318 million from the Private Placement of up to 10% of the issued and paid up share capital of Vivocom as at 31 March 2019 are as follows:-

Purposes	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Deviation (RM'000)	Intended time frame 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	-	

- ii) The status of utilisation of the gross proceeds of RM56.6457 million from the Rights Issue by the Company as at 31 March 2019 are as follows:-

Purposes	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Deviation (RM'000)	Intended time frame 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 March 2019 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	3,108	9,823
Project revolving credit	21,454	-
Hire purchase creditors	536	684
Total	25,098	10,507

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 March 2019 (RM'000)	Cumulative Year-to-date 31 March 2019 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	37	37
Interest expense	(559)	(559)
Depreciation and amortization	(360)	(360)

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 31.03.19	Preceding Year Corresponding Quarter 31.03.18	Current Year To-Date 31.03.19	Preceding Year Corresponding Period 31.03.18
Loss/Profit attributable to the equity holders of the Company	(RM'000)	(554)	2,006	(554)	2,006
Weighted average number of shares in issue	('000)	5,664,536	3,396,333	5,664,536	3,396,333
Basic loss per share	(Sen)	(0.01)	0.06	(0.01)	0.06

- (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: 31 May 2019