

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Instacom Shares, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Insurban Corporate Services Sdn Bhd (76260-W) at 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus together with the NPA and the RSF have also been lodged with the Registrar of Companies, who takes no responsibility for the contents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 26 May 2015. Approval from Bursa Securities has also been obtained vide its letter dated 8 April 2015 for, amongst others, the admission of the Warrants D to the Official List and the listing of the Warrants D, Rights Shares and the new Instacom Shares to be issued arising from the exercise of the Warrants D on the ACE Market of Bursa Securities. The admission of the Warrants D to the Official List and the listing of and quotation for the Rights Shares and Warrants D will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. Admission of the Warrants D to the Official List and the listing of and quotation for the Warrants D, Rights Shares and the new Instacom Shares to be issued arising from the exercise of the Warrants D on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants, including this Abridged Prospectus, together with the NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus together with the NPA and the RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on Monday, 15 June 2015. This Abridged Prospectus together with the NPA and the RSF are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Entitled Shareholders and/ or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation made by the Entitled Shareholders and/ or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



INSTACOM GROUP BERHAD

(Company No. 596299-D)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 429,515,979 NEW ORDINARY SHARES OF RM0.10 EACH IN INSTACOM GROUP BERHAD ("INSTACOM") ("INSTACOM SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING INSTACOM SHARES HELD, TOGETHER WITH UP TO 214,757,989 FREE DETACHABLE WARRANTS IN INSTACOM ("WARRANT(S) D") ON THE BASIS OF ONE (1) FREE WARRANT D FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 15 JUNE 2015 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")

Adviser



RHB Investment Bank Berhad

(Company No. 19663-F)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Monday, 15 June 2015 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Monday, 22 June 2015 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Thursday, 25 June 2015 at 4.00 p.m.
Last date and time for acceptance and payment	: Tuesday, 30 June 2015 at 5.00 p.m.*
Last date and time for excess application and payment	: Tuesday, 30 June 2015 at 5.00 p.m.*

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time

This Abridged Prospectus is dated 15 June 2015

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS D TO THE OFFICIAL LIST OF BURSA SECURITIES, THE LISTING OF THE WARRANTS D, RIGHTS SHARES AND ALL THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF WARRANTS D ON THE ACE MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	:	This abridged prospectus dated 15 June 2015
"Acquisition of Neata"	:	The acquisition by Instacom of 35% equity interest in Neata for a purchase consideration of RM58.80 million, which was fully satisfied via the issuance of 309,473,684 new Instacom Shares at an issue price of RM0.19 each. The Acquisition of Neata was completed on 30 January 2015
"Act"	:	The Companies Act, 1965
"Amendment"	:	The amendment to the Memorandum of Association of Instacom
"Board"	:	The Board of Directors of Instacom
"Bonus Issue of Warrants"	:	The bonus issue of new Warrants C on the basis of one (1) free Warrant C for every five (5) existing Instacom Shares held as at 5.00 p.m. on 22 January 2015. The Bonus Issue of Warrants was completed on 30 January 2015
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	Capital Markets and Services Act, 2007
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	:	The Rights Issue with Warrants, the Increase in Authorised Share Capital and the Amendment, collectively
"Deed Poll B"	:	The deed poll dated 19 August 2013, constituting the Warrants B
"Deed Poll C"	:	The deed poll dated 9 January 2015, constituting the Warrants C
"Deed Poll D"	:	The deed poll dated 1 June 2015, constituting the Warrants D
"Director(s)"	:	The director(s) of Instacom and shall have the meaning given in Section 2(1) of the CMSA
"Diversification"	:	The diversification of the existing principal activities of Instacom Group to include aluminium design and fabrication business and civil engineering and construction business. The Diversification was approved by the shareholders of Instacom at the EGM on 30 December 2014
"EGM"	:	Extraordinary General Meeting

DEFINITIONS (CONT'D)

"Entitled Shareholder(s)"	: The shareholders of Instacom who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	: At 5.00 p.m. on Monday, 15 June 2015, being the time and date on which shareholders of Instacom must be registered as a member and whose names appear in our Record of Depositors provided by Bursa Depository in order to participate in the Rights Issue with Warrants
"EPS"	: Earnings per Share
"Excess Rights Shares with Warrants D"	: Rights Shares with Warrants D which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renounee(s) (if applicable) prior to excess application pursuant to the Rights Issue with Warrants
"Foreign Entitled Shareholder(s)"	: Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue with Warrants
"FYE"	: Financial year ended/ ending
"HSBB"	: High Speed Broadband
"Increase in Authorised Share Capital"	: The increase in the authorised share capital of Instacom from RM200,000,000 comprising 2,000,000,000 Instacom Shares to RM500,000,000 comprising 5,000,000,000 Instacom Shares
"Instacom" or the "Company"	: Instacom Group Berhad (596299-D)
"Instacom Group" or the "Group"	: Instacom and its subsidiary companies, collectively
"Instacom Share(s)" or "Share(s)"	: Ordinary share(s) of RM0.10 each in Instacom
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"LPD"	: 26 May 2015, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	: Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario 1"	: Assuming none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis
"Maximum Scenario 2"	: Assuming all of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis

DEFINITIONS (CONT'D)

"Minimum Subscription Level"	:	A minimum level of subscription of 87,494,544 Rights Shares together with 43,747,272 free Warrants D pursuant to the Rights Issue with Warrants as determined by the Board. The aforesaid Minimum Subscription Level is based on the entitlement of and respective undertaking letters from Ang Li-Hann, Anne Kung Soo Ching and Chan Chuck Yan, being the substantial shareholders of Instacom, as at 24 February 2015 to subscribe for 87,494,544 Rights Shares together with 43,747,272 free Warrants D pursuant to their Undertakings
"Neata"	:	Neata Aluminium (Malaysia) Sdn Bhd, a 35%-owned associate company of Instacom
"Neata Group"	:	Neata and its wholly-owned subsidiary company, namely Vivocom Enterprise Sdn Bhd
"NPA"	:	Notice of provisional allotment of the Rights Shares with Warrants D pursuant to the Rights Issue with Warrants
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"PBT"	:	Profit before taxation
"Previous Corporate Exercises"	:	The Acquisition of Neata, the Bonus Issue of Warrants and the Diversification, collectively
"Provisional Allotment"	:	Rights Shares with the Warrants D provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"RHBIB" or the "Adviser"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, on the Entitlement Date at an issue price of RM0.10 per Rights Share
"Rights Share(s)"	:	Up to 429,515,979 new Instacom Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form for the Rights Issue with Warrants
"SC"	:	Securities Commission Malaysia
"Undertakings"	:	Irrevocable undertakings from Ang Li-Hann, Anne Kung Soo Ching and Chan Chuck Yan, being the substantial shareholders of Instacom, to fully subscribe for their respective entitlements under the Rights Issue with Warrants based on their respective shareholdings
"USD"	:	United States of America Dollar

DEFINITIONS (CONT'D)

- "WAMP" : Weighted average market price
- "Warrant(s) B" : The 351,127,130 outstanding warrant(s) 2013/ 2018 in Instacom as at the LPD constituted by the Deed Poll B. Pursuant to the terms and conditions of the Deed Poll B, each Warrant B is convertible into one (1) Instacom Share at an exercise price of RM0.33 per Warrant B (as may be adjusted in accordance with the Deed Poll B) and at any time during the exercise period, being from 2 September 2013 to 8 September 2018 (both dates inclusive)
- "Warrant(s) C" : The 140,450,852 outstanding warrant(s) 2015/ 2020 in Instacom as at the LPD constituted by the Deed Poll C. Pursuant to the terms and conditions of the Deed Poll C, each Warrant C is convertible into one (1) Instacom Share at an exercise price of RM0.13 per Warrant C (as may be adjusted in accordance with the Deed Poll C) and at any time during the exercise period, being from 23 January 2015 to 22 January 2020 (both dates inclusive)
- "Warrant(s) D" : Up to 214,757,989 free detachable warrants in Instacom to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "Instacom" in this Abridged Prospectus are made to Instacom Group Berhad (596299-D) and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to the Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Ar. Lim Tong Hock (Chairman/ Independent Non-Executive Director)	Unit A3-1 Block 12B Hillside Apartments Phase 9, Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director
Anne Kung Soo Ching (Chief Executive Officer/ Non-Independent Executive Director)	432, Lorong 3 Kenny Hill 93350 Kuching Sarawak	Malaysian	Company Director
Choo Seng Choon (Non-Independent Executive Director)	22A, Jalan SU 2B Sering Ukay 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Azahar bin Rasul (Senior Independent Non-Executive Director)	33, Jalan 8/2B Desa Bakti, Selayang 68100 Kuala Lumpur	Malaysian	Company Director
Tay Mun Kit (Independent Non-Executive Director)	198, Jalan I-8 Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Tay Mun Kit	Chairman	Independent Non-Executive Director
Azahar Bin Rasul	Member	Senior Independent Non-Executive Director
Ar. Lim Tong Hock	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Laang Jhe How (MIA 25193)

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel. No.: 03 - 7729 1519
Fax. No.: 03 - 7728 5948

Anne Kung Soo Ching (MIA 8449)

No. 21 & 22, 2nd & 3rd Floor
Stutong Commercial Centre
Jalan Setia Raja/ Jalan Canna
93350 Kuching, Sarawak
Tel. No.: 082 - 366116
Fax. No.: 082 - 366226

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE	:	149A, Jalan Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: 03 - 7729 1519 Fax. No.: 03 - 7728 5948
HEAD OFFICE	:	No. 21 & 22, 2nd & 3rd Floor Stutong Commercial Centre Jalan Setia Raja/ Jalan Canna 93350 Kuching, Sarawak Tel. No.: 082 - 366116 Fax. No.: 082 - 366226 Website: www.instacom.com.my Email: enquiry@instacom.com.my
SHARE REGISTRAR	:	Insurban Corporate Services Sdn Bhd (76260-W) 149, Jalan Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: 03 - 7729 5529 Fax. No.: 03 - 7728 5948
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs STYL Associates (AF1929) 902, 9th Floor, Block A Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 - 7710 7876 Fax. No.: 03 - 7710 7870
PRINCIPAL BANKERS	:	CIMB Bank Berhad (13491-P) Twin Towers, Lot 2691 Block 10 KCLD 3rd Mile, Rock Road 93250 Kuching, Sarawak Tel. No.: 082 - 419850 Fax. No.: 082 - 420263 Malaysia Debt Ventures Berhad (578113-A) Level 5, Menara Bank Pembangunan 1016, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03 - 2617 2888 Fax. No.: 03 - 2697 8998 Hong Leong Bank Berhad (686191-W) Ground Floor, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03 - 2694 7688 Fax. No.: 03 - 2694 4588

CORPORATE DIRECTORY (CONT'D)

DUE DILIGENCE SOLICITORS : Messrs Tan, Goh & Associates
Unit 821, 8th Floor, Block A, Lift Lobby 6
Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03 - 7727 7228
Fax. No.: 03 - 7731 9238

ADVISER : RHB Investment Bank Berhad (19663-P)
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel. No.: 03 - 9287 8888
Fax. No.: 03 - 9280 6507

STOCK EXCHANGE LISTED AND LISTING SOUGHT : ACE Market of Bursa Securities

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INSTACOM GROUP BERHAD
(Company No. 596299-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

15 June 2015

Board of Directors

Ar. Lim Tong Hock (*Chairman/ Independent Non-Executive Director*)
Anne Kung Soo Ching (*Chief Executive Officer/ Non-Independent Executive Director*)
Choo Seng Choon (*Non-Independent Executive Director*)
Azahar bin Rasul (*Senior Independent Non-Executive Director*)
Tay Mun Kit (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 429,515,979 RIGHTS SHARES ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING INSTACOM SHARES HELD, TOGETHER WITH UP TO 214,757,989 FREE DETACHABLE WARRANTS D ON THE BASIS OF ONE (1) FREE WARRANT D FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 15 JUNE 2015 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE

1. INTRODUCTION

On 2 March 2015, RHBIB had, on behalf of our Board, announced that we proposed to undertake the Corporate Exercises, including the fixing of the issue price of the Rights Shares at RM0.10 per Rights Share.

On 9 April 2015, RHBIB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 8 April 2015, resolved to approve the following:-

- i. Admission of the Warrants D to the official list of Bursa Securities and the listing of and quotation for up to 214,757,989 Warrants D to be issued pursuant to the Rights Issue with Warrants;
- ii. Listing of up to 429,515,979 Rights Shares to be issued pursuant to the Rights Issue with Warrants;
- iii. Listing of up to 214,757,989 new Instacom Shares to be issued arising from the exercise of the Warrants D;
- iv. Listing of up to 24,923,428 additional Warrants B to be issued arising from the adjustments pursuant to the Rights Issue with Warrants;

- v. Listing of up to 9,969,371 additional Warrants C to be issued arising from the adjustments pursuant to the Rights Issue with Warrants;
- vi. Listing of up to 24,923,428 new Instacom Shares to be issued arising from the exercise of the additional Warrants B; and
- vii. Listing of up to 9,969,371 new Instacom Shares to be issued arising from the exercise of the additional Warrants C,

on the ACE Market of Bursa Securities, subject to the following conditions:-

Conditions	Status of compliance
(i) Instacom and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
(ii) Instacom and RHBIB to inform Bursa Securities upon completion of the Rights Issue with Warrants;	To be complied
(iii) Instacom to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;	To be complied
(iv) Instacom is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants D as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(v) The Rights Shares are subject to similar moratorium as imposed on the Vendors for the Consideration Shares pursuant to the Proposed Acquisition (as defined in the I-Power Berhad circular to shareholders dated 28 June 2012 ("Previous Circular")) by Bursa Securities pursuant to Rule 3.19(1) of the Listing Requirements whereby the following amount of the said Consideration Shares held by the Vendors are placed under moratorium as follows:-	To be complied. A letter dated 2 June 2015 has been furnished to Bursa Depository indicating the tentative information in respect of the moratorium to be imposed assuming the said parties subscribe in full for their respective entitlements. We will further update Bursa Depository on the actual moratorium to be imposed based upon the actual subscription of their respective entitlements and the issuance and allotment of the Rights Shares and Warrants D
(a) 459,000,000 Consideration Shares, representing 100% of the Consideration Shares after the Proposed Offer for Sale (as defined in the Previous Circular) but before the Proposed Private Placement (as defined in the Previous Circular) comprising 153,000,000 Consideration Shares from Chan Chuck Yan and 102,000,000 Consideration Shares from Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim respectively, for a period of six (6) months from the date such Consideration Shares are listed on the ACE Market of Bursa Securities;	
(b) Upon expiry of the six (6) months period as provided under subparagraph (a) above and under the maximum scenario, up to 325,463,004 Consideration Shares comprising 108,487,668 Consideration Shares from Chan Chuck Yan and 72,325,112 Consideration Shares from Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim respectively, representing 45.0% of the enlarged issued and paid-up share capital of I-Power Berhad after the Corporate Exercises (as defined in the Previous Circular), for another period of six (6) months; and	
(c) Thereafter, the Vendors may sell, transfer or assign up to a maximum of one third (1/3) per annum of their Consideration Shares under moratorium on a straight-line basis.	

The following information on the Rights Shares and Warrants D that are subject to the moratorium are to be submitted to Bursa Malaysia Depository Sdn Bhd upon the announcement of the Book Closure Date for the Rights Issue with Warrants:-

- (a) The name of the shareholder;
- (b) The number of Rights Shares and Warrants D respectively; and
- (c) The date of expiry of the moratorium.

On 26 May 2015, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises which were passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 29 May 2015, RHBIB had, on behalf of our Board, announced that the exercise price of the Warrants D has been fixed at RM0.12 per Warrant D.

On 1 June 2015, RHBIB had, on behalf of our Board, announced that the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The admission of the Warrants D to the Official List and the listing of and quotation for the Rights Shares and Warrants D to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of up to 429,515,979 Rights Shares on a renounceable basis of two (2) Rights Shares for every seven (7) Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, by the Entitled Shareholders and/ or their renounees (if applicable), on the Entitlement Date at an issue price of RM0.10 per Rights Share.

The actual number of the Rights Shares and the Warrants D to be issued pursuant to the Rights Issue with Warrants will depend on the acceptance by the Entitled Shareholders and/ or their renounee(s) (if applicable).

As at the LPD, the issued and paid-up share capital of Instacom is RM101,172,795 comprising 1,011,727,945 Instacom Shares. In addition, as at the LPD, the Company has a total of 351,127,130 outstanding Warrants B and 140,450,852 outstanding Warrants C.

Based on the above and assuming all of the outstanding Warrants B and Warrants C are exercised, a total of 429,515,979 Rights Shares together with 214,757,989 Warrants D may be issued in the event all the Entitled Shareholders and/ or their renounee(s) (if applicable) fully subscribe for their entitlements under the Rights Issue with Warrants. In addition, assuming all the 214,757,989 Warrants D are exercised, a total of 214,757,989 new Instacom Shares will be issued therefrom.

The Warrants D will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants D will be issued in registered form and constituted by the Deed Poll D.

The Rights Issue with Warrants is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants D to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall then be entitled to the Warrants D in the proportion of their acceptance of their Rights Shares entitlements.

Any unsubscribed Rights Shares together with the Warrants D will be made available to the other Entitled Shareholders and/ or their renounee(s) (if applicable) under the Excess Rights Shares with Warrants D application. It is the intention of our Board to allocate the Excess Rights Shares with Warrants D, if any, on a fair and equitable manner, and on a basis as set out in Section 10.8 of this Abridged Prospectus.

Fractional entitlements of the Rights Shares and the Warrants D arising from the Rights Issue with Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

As you are an Entitled Shareholder, your CDS Accounts will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment as well as to apply for the Excess Rights Shares with Warrants D if you choose to do so.

Any dealings in our securities will be subject to the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares together with the Warrants D will be credited directly into the respective CDS Accounts of the successful applicants. However, no physical share or Warrant Certificates will be issued. Notices of allotment will be despatched to the successful applicants.

We will allot and issue the Rights Shares with the Warrants D, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants D within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants D will then be quoted on the ACE Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis of determining and justification for the issue price of the Rights Shares

On 2 March 2015, RHBIB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share. This represents the par value of Instacom Shares and a discount of approximately 23.1% to the theoretical ex-rights price of Instacom Shares of RM0.13, calculated based on the five (5)-day WAMP of Instacom Shares up to and including 24 February 2015, being the latest practicable date prior to the date of the announcement on the Corporate Exercises of RM0.14 per Instacom Share.

The issue price of the Rights Shares was determined and fixed by our Board after taking into consideration the aforementioned theoretical ex-rights price of Instacom Shares and the following:-

- i. The issue price of the Rights Shares shall be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders whilst taking into consideration the minimum amount to be raised from the Rights Issue with Warrants, as set out in Section 5 of this Abridged Prospectus and the funding requirements of Instacom Group. Such issue price in any event shall not be lower than the par value of Instacom Shares; and
- ii. The historical price movement of Instacom Shares.

2.3 Basis of determining and justification for the exercise price of the Warrants D

The Warrants D attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) (if applicable) who subscribe for the Rights Shares.

On 29 May 2015, RHBIB had, on behalf of our Board, announced that our Board has fixed the exercise price of the Warrants D at RM0.12 per Warrant D. This represents the theoretical ex-rights price of Instacom Shares of RM0.12, calculated based on the five (5)-day WAMP of Instacom Shares up to and including 28 May 2015, being the last trading day of Instacom Shares immediately preceding the price-fixing date for the Warrants D, of RM0.12 per Instacom Share.

The exercise price of the Warrants D was determined and fixed by our Board after taking into consideration the aforementioned theoretical ex-rights price of Instacom Shares and the following:-

- i. The historical price movement of Instacom Shares;
- ii. The potential future earnings of Instacom Group;
- iii. That the Warrants D will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) (if applicable) who successfully subscribe for the Rights Shares; and
- iv. That the exercise price of the Warrants D will not be lower than the par value of Instacom Shares of RM0.10 each.

2.4 Ranking of the Rights Shares and new Instacom Shares to be issued arising from the exercise of the Warrants D

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Instacom Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution ("Distribution") that may be declared prior to the relevant date of allotment and issuance of the Rights Shares.

The new Instacom Shares to be issued arising from the exercise of the Warrants D will, upon allotment and issuance, rank *pari passu* in all respects with the existing Instacom Shares, save and except that the new Instacom Shares to be issued arising from the exercise of the Warrants D will not be entitled to any Distribution that may be declared prior to the relevant date of allotment and issuance of the said new Instacom Shares.

2.5 Principal terms of the Warrants D

The principal terms of the Warrants D are set out below:-

- Issue size : Up to 214,757,989 Warrants D
- Form : The Warrants D will be issued in registered form and constituted by the Deed Poll D
- Exercise period : The Warrants D may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants D ("Issue Date") and ending at the close of business at 5.00 p.m. in Kuala Lumpur on a date preceding the fifth (5th) anniversary of the Issue Date. Any Warrants D not exercised during the exercise period will thereafter lapse and cease to be valid
- Mode of exercise : The registered holder of the Warrant D is required to lodge a subscription form, as set out in the Deed Poll D, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll D
- Exercise price : RM0.12 per Warrant D
- Exercise rights : Each Warrant D carries the entitlement, at any time during the exercise period, to subscribe for one (1) new Instacom Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll D
- Board lot : For the purpose of trading on Bursa Securities, one (1) board lot of Warrants D shall comprise 100 Warrants D carrying the right to subscribe for 100 new Instacom Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
- Participating rights of the holders of Warrants D in any distribution and/ or offer of further securities : The holders of the Warrants D are not entitled to vote in any general meeting and/ or to participate in any Distribution other than on winding-up, compromise or arrangement of Instacom as set out below and/ or in any offer of further securities in the Company unless and until the holder of the Warrants D becomes a shareholder of Instacom by exercising his/ her Warrants D into new Instacom Shares or unless otherwise resolved by Instacom in a general meeting
- Adjustments in the exercise price and/ or number of Warrants D : The exercise price and/ or number of unexercised Warrants D shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll D

Rights in the event of winding-up, liquidation, compromise and/ or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every holder of the Warrants D shall be entitled upon and subject to the provisions of the Deed Poll D at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants D to the Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants D to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/ she had on such date been the holder of the new Instacom Shares to which he/ she would have been entitled to pursuant to such exercise
Listing status	: Warrants D shall be listed and quoted on the ACE Market of Bursa Securities
Modifications	: Save for manifest error, any modification, amendment, deletion or addition to the Deed Poll D shall require the approval of the holders of Warrants D sanctioned by special resolution and may be effected only by the Deed Poll D, executed by the Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary
Governing law	: Laws and regulations of Malaysia

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants and as disclosed below, our Board confirms that there are no other outstanding corporate exercises which have been announced and/ or approved by the regulatory authorities but pending completion:-

On 30 April 2015, our Board announced that our Company had on 30 April 2015 entered into a joint venture agreement with V Development Sdn Bhd ("VDSB" or the "Developer") to form an unincorporated joint venture for the proposed development of a parcel of freehold land held under H.S. (M) No. 13159 No. P.T. 27655, Tempat 12th Mile Sg. Besi, Cheras Road, Mukim of Ceras, Daerah of Hulu Langat, State of Selangor Darul Ehsan measuring approximately 3,567 square metres into a property development comprising factory office, showroom and/ or warehouse development ("Proposed Joint Venture"). The Proposed Joint Venture is not subject to our Company's shareholders' approval.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue for raising funds for the purposes stated in Section 4 of this Abridged Prospectus while potentially enhancing the capital base, as the Rights Issue with Warrants shall:-

- i. Enable us to raise funds without incurring interest expenses as compared to bank borrowings;
- ii. Enable us to optimise our capital structure by strengthening our financial position and reducing our current gearing level; and

- iii. Provide our Entitled Shareholders with an opportunity to further increase their equity participation in the Company via the issuance of new Instacom Shares without diluting the existing shareholders' equity interest, assuming all the Entitled Shareholders fully subscribe for their respective entitlements.

The Warrants D to be issued pursuant to the Rights Issue with Warrants are expected to provide an incentive to the Entitled Shareholders and/ or their renounee(s) (if applicable) to subscribe for the Rights Shares. The Warrants D will allow the Entitled Shareholders and/ or their renounee(s) (if applicable) who subscribe for the Rights Shares to benefit from the potential capital appreciation of the Warrants D and increase their equity participation in the Company at a predetermined price over the tenure of the Warrants D. In addition, the Company would also be able to raise further proceeds as and when the Warrants D are exercised.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the total gross proceeds that is expected to be raised from the Rights Issue with Warrants and the intended utilisation are set out below:-

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Future viable investments ⁻¹	Within 24 months from completion	-	15,000	15,000
Repayment of borrowings ⁻²	Within 24 months from completion	7,000	12,000	26,000
General working capital ⁻³	Within 24 months from completion	849	1,007	1,052
Estimated expenses in relation to the Corporate Exercises ⁻⁴	Upon completion	900	900	900
Total		8,749	28,907	42,952

Notes:-

⁻¹ Apart from expanding our Group's business organically via the internal growth of its existing business, our Group's future plans also includes expanding inorganically, via mergers and acquisitions of businesses or investments, which may or may not be an industry complementary to our Group as it has not been determined at this juncture, such as the recent acquisition by our Company of 35% equity interest in Neata, which was completed on 30 January 2015. In line with the above, in the event the Rights Issue with Warrants is completed under the Maximum Scenario 1 and Maximum Scenario 2, up to RM15.00 million of the proceeds raised shall be utilised to finance any suitable and viable potential business(es)/ investment(s), within 24 months from completion. As potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, part of the proceeds from the Rights Issue with Warrants may allow our Group to capitalise on suitable and viable investment opportunities as and when it arises, which in turn may generate positive returns to our Group in the future, thereby increasing our shareholders' value.

As at the date of this Abridged Prospectus, save for Neata and the incorporation of Teltora (PTY) Ltd (being our Company's 51%-owned subsidiary in South Africa, of which its intended principal activities are to undertake telecommunication infrastructure development), our management had not identified any other suitable and viable business/ investment opportunities for consideration nor have they entered into any agreement with any parties for such business/ investment. Part of the proceeds may also be utilised to fund the potential acquisition of additional equity interest in Neata in the future. Further, our management is still exploring its options and will continuously seek and identify other suitable business(es)/ investment(s) and/ or strategic acquisition(s).

We shall make the necessary announcements (in accordance with the Listing Requirements) as and when new business(es)/ investment(s) have been identified by our Board and are likely to materialise. If the nature of the transaction require shareholders' approval pursuant to the Listing Requirements, our Board will seek the necessary approval from our shareholders.

In the event our Group is unable to identify any suitable and viable business(es)/ investment(s) within the timeframe stipulated (or any extended timeframe, if applicable), the proceeds allocated for future viable investments shall be transferred for working capital purposes of our Group.

*2

As at the LPD, our Group's total bank borrowings amounted to approximately RM45.32 million, details of which are set out as follows:-

Type of facilities	Outstanding amount RM'000	Interest rate per annum	Purpose of facilities
a) Bankers' acceptance	5,183	4.98% - 6.14%	For working capital
b) Revolving credit	22,594	7.00% - 7.25%	To finance the design and construction of telecommunication infrastructure
c) Term loans	13,613	4.85% - 6.42%	To finance the design and construction of telecommunication infrastructure as well as to finance property
d) Hire purchase	3,732	2.30% - 5.72%	To finance the purchase of vehicles
e) Bank overdraft	195	8.10% - 8.35%	For working capital

For illustrative purposes, the partial repayment of our Group's bank borrowings is expected to result in interest cost savings as below based on the effective interest rates as follows:-

	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Repayment of borrowings:-	7,000	12,000	26,000
a) Term loan from Bank A	4,000	4,000	7,450
b) Term loan from Bank B	750	750	750
c) Revolving credit from Finance Company C	2,250	7,250	17,800
Effective interest rate per annum	6.53%	6.73%	6.79%
Interest savings per annum	457	808	1,765

*3 The proceeds earmarked for general working capital will be utilised to finance the day-to-day operations of our Group and is expected to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Purchase of materials*	214	372	417
Salaries	500	500	500
General expenses (such as staff training and staff welfare)	135	135	135
Total	849	1,007	1,052

* These materials for our Group's telecommunication business such as poles, distribution boards, feeder cables, fabrication structures and micro sub-ducts, are used for project implementation including Outside Plant (OSP) sites (OSP refers to all of the telecommunications apparatus and cable systems outside (i.e. not housed in buildings) which includes all the components of cable systems such as the aerial, buried, and underground cables and others), tower structures and laying of fibre cables.

The actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation. The proceeds to be raised are expected to improve our Group's cash flow and fund our operating expenses.

*4 The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
Professional fees (i.e. adviser, reporting accountants and solicitors)	600
Regulatory fees	70
Other incidental expenses in relation to the Corporate Exercises	230
Total	900

Any variation to the amount of proceeds to be raised, which is dependent upon the actual number of Rights Shares to be issued, will be adjusted against the working capital.

The gross proceeds to be raised from the exercise of the Warrants D is dependent on the total number of Warrants D exercised during the tenure of the Warrants D based on the exercise price of the Warrants D. The gross proceeds that is expected to be raised upon the full exercise of the Warrants D based on the exercise price of RM0.12 per Warrant D is set out as follows:-

Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
5,250	17,344	25,771

The gross proceeds to be raised from the exercise of the Warrants D will be utilised as additional working capital of our Group. The proceeds may be utilised to finance, amongst others, salaries, repayment to trade creditors as well as general expenses such as traveling, staff training, rental of offices and utilities, the breakdown of which have not been determined at this juncture.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

Our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level basis. The Minimum Subscription Level has been determined by our Board after taking into consideration the minimum level of funds that we wish to raise from the Rights Issue with Warrants which will be channelled towards the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus. In this regard, our Board intends to raise minimum gross proceeds of RM8.75 million.

The substantial shareholders of our Company, namely Ang Li-Hann, Anne Kung Soo Ching and Chan Chuck Yan, had vide their letters dated 24 February 2015, provided their respective irrevocable undertakings to subscribe in full for their entitlements under the Rights Issue with Warrants based on their respective shareholdings.

A summary of the irrevocable undertakings is set out below:-

Name	Shareholding as at the LPD		Entitlement under the Rights Issue with Warrants		Undertaking No. of Shares
	No. of Shares	%	No. of Shares	% ^{*1}	
Ang Li-Hann ^{*2}	159,105,410	15.73	45,458,688	15.73	45,458,688
Anne Kung Soo Ching ^{*2}	76,900,000	7.60	21,971,428	7.60	21,971,428
Chan Chuck Yan ^{*2}	70,225,500	6.94	20,064,428	6.94	20,064,428
	306,230,910	30.27	87,494,544	30.27	87,494,544

Notes:-

^{*1} Computed based on 289,065,127 Rights Shares available for subscription under Maximum Scenario 1 assuming all the outstanding Warrants B and C are not exercised prior to the implementation of the Rights Issue with Warrants

^{*2} For information purposes, Anne Kung Soo Ching and Chan Chuck Yan are deemed as persons acting in concert with each other as they were two (2) of the vendors of Instacom pursuant to the acquisition of 100% equity interest in Instacom group of companies by I-Power Berhad, which was completed on 8 October 2012. However, Ang Li-Hann is not deemed as a person acting in concert with Anne Kung Soo Ching and Chan Chuck Yan as he was one of the vendors of Neata pursuant to the acquisition of 35% equity interest in Neata by Instacom, which was completed on 30 January 2015. Based on the above, the Rights Issue with Warrants is not expected to give rise to any obligation of a mandatory take-over offer pursuant to the Code

Based on the issue price of RM0.10 per Rights Share, the aggregate funding requirements for Ang Li-Hann, Anne Kung Soo Ching and Chan Chuck Yan pursuant to their undertaking is approximately RM8.75 million. Ang Li-Hann, Anne Kung Soo Ching and Chan Chuck Yan also had in their respective letters dated 24 February 2015 provided confirmation that they have sufficient financial resources to subscribe for their respective entitlements. The said confirmation has been verified by RHBIB, the Adviser for the Rights Issue with Warrants.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the balance of up to 342,021,435 Rights Shares, representing approximately 79.63% of the total Rights Shares available for subscription under the Maximum Scenario 2.

The Rights Issue with Warrants is not expected to give rise to any obligation of a mandatory take-over offer pursuant to the Code.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renounees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group and the telecommunication and construction industries in which we operate

6.1.1 Business and operational risks

Our Group's telecommunication business is subject to certain risks inherent in the telecommunication industry at large. These risks may include, amongst others, entry of new players, shortage of labour, availability and cost fluctuations of materials and equipment, increase in the cost of labour, cost of operations, renegotiations of existing contracts, unfavourable changes in government policies affecting the industry as well as changes in general economic, business and credit conditions.

Through our 35%-owned associate company, Neata Group, our business may also be subject to certain risks inherent in the construction industry, which may include, amongst others, entry of new players, shortage of labour, availability and cost fluctuations of raw materials, increase in the cost of labour, cost of operations, renegotiations and nullification of existing contracts, unfavourable changes in government policies affecting the industry as well as changes in general economic, business and credit conditions.

Whilst we seek to limit these risks through our continued initiative in developing more efficient processes, employment of highly skilled technical personnel for our telecommunication business and recommending to the directors and/ or management of Neata Group for the employment of skilled personnel for our construction business, implementing prudent business strategies and carrying out continuous review of our operations, there can be no assurance that any change to these risks would not have a material adverse impact on our business.

Our Group will continue to monitor our investments in Neata Group and to advise the directors and/ or management of Neata Group to mitigate these risks via keeping abreast with the latest developments in the construction industry and general economic conditions as well as carry out continuous review of Neata Group's operations.

6.1.2 Project risks

Most of our Group's contracts with clients are entered into on a project basis. Due to the complexity of the project that our Group undertakes, the projects are subjected to the following risk factors:-

- i. Most of our Group's services are based on fixed price contracts of which the price is determined at bid time, based on estimates. Our Group may underestimate project costs in tendering or bidding for a project. In such events, our Group may incur cost overruns which will reduce profits and incur losses. As at the LPD, our Group had not experienced any significant cost overruns which would have materially reduced our profits and incurred losses;
- ii. Clients may delay or cancel their projects. Delays may arise from incomplete specifications or unanticipated difficulties in developing the sites. Project delays will affect profit margins as time spent negotiating and resolving issues will delay the recognition of revenues. Additional costs may also be incurred as a result of these delays. Further, any changes in the clients' management or delays may also cause cancellation of awarded projects. As at the LPD, our Group had not experienced any significant project delays nor cancellation of awarded projects; and
- iii. Failure to implement projects that fully satisfy the requirements and expectations of the clients may lead to claims being made against our Group, which may adversely affect the profitability of our Group. This usually varies from technology or equipment deficiencies, staff turnover, human errors, misinterpretation of information and failure to adhere to specifications and procedures. However, the risk of potential claims made by our customers will be limited to a percentage of the amount of the contract value. As at the LPD, our Group had not experienced any such claims, which adversely affects the profitability of our Group, made against our Group by our clients arising from such failure to implement projects that fully satisfy our clients' requirements and expectations.

To mitigate the above risks, our Group will conduct studies on the complexity and the specification of each project in order to ensure smooth implementation and minimise cost overrun. Also, we emphasise on our marketing strategies to attract new customers. We conduct a thorough understanding of the system requirements via a system study before any quotation is given. Project costs are monitored closely to provide management with feedback on the profitability of each project. Hence, the risk of a project's fee quotation being underestimated is minimised. We normally accept an initial upfront payment before work commences and apportion our billings based on various stages of completion to address the risk of premature termination and project delays.

6.1.3 Dependence on Directors and key personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our Directors, key management and technical personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our key management and technical personnel, we will continuously consider appropriate measures so as to attract and retain our key personnel. To avoid dependence on any key personnel, we strive to attract qualified and experienced personnel as well as to address our succession planning programme by grooming junior personnel to complement our management team. We believe that offering a competitive salary package, training and conducive working environment should mitigate this risk further, which will in turn help to ensure continuity and competency of our management team.

In addition, our 35%-owned associate company, Neata Group is expected to continuously consider measures so as to attract and retain Neata Group's key personnel by providing incentives and competitive remunerations for the continued and future satisfactory performance.

6.1.4 No assurance that our future plans will be commercially successful

In order to achieve our future plans, our Group relies on the availability of management, financial, customer support, operational and other resources. The success of our future plans will be dependent upon, amongst others, our ability to continuously improve and enhance our skillsets to match the changing technology via our research and development efforts, on the job training and when required, sending our staff for external training and certification. Whilst we may utilise resources in our business expansion plans, there is no assurance that we will be successful in increasing our revenue through such business expansion. Any failure to do so may lead to a material adverse effect on our financial performance.

Further, to manage any future growth of our operations and personnel resulting from our business expansion, we will improve and effectively utilise our existing operational, management, marketing and financial systems as well as recruit, hire, train and manage additional personnel. Our failure to manage our business expansion and growth may materially and adversely affect our business operations and financial performance.

6.1.5 Competition risks

Our Group's telecommunication engineering services business may face intense competition from existing competitors and new entrants into the market in the future, both locally and internationally which offer similar services. Nevertheless, the telecommunication engineering services market has relatively high barriers to entry, given the niche nature of business, particularly with regards to relatively high technical competency and capital requirement. Although our Group serves both West and East Malaysia, however our Group has a stronger presence in East Malaysia. Meanwhile, we intend to diversify our market to include overseas expansion, such as the recent incorporation of a new subsidiary in South Africa, namely Teltora (PTY) Ltd, with the intended principal activities to undertake telecommunication infrastructure development. However, as at the LPD, Teltora (PTY) Ltd has not commenced business as yet.

Through our 35%-owned associate company, Neata Group, our aluminium design and fabrication services business and civil engineering and construction services business may face intense competition from existing competitors and new entrants in the construction industry, which is highly competitive in nature with a large number of players, including listed and non-listed companies. As at the LPD, Neata Group continues to secure projects and has an order book of approximately RM227.02 million, which shall provide earnings visibility to Neata Group up to April 2017.

In view of this, our Group intends to sharpen our competitive edge by continually developing new measures to counter competition which will include, amongst others, developing more cost effective and speedy processes to complete jobs and continually updating our skillsets to be abreast with the latest development in technology. We will continue to focus on building strong relationships with our customers to ensure that we are continuously meeting their business needs to ensure our competitiveness in capturing market share. In addition, our 35%-owned associate company, Neata Group is expected to continuously sharpen its competitive edge by developing new measures to counter competition including continuing to focus on providing quality aluminium structures such as door and window frames, on-time delivery of its construction projects and achieve better cost savings. However, there can be no assurance that we would be able to sustain our competitiveness against current and future competitors.

6.1.6 Dependence on major customers/ contracts

Our Group's revenue is mainly derived from the provision of services to private and government linked companies. Our revenue for any particular year may be dependent on a few major customers/ contracts and thus we would usually direct our resources on a few major customers during any particular year in order to maximise our revenue.

Notwithstanding the above, we have mitigated this risk factor by building close and long term business relationships with our major customers and has ensured that our projects and work schedules are completed on time and satisfactorily delivered to our customers.

6.1.7 Political, economic and regulatory risks

Our financial and business prospects and the industries in which we operate in, will depend to some degree on the developments in the political and regulatory front in Malaysia. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies such as licensing regulation.

We will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's business.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks for the Rights Shares and the Warrants D

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, outlook of the telecommunication industry and construction industry as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

The value of the Warrants D is dependent on the market price of our Shares, exercise price for the Warrants D, remaining tenure of the Warrants D, volatility of our share price and the perceived risk-free rates applicable in the relevant market. In view of this, there can be no assurance that the Warrants D will be "in-the-money" during the tenure of the Warrants D. There can also be no assurance that an active market for the Warrants D will develop upon or subsequent to the listing of the Warrants D on Bursa Securities or if developed, that such market can be sustained.

Furthermore, you are reminded that should the outstanding Warrants D expire at the end of its tenure, it will cease thereafter to be valid for any purposes and hence, will no longer have any value.

6.2.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as unfavourable changes in the governments' policies such as taxation and licensing regulations and other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Rights Issue with Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants D. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

6.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our management and although believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by us on the achievability of our future plans and objectives.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

We are an investment holding company and our subsidiary companies are principally involved in the provision of telecommunication engineering and services. Subsequent to the completion of the Acquisition of Neata in January 2015, our business diversified to include the aluminium design and fabrication business and civil engineering and construction business.

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%), underpinned mainly by the private sector demand. On the supply side, growth was supported by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Private sector activity remained the key driver of growth during the quarter. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. The strong private consumption growth was also contributed by the flood relief efforts early in the year, and the front-loading of household spending prior to the implementation of goods and services tax ("GST"). Private investment recorded a growth of 11.7% (4Q 2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors. Growth in public consumption improved in the first quarter (4.1%; 4Q 2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments. Public investment turned around to register a positive growth of 0.5% (4Q 2014: -1.9%) following higher capital spending by the Federal Government.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production, arising from flood-related disruptions.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015, Bank Negara Malaysia)

It has been three (3) months since the 2015 Budget was tabled on 10 October 2014. The Budget was formulated based on; First, price of Dated Brent was forecast at USD100 per barrel. Second, GDP growth estimated between 5% and 6%. Third, a stable exchange rate of RM3.20 against the USD; and Fourth, 2015 world economic growth was projected at 3.4% and 3.9% by the World Bank and International Monetary Fund respectively. Since then, the World Bank and the International Monetary Fund have revised global growth to 3% and 3.8% respectively. It should be noted that Budget 2015 was formulated based on strong economic fundamentals in 2014. Therefore, the fiscal deficit was forecast from 3.5% in 2014 to 3% of GDP in 2015. Compared to the situation a few months ago, the global economic landscape has since changed significantly. This necessitates us to review and clarify some of our earlier macro and fiscal assumptions.

In 2014, Dated Brent reached its highest level at USD115 per barrel on 19 June. Global crude oil prices have since plummeted by more than 50%. Consensus among economists is that the forecast price of USD100 per barrel used in the 2015 Budget is no longer realistic. They now estimate the average oil price in 2015 to range from USD40 to USD70 per barrel. The Government has therefore revised downwards its forecast for the average baseline oil price to USD55 per barrel for 2015. However, at the forecast price of USD55 per barrel, there will be a revenue shortfall of RM13.8 billion. If we compare the revised figures with Budget 2015 tabled in October last year, despite the savings of RM10.7 billion from the implementation of the managed float mechanism for retail fuel prices, the Government still faces a revenue shortfall of RM8.3 billion to accommodate the 2015 Budget measures. Therefore, taking into account the revised estimates, we are revising the fiscal deficit target to 3.2% of GDP in 2015.

There are several issues which will impact the domestic economy significantly. In the light of this, the Government will take measures to ensure economic growth remains on a strong trajectory. We are confident of achieving GDP growth in the range of 4.5% - 5.5% this year with the implementation of the following strategies:-

- First: Ensure balanced, inclusive and sustainable economic growth;
- Second: Continue fiscal reforms and consolidation; and
- Third: Provide assistance to the rakyat and business community to rebuild infrastructure damaged by floods.

(Source: Special address by the Prime Minister of Malaysia: Current Economic Developments and Government's Financial Position, 20 January 2015, <http://www.treasury.gov.my>)

7.2 Overview and outlook of the telecommunication industry

During the first half of 2014, the communication subsector grew 10% (January-June 2013: 9.4%) with the continued increase in the number of cellular phone subscribers as well as higher use of data services. Cellular phone subscriptions grew 2.8% to 43.8 million to reach a penetration rate of 145.5% as at end-June 2014 with the prepaid segment dominating 82% of total subscriptions. Growth was spurred by increased take-up of affordable smartphones and attractive packages offered by service providers. In addition, higher use of data services was supported by increased third-generation ("3G") subscriptions which recorded 18 million in 2013.

The broadband segment grew 3.1% to 6.4 million subscriptions with a household penetration rate of 67.2% as at end-June 2014. Growth was largely driven by promotional activities and awareness programmes as well as improved network coverage. The National Broadband Initiative ("NBI") was introduced in March 2010 to increase household broadband penetration. The NBI addresses the provision of infrastructure and facilities through the implementation of HSBB and Broadband to General Population ("BBGP"). Through Private-Public-Partnership ("PPP"), the Government has implemented the HSBB project in areas covering inner Klang Valley, Iskandar Malaysia and selected industrial areas. At the same time, under the BBGP initiative, broadband projects will be implemented across the country through various technologies such as Asymmetric Digital Subscriber Line ("ASDL"), Hybrid Fibre Coax ("HFC"), High-Speed Downlink Packet Access ("HSDPA"), and Worldwide Interoperability for Microwave Access ("WiMAX"). In addition, as at end-June 2014, the HSBB recorded a total of 747,000 subscriptions covering 626,000 homes and 121,000 businesses.

Meanwhile, to enable rural communities to enjoy the benefits of information and communication technology ("ICT"), the Universal Services Provision ("USP") fund continues to finance projects such as *Kampung Tanpa Wayar Malaysia* ("KTW1M") and *Pusat Internet 1Malaysia* ("PI1M"). As at end-June 2014, 4,737 KTW1M and 431 PI1M were established nationwide. Growth of the subsector is projected to sustain at 10% in 2014 (2013: 10%) supported by higher usage of cellular and broadband services.

The communication subsector is expected to grow 9.6% in 2015 (2014: 10%) supported by strong demand of cellular and broadband services, amid attractive promotions by the telecommunication industry players as well as the launch of new smartphones and media tablets.

(Source: Chapter 3: Economic Performance and Prospects, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

Growth in the information and communication sub-sector remained robust at 9.6% (4Q 2014: 9.7%), driven mainly by strong demand for data communication services, amid higher usage of mobile devices, particularly smartphones.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015, Bank Negara Malaysia)

The HSBB will continue to be implemented in areas of high economic impact, covering state capitals and selected major towns nationwide. A sum of RM2.7 billion will be spent over the next three (3) years to build 1,000 new telecommunication towers and laying of undersea cables.

(Source: Budget Speech 2015, Ministry of Finance, Malaysia, <http://www.treasury.gov.my>)

7.3 Overview and outlook of the construction industry

The construction sector continued to register a double-digit growth of 14.3% during the first half of 2014 (January-June 2013: 12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The civil engineering subsector contributed 33% to the total construction works, followed by the non-residential (32.3%), residential (29.6%) and special trade (5%). The private sector contributed 71.4% to the total value construction works. Meanwhile, the higher construction activity was led by the residential and non-residential subsectors, while growth in the civil engineering subsector moderated following completion of some major projects, including KLIA2, Second Penang Bridge and Manjung coal-power plant. Moving forward, the sector is expected to grow 12.7% in 2014 (2013: 10.9%) and contribute 4% to GDP, supported by ongoing residential, oil and gas and transportation projects.

Growth in the non-residential subsector rebounded sharply by 14% in line with healthy business activity during the first half of 2014. This was reflected by increased construction activities especially for commercial buildings with incoming supply of shops increasing to 72,117 units. In the public sector, construction was mainly concentrated in building 33 new schools and upgrading facilities in universities and hospitals. Industrial building starts grew significantly by 81.6% to 1,580 units, particularly in Johor, Selangor and Pulau Pinang. Meanwhile, construction starts for purpose-built offices ("PBO") decreased substantially to 2,965 square metre after experiencing strong growth of 61.2% in PBO starts in 2013. However, the national occupancy rates of buildings remained stable at 83.4% despite an additional 194,738 square metre space. Meanwhile, the incoming supply of shopping complexes declined 22%, while construction starts dropped 64.2% during the first half of 2014. However, the overall occupancy rate remained high at 81.3%, reflecting strong retail activities supported by resilient private consumption. As at end-June 2014, the stock of shopping complexes and PBO stood at 12.39 million square metres and 19.20 million square metres respectively.

The residential subsector expanded strongly by 22.1% during the first half of 2014 supported by higher growth in incoming supply at 9.5%. Meanwhile, new housing approvals increased significantly by 32.6% to 96,115 units. Despite the decline in housing starts at 5.3% to 70,346 units, residential activity is expected to remain stable. The take-up rate for houses priced between RM500,001 and RM1,000,000, within six (6) months after launch, was lower at 11.6% following several measures to cool the housing sector. Meanwhile, the highest take-up rate was recorded for houses priced between RM200,001 and RM250,000 at 49.3%. With regard to provision of adequate houses for the low-income group, the Government continues to allocate funds to build affordable houses under various Government programmes, such as *Rumah Mesra Rakyat* ("RMR"), *Rumah Mampu Milik* ("RMM") and *Rumah Idaman Rakyat* ("RIR"). In addition, in the 2013 Budget, the Government has introduced a new category under *Rumah Mesra 1Malaysia*, with sales prices between RM45,000 to RM65,000 per unit. Under the new category, the Government will provide a subsidy between RM15,000 and RM20,000 per unit. The Government also allocated RM1 billion under 1Malaysia Housing Programme ("PR1MA") to build 80,000 housing units.

The construction sector is projected to increase 10.7% in 2015 (2014: 12.7%, 2013: 10.9%) supported by commencement of some oil and gas projects such as Refinery and Petrochemical Integrated Development ("RAPID") as well as on-going transportation-related infrastructure projects. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. Demand for affordable housing will remain favourable amid several Government initiatives such as PR1MA, RIR and RMR. The non-residential subsector is also expected to remain stable supported by encouraging demand for industrial and commercial buildings. Major commercial building projects such as the 118-storey Menara Warisan and Bukit Bintang City Centre are expected to contribute to the growth of the sector.

(Source: Chapter 3 – Economic Performances and Prospects, Economic Report 2014/ 2015, Ministry of Finance, Malaysia)

The construction sector grew by 9.7% in the first quarter of 2015 (4Q 2014: 8.8%), underpinned by the expansion in non-residential and residential sub-sectors. The expansion of the non-residential sub-sector was driven by construction activity for industrial and commercial buildings. Growth in the residential sub-sector remained supported by the construction of properties in both the mass- and high-end markets. The special trade sub-sector continued to expand, reflecting activity for piling, earthworks, electrical and system installation as well as building completion and finishing works. Growth in the civil engineering sub-sector improved, supported by large infrastructure projects in the utility and transportation segments.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015, Bank Negara Malaysia)

7.4 Future prospects of our Group

The principal activities of our Group have been disclosed in Section 7 of this Abridged Prospectus.

Under the Budget Speech 2015 by the Ministry of Finance Malaysia, the HSBB will continue to be implemented in areas of high economic impact, covering state capitals and selected major towns nationwide. A sum of RM2.7 billion will be spent over the next three (3) years to build 1,000 new telecommunication towers and laying of undersea cables. The said commitment was reiterated under the Budget Speech 2015 with the aim of bringing telecommunication coverage to many rural areas. The programme will be funded by the Universal Service Provision Funds administered by the Malaysian Communication and Multimedia Commission ("MCMC").

Based on the aforementioned, the 1,000 new telecommunication towers are segregated into three (3) phases of tenders called by MCMC. Phase 1 was called in March 2014 for the first 400 towers and has been awarded. We had, in May 2014, participated in the said tender for the first 400 towers amounting to approximately RM300 million and was not successful in the said tender. In addition, our management is not privy to the information on the companies which have been awarded the said tenders as such information was not made publicly available. Further, in February 2015, we had participated in phases 2 and 3 of the tender exercises comprising a total of 600 towers called by MCMC in conjunction with the above, for 300 towers amounting to approximately RM300 million. As at the LPD, none of the towers have been awarded to our Group as yet. We anticipate the results of the tender exercises to be released in the third quarter of 2015, with construction expected to commence soon after the awarding of the tenders. The Board remains optimistic on the prospects of the telecommunication engineering services business to our Group.

Apart from expanding our Group's business organically via the internal growth of its existing businesses, our Group's future plans also includes expanding inorganically, via mergers and acquisitions of businesses or investments which may generate positive returns to our Group in the future, thereby further increasing our shareholders' value.

With the above, the completion of the Acquisition of Neata in January 2015 and the subsequent diversification of our Group's business to include the aluminium design and fabrication business and civil engineering and construction business, may potentially provide our Group with another stream of income. This would thus diversify the earnings base while providing a cushioning effect on the earnings of our Group, should there be any slowdown in either of the two (2) said industries, thus reducing our Group's reliance on only one (1) particular industry.

As set out in the Circular dated 15 December 2014, the vendors of Neata pursuant to the Acquisition of Neata had provided a guarantee of the cumulative consolidated PAT of Neata Group that it shall be at least RM34,000,000 in aggregate for the two (2) FYE 31 December 2015 and 31 December 2016, which translates into an average consolidated PAT of RM17,000,000 per annum. In addition, as at the LPD, Neata's order book stood at a healthy RM227.02 million, which shall provide earnings visibility to Neata Group up to April 2017, while Neata Group has also participated in project tenders with a total estimated value of approximately RM401.05 million. Based on the above, the Board anticipates that the Acquisition of Neata is expected to contribute positively to the future earnings and to improve the prospects of our Group thereby potentially enhancing our shareholders' value in the medium to long term.

The Board, after having considered all the relevant aspects including the above-mentioned prospects and outlook of the telecommunication industry and construction industry, is optimistic that our Group is able to continue to improve its financial performance for the FYE 31 December 2015 as well as deliver greater value to our shareholders.

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8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital as at the LPD are set out below:-

	Minimum Scenario No. of Shares	RM	Maximum Scenario 1 No. of Shares	RM	Maximum Scenario 2 No. of Shares	RM
Issued and paid-up share capital as at the LPD	1,011,727,945	101,172,795	1,011,727,945	101,172,795	1,011,727,945	101,172,795
Shares to be issued assuming all of the outstanding Warrants B are exercised	-	-	-	-	351,127,130	35,112,713
Shares to be issued assuming all of the outstanding Warrants C are exercised	-	-	-	-	140,450,852	14,045,085
Shares to be issued pursuant to the Rights Issue with Warrants	87,494,544	8,749,454	289,065,127	28,906,513	429,515,979	42,951,598
Shares to be issued assuming full exercise of the Warrants D	43,747,272	4,374,727	144,532,563	14,453,256	214,757,989	21,475,799
Enlarged issued and paid-up share capital	1,142,969,761	114,296,976	1,445,325,635	144,532,564	2,147,579,895	214,757,990

8.2 NA per Share and gearing

Based on the audited consolidated statements of financial position of our Group as at 31 December 2014 and after adjusting for the Previous Corporate Exercises, the proforma effects of the Rights Issue with Warrants on the NA per Share and gearing of our Group are set out below:-

Minimum Scenario

	Audited as at 31 December 2014 RM'000	I After adjusting for the Previous Corporate Exercises RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and assuming full exercise of the Warrants D RM'000
Share capital	70,225	101,173	109,922	114,297
Share premium	60,864	88,717	87,817 ²	90,171 ⁶
Warrant reserves	-	-	1,479 ³	-
Retained profit	36,405	35,855 ¹	34,376 ⁴	34,376
Shareholders' equity/ NA	167,494	225,745	233,594	238,844

No. of Shares in issue ('000)

702,254

1,011,728

1,099,222

1,142,970

NA per Share (RM)

0.24

0.22

0.21

0.21

Borrowings (RM'000)

44,997

44,997

37,997⁵

37,997

Gearing ratio (times)

0.27

0.20

0.16

0.16

Notes:-

- ¹ After deducting estimated expenses of RM0.55 million in relation to the Previous Corporate Exercises
- ² Based on the issue price of RM0.10 per Rights Share and after deducting estimated expenses of RM0.90 million in relation to the Corporate Exercises
- ³ After the recognition of the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model, amounting to RM1.48 million
- ⁴ After adjusting for the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model

^{*5} For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM7.00 million is utilised at this juncture

^{*6} After adjusting for the increase in the share premium account of RM0.87 million pursuant to the full exercise of the Warrants D at an exercise price of RM0.12 per Warrant D and the transfer of RM1.48 million from the warrants reserve account

Maximum Scenario 1

	Audited as at 31 December 2014 RM'000	I After adjusting for the Previous Corporate Exercises RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and assuming full exercise of the Warrants D RM'000
Share capital	70,225	101,173	130,079	144,532
Share premium	60,864	88,717	87,817 ^{*2}	95,593 ^{*6}
Warrant reserves	-	-	4,885 ^{*3}	-
Retained profit	36,405	35,855 ^{*1}	30,970 ^{*4}	30,970
Shareholders' equity/ NA	167,494	225,745	253,751	271,095
No. of Shares in issue ('000)	702,254	1,011,728	1,300,793	1,445,326
NA per Share (RM)	0.24	0.22	0.20	0.19
Borrowings (RM'000)	44,997	44,997	32,997 ^{*5}	32,997
Gearing ratio (times)	0.27	0.20	0.13	0.12

Notes:-

- ^{*1} After deducting estimated expenses of RM0.55 million in relation to the Previous Corporate Exercises
- ^{*2} Based on the issue price of RM0.10 per Rights Share and after deducting estimated expenses of RM0.90 million in relation to the Corporate Exercises
- ^{*3} After the recognition of the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model, amounting to RM4.89 million
- ^{*4} After adjusting for the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model

*5

For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM12.00 million is utilised at this juncture

*6

After adjusting for the increase in the share premium account of RM2.89 million pursuant to the full exercise of the Warrants D at an exercise price of RM0.12 per Warrant D and the transfer of RM4.89 million from the warrants reserve account

Maximum Scenario 2

	I	II	III	IV	V
	After adjusting for the Previous Corporate Exercises	After I and assuming all of the outstanding Warrants B are exercised	After II and assuming all of the outstanding Warrants C are exercised	After III and the Rights Issue with Warrants	After IV and assuming full exercise of the Warrants D
	RM'000	RM'000	RM'000	RM'000	RM'000
Audited as at 31 December 2014	RM'000				
Share capital	70,225	101,173	136,286	150,331	193,282
Share premium	60,864	88,717	169,476 ²	173,690 ³	172,790 ³
Warrant reserves	-	-	-	7,259 ³	-
Retained profit	36,405	35,855 ¹	35,855	28,596 ⁶	28,596
Shareholders' equity/ NA	167,494	225,745	341,617	359,876	401,927
No. of Shares in issue ('000)	702,254	1,011,728	1,362,855	1,503,306	1,932,822
NA per Share (RM)	0.24	0.22	0.25	0.24	0.21
Borrowings (RM'000)	44,997	44,997	44,997	44,997	18,997 ⁷
Gearing ratio (times)	0.27	0.20	0.13	0.13	0.05

Notes:-

¹ After deducting estimated expenses of RM0.55 million in relation to the Previous Corporate Exercises

² After adjusting for the increase in the share premium account of RM80.76 million pursuant to the exercise of all of the outstanding Warrants B at an exercise price of RM0.33 per Warrant B

³ After adjusting for the increase in the share premium account of RM4.21 million pursuant to the exercise of all of the outstanding Warrants C at an exercise price of RM0.13 per Warrant C

*4 Based on the issue price of RM0.10 per Rights Share and after deducting estimated expenses of RM0.90 million in relation to the Corporate Exercises

*5 After the recognition of the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model, amounting to RM7.26 million

*6 After adjusting for the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model

*7 For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM26.00 million is utilised at this juncture

*8 After adjusting for the increase in the share premium account of RM4.30 million pursuant to the full exercise of the Warrants D at an exercise price of RM0.12 per Warrant D and the transfer of RM7.26 million from the warrants reserve account

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8.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2015. However, the EPS of our Group may be diluted as a result of the increase in the number of Instacom Shares in issue upon the completion of the Rights Issue with Warrants, which is expected to be completed by the third quarter of 2015, and as and when the Warrants D are exercised into new Instacom Shares.

Notwithstanding the above, the proceeds from the Rights Issue with Warrants as set out in Section 4 of this Abridged Prospectus may contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from our operations, current cash in hand and banking facilities available as well as proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM45.32 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
Long term borrowings:-	
Term loan	11,769
Hire purchase	2,543
	<u>14,312</u>
Short term borrowings:-	
Term loan	1,844
Hire purchase	1,189
Bankers' acceptance	5,183
Revolving credit	22,594
Bank overdraft	195
	<u>31,005</u>
Total	<u><u>45,317</u></u>

After having made all reasonable enquiries by our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 December 2014 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

After having made all reasonable enquiries by our Board, as at the LPD, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.4 Material commitments

After having made all reasonable enquiries by our Board, as at the LPD, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for Excess Rights Shares with Warrants D if you choose to do so.

10.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Allotment will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. You and/ or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is at **5.00 p.m.** on **Monday, 15 June 2015**, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

10.4 Procedure for full acceptance and payment

Acceptance and payment for the Provisional Allotment must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS D AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement, please complete Parts I and III of the RSF in accordance with the notes and instructions provided therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the address as set out in the next page:-

Insurban Corporate Services Sdn Bhd (76260-W)

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel No.: 03 - 7729 5529
Fax No.: 03 - 7728 5948

so as to arrive **not later than 5.00 p.m. on Monday, 15 June 2015**, being the last date and time for acceptance and payment for the Rights Shares, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares subscribed for together with the Warrants D will be credited into your CDS Account(s) where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/ or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants D comprises of 100 Rights Shares and 100 Warrants D respectively. Successful applicants of the Rights Shares will be given Warrants D on the basis of one (1) Warrant D for every two (2) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. Fractions of Rights Shares with Warrants D, if any, will be disregarded, and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance and payment for the Provisional Allotment (whether in full or in part, as the case may be) is not received by our Share Registrar by **5.00 p.m. on Monday, 15 June 2015**, being the last date and time and for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants D are not fully taken up by such applicants, our Board will then have the right to allot such securities to the applicants who have applied for the Excess Rights Shares with Warrants D in the manner as set out in Section 10.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

If you or your renounee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INSTACOM RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND WARRANTS D, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Allotment provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Parts I and III of the RSF by specifying the number of the Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Allotment.

10.6 Procedure for sale or transfer of the Provisional Allotment

As the Provisional Allotment are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing the RSF. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Allotment, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar or at our Registered Office. This Abridged Prospectus and the RSF are also available on the Bursa Securities' website at <http://www.bursamalaysia.com>.

ENTITLED SHAREHOLDERS WHO DISPOSE OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES AND THE WARRANTS D IN THE PROPORTION OF TWO (2) RIGHTS SHARES WITH ONE (1) ATTACHED WARRANT D SUBSCRIBED FOR.

10.7 Procedure for acceptance by renounees

Renounees who wish to accept the Provisional Allotment must obtain a copy of the RSF from our Share Registrar or at our Registered Office or from Bursa Securities' website at <http://www.bursamalaysia.com>, and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renounees who wish to accept the Provisional Allotment.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares with Warrants D

You and/ or your renounee(s) (if applicable) may apply for the Excess Rights Shares with Warrants D in excess of your entitlement by completing Part II of the RSF (in addition to Parts I and III) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares with Warrants D applied for) to our Share Registrar **not later than 5.00 p.m. on Monday, 15 June 2015**, being the last date and time for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS D APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INSTACOM EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the Excess Rights Shares with Warrants D, if any, on a fair and equitable basis and in the following priority:-

- i. Firstly, to minimise the incidence of odd lots;
- ii. Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants D, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;
- iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants D, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants D applied for; and
- iv. Finally, for allocation to renounees who have applied for the Excess Rights Shares with Warrants D, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants D applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants D applied for under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS D. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND WARRANTS D, AND NOTICES OF ALLOTMENT WILL BE DESPACHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS D.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS D IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPACHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS D BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants D are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares and the Warrants D.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or Warrant Certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and the Warrants D will be credited directly into your CDS Account.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants D.

10.9.1 Subscription for the Rights Shares by Entitled Shareholders

Where the Rights Shares and Warrants D are provisionally allotted to you as an Entitled Shareholder in respect of your existing Instacom Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Rights Shares and Warrants D as prescribed or deposited securities which will be credited directly into your CDS Account.

10.9.2 Subscription of Rights Shares by renounees

Any person who has purchased the Provisional Allotment or to whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares must state his CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants D will be credited directly as prescribed or deposited securities into his CDS Account upon allotment and issuance.

10.9.3 Application for the Excess Rights Shares with Warrants D by an Entitled Shareholder and/ or his renounee(s) (if applicable)

The Excess Rights Shares with Warrants D, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants D, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants D will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

RHBIB, our Share Registrar, our Company, our Directors, officers and advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. RHBIB, our Share Registrar, our Company, our Directors, officers and advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, our Share Registrar, our Company, our Directors, officers and advisers that:-

- i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renounee(s) (if applicable) are or may be subject to;
- ii. they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- iii. they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

- iv. they are aware that the Rights Shares and the Warrants D can only be transferred, sold or otherwise disposed, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- v. they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- vi. they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants D.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants D pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, the Deed Poll D, and the NPA and the RSF enclosed herewith.

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12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
INSTACOM GROUP BERHAD




CHOO SENG CHOON
Non-Independent Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 26 MAY 2015

CERTIFIED TRUE COPY

Minutes

INSTACOM GROUP BERHAD
Extraordinary General Meeting
Tuesday, 26 May 2015
Gunung Gading, Level 4, Tower A,
M Hotels, Hock Lee Center,
Hock Lee Center, Hotel Towers
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak

.....

LAANG JHEN HOW
Company Secretary
MIA 25193

Directors : 1. Ar. Lim Tong Hock (**Chairman**)
2. Ms. Anne Kung
3. Mr Choo Seng Choon
4. En. Azahar Bin Rasul
5. Mr. Tay Mun Kit

Members : As per attendance list

Proxy Holders : As per attendance list

Invitees : As per attendance list

Ar. Lim Tong Hock ("Mr. Chairman") was in the Chair. Mr. Chairman welcomed all present ("the Meeting") to the Extraordinary General Meeting of the Company and called the Meeting to order at 2.00 p.m.

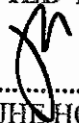
Quorum

With the requisite quorum being present, Mr. Chairman declared the Meeting duly convened.

Notice

The Notice convening the Meeting, which had been circulated within the prescribed period, was taken as read with the permission of the meeting.

CERTIFIED TRUE COPY



 LAANG JHE HOW
Company Secretary
MIA 25193

1.	<p><u>SPECIAL RESOLUTION 1</u></p> <p>PROPOSED AMENDMENTS TO THE MEMORANDUM & ARTICLES OF ASSOCIATION OF INSTACOM</p> <p>Mr. Chairman informed the Meeting that the first item on the Agenda was to approve the proposed amendments to the Memorandum & Articles of Association of the Company to facilitate the implementation of the Proposed Increase in Authorised Share Capital of the Company.</p> <p>Proposer: Mr. Thian Jiunn Kang Seconder: Mr. Tan Chuek Hooi</p> <p>Upon the proposal and seconded by the abovementioned persons, the Meeting (on a show of hands) unanimously resolved to approve the resolution.</p> <p>There was no question from the floor.</p>	
2.	<p><u>ORDINARY RESOLUTION 1</u></p> <p>PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 429,515,979 NEW ORDINARY SHARES OF RM0.10 EACH IN INSTACOM ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 7 EXISTING INSTACOM SHARES HELD, TOGETHER WITH UP TO 214,757,989 FREE DETACHABLE WARRANTS IN INSTACOM ON THE BASIS OF 1 FREE WARRANT FOR EVERY 2 RIGHTS SHARES SUBSCRIBED. ("PROPOSED RIGHTS ISSUE")</p> <p>Mr. Chairman informed the Meeting that the next item on the Agenda was to approve the Proposed Rights Issue.</p> <p>Proposer: Mr. Tan Chuek Hooi Seconder: Mr. Thian Jiunn Kang</p> <p>Upon the proposal and seconded by the abovementioned persons, the Meeting (on a show of hands) unanimously resolved to approve the resolution.</p>	
3.	<p><u>ORDINARY RESOLUTION 2</u></p> <p>PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF INSTACOM FROM RM200,000,000 TO RM500,000,000 ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")</p> <p>The Chairman informed the Meeting that the next item on the Agenda was to approve the Proposed Increase in Authorised Share Capital.</p> <p>Proposer: Ms. Leong Pei Sze Seconder: Mr. Thian Jiunn Kang</p> <p>Upon the proposal and seconded by the abovementioned persons, the Meeting (on show of hands) unanimously resolved that to approve the resolution.</p>	

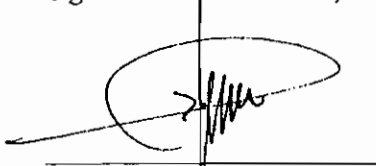
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LAANG JHE HOW

Company Secretary
MIA 25193

4.	<p><u>CONCLUSION</u></p> <p>There being no notice received to transact any other business, Mr. Chairman concluded the Meeting and thanked all present for their attendance.</p> <p>The Meeting concluded at 2.15 p.m. with a vote of thanks to the Chair.</p>	
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Signed as a correct record,



AR. LIM TONG HOCK
CHAIRMAN

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 21 October 2002 under the Act as a private limited company under the name of I-Power Technologies Sdn Bhd. We were subsequently converted into a public limited company on 25 September 2003 and assumed the name of I-Power Technologies Bhd. On 18 November 2003, we changed our name to I-Power Berhad. We were listed on the former Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (MESDAQ) (now known as ACE Market) of Bursa Securities on 18 January 2005. On 8 October 2012, I-Power Berhad completed the acquisition of the Instacom group of companies and we assumed our present name on 19 September 2012.

We are principally engaged in investment holding while our subsidiary companies are principally involved in the provision of telecommunication engineering and services. Subsequent to the completion of the Acquisition of Neata in January 2015, our Group's business diversified to include the aluminium design and fabrication business and civil engineering and construction business.

Further details on the principal activities of our subsidiary companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value RM	Total RM
Authorised	5,000,000,000	0.10	500,000,000
Issued and paid-up	1,011,727,945	0.10	101,172,795

The details of the changes in our authorised share capital for the past three (3) years preceding the LPD are set out below:-

Date of change	No. of Shares created	Par value RM	Description	Cumulative authorised share capital RM
13.09.2012	2,000,000,000	0.10	Increase in authorised share capital	200,000,000
26.05.2015	3,000,000,000	0.10	Increase in authorised share capital	500,000,000

The details of the changes in our issued and paid-up share capital for the past three (3) years preceding the LPD are set out below:-

Date of allotment	No. of Shares allotted	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
13.09.2012	-	0.10	Capital reduction and share consolidation	4,026,234
01.10.2012	510,000,000	0.10	Acquisition of Instacom Engineering Sdn Bhd	55,026,234

Date of allotment	No. of Shares allotted	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
02.10.2012	60,393,510	0.10	Bonus issue	61,065,585
03.10.2012	91,598,378	0.10	Private placement	70,225,423
03.12.2012	33	0.10	Exercise of Warrants A	70,225,426
23.01.2015	309,473,684	0.10	Acquisition of 35% equity interest in Neata	101,172,795

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3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

Substantial shareholders	Shareholding as at the LPD			After the Rights Issue with Warrants			After I and assuming full exercise of the Warrants D		
	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Ang Li-Hann ¹	159,105,410	15.73	-	204,564,098	18.61	-	227,293,442	19.89	-
Anne Kung Soo Ching ¹	76,900,000	7.60	-	98,871,428	8.99	-	109,857,142	9.61	-
Chan Chuck Yan ¹	70,225,500	6.94	-	90,289,928	8.21	-	100,322,142	8.78	-

Maximum Scenario 1

Substantial shareholders	Shareholding as at the LPD			After the Rights Issue with Warrants			After I and assuming full exercise of the Warrants D		
	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Ang Li-Hann ¹	159,105,410	15.73	-	204,564,098	15.73	-	227,293,442	15.73	-
Anne Kung Soo Ching ¹	76,900,000	7.60	-	98,871,428	7.60	-	109,857,142	7.60	-
Chan Chuck Yan ¹	70,225,500	6.94	-	90,289,928	6.94	-	100,322,142	6.94	-

Maximum Scenario 2

Substantial shareholders	Shareholding as at the LPD			I Assuming all of the outstanding Warrants B are exercised			II After i and assuming all of the outstanding Warrants C are exercised		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Ang Li-Hann ¹	159,105,410	-	15.73	159,105,410	-	11.67	159,105,410	10,58	-
Anne Kung Soo Ching ¹	76,900,000	-	7.60	76,900,000 ²	-	5.64	92,280,028 ²	6.14	-
Chan Chuck Yan ¹	70,225,500	-	6.94	70,225,674 ²	-	5.15	84,270,774 ²	5.61	-

Substantial shareholders	III After II and the Rights Issue with Warrants			IV After III and assuming full exercise of the Warrants D		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Ang Li-Hann ¹	204,564,098	-	10.58	227,293,442	-	10.58
Anne Kung Soo Ching ¹	118,645,750	-	6.14	131,828,611	-	6.14
Chan Chuck Yan ¹	108,348,138	-	5.61	120,386,820	-	5.61

Notes:-

¹ For information purposes, Anne Kung Soo Ching and Chan Chuck Yan are deemed as persons acting in concert with each other as they were two (2) of the vendors of Instacom pursuant to the acquisition of 100% equity interest in Instacom group of companies by I-Power Berhad, which was completed on 8 October 2012. However, Ang Li-Hann is not deemed as a person acting in concert with Anne Kung Soo Ching and Chan Chuck Yan as he was one of the vendors of Neata pursuant to the acquisition of 35% equity interest in Neata by Instacom, which was completed on 30 January 2015. Based on the above, the Rights Issue with Warrants is not expected to give rise to any obligation of a mandatory take-over offer pursuant to the Code

² Anne Kung Soo Ching's and Chan Chuck Yan's warrant holdings are as follows:-

	Warrant B	Warrant C
Anne Kung Soo Ching	-	15,380,028
Chan Chuck Yan	174	14,045,100

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Ar. Lim Tong Hock	Unit A3-1 Block 12B Hillside Apartments Phase 9, Taman Melawati 53100 Kuala Lumpur	61	Malaysian	Company Director	Chairman/ Independent Non-Executive Director
Anne Kung Soo Ching	432, Lorong 3 Kenny Hill 93350 Kuching Sarawak	53	Malaysian	Company Director	Chief Executive Officer/ Non- Independent Executive Director
Choo Seng Choon	22A, Jalan SU 2B Sering Ukay 68000 Ampang Selangor Darul Ehsan	41	Malaysian	Company Director	Non- Independent Executive Director
Azahar bin Rasul	33, Jalan 8/2B Desa Bakti, Selayang 68100 Kuala Lumpur	53	Malaysian	Company Director	Senior Independent Non-Executive Director
Tay Mun Kit	198, Jalan I-8 Taman Melawati 53100 Kuala Lumpur	39	Malaysian	Company Director	Independent Non-Executive Director

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The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

Directors	Shareholding as at the LPD			After the Rights Issue with Warrants			After I and assuming full exercise of the Warrants D		
	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-
Anne Kung Soo Ching	76,900,000	-	7.60	98,871,428	-	8.99	109,857,142	-	9.61
Choo Seng Choon	-	-	-	-	-	-	-	-	-
Azahar bin Rasul	-	-	-	-	-	-	-	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-

Maximum Scenario 1

Directors	Shareholding as at the LPD			After the Rights Issue with Warrants			After I and assuming full exercise of the Warrants D		
	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-
Anne Kung Soo Ching	76,900,000	-	7.60	98,871,428	-	7.60	109,857,142	-	7.60
Choo Seng Choon	-	-	-	-	-	-	-	-	-
Azahar bin Rasul	-	-	-	-	-	-	-	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-

Maximum Scenario 2

Directors	Shareholding as at the LPD			Assuming all of the outstanding Warrants B are exercised			After I and assuming all of the outstanding Warrants C are exercised		
	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-
Anne Kung Soo Ching	76,900,000	-	7.60	76,900,000 ¹	-	5.64	92,280,028 ¹	-	6.14
Choo Seng Choon	-	-	-	-	-	-	-	-	-
Azahar bin Rasul	-	-	-	-	-	-	-	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-

Directors	After II and the Rights Issue with Warrants			After III and assuming full exercise of the Warrants D		
	Direct	Indirect	%	Direct	Indirect	%
Ar. Lim Tong Hock	-	-	-	-	-	-
Anne Kung Soo Ching	118,645,750	-	6.14	131,828,611	-	6.14
Choo Seng Choon	-	-	-	-	-	-
Azahar bin Rasul	-	-	-	-	-	-
Tay Mun Kit	-	-	-	-	-	-

Note:-

¹ Anne Kung Soo Ching's warrant holdings are as follows:-

	Warrant B	Warrant C
Anne Kung Soo Ching	-	15,380,028

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Instacom Engineering Sdn Bhd	08.05.2001 Malaysia	4,500,000	100	Telecommunication engineering and services
Tellora (PTY) Ltd	16.04.2014 South Africa	South African Rand 1,200 (equivalent to approximately RM400)	51	Dormant. Its intended activities are telecommunication engineering and services related contract works

Subsidiary companies of Instacom Engineering Sdn Bhd

Instacom SPV Sdn Bhd	17.08.2005 Malaysia	2	100	Dormant
Instacom Construction Sdn Bhd	20.09.2004 Malaysia	1,000,000	100	Telecommunication engineering and services related contract works
Instacom Technologies Sdn Bhd	15.09.2004 Malaysia	100,000	100	Dormant. Its intended activities are trading in telecommunication, electrical and civil engineering equipment, tools and materials
IE Communications Sdn Bhd	15.09.2004 Malaysia	150,000	100	Investment holding company

Subsidiary company of IE Communications Sdn Bhd

Dektaria Delima Sdn Bhd	14.09.2005 Malaysia	100,000	100	Investment holding company
Dynamic Interconsortium Sdn Bhd	22.09.2004 Malaysia	100,000	100	Dormant. Its intended activity is investment holding

As at the LPD, our associate company is set out below:-

Associate company	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Neata	18.10.1989 Malaysia	5,000,000	35	Design and fabrication of aluminium structures

Subsidiary company of Neata

Vivocom Enterprise Sdn Bhd	21.06.2012 Malaysia	2,000,000	35	General contractors and its related services
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6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2014 and the latest three (3)-month FPE 31 March 2015 together with the corresponding three (3)-month FPE 31 March 2014:-

	←-----Audited----->			←-----Unaudited----->	
	Six (6)-month FPE 31 December 2012 ¹ RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000	Three (3)- month FPE 31 March 2014 RM'000	Three (3)- month FPE 31 March 2015 RM'000
Revenue	25,565	120,434	66,008	25,051	7,038
Cost of sales	(12,845)	(76,501)	(52,038)	(16,579)	(6,039)
Gross profit	12,720	43,933	13,970	8,472	999
Other income	6,790	878	2,126	250	530
Administrative expenses	(9,797)	(12,663)	(8,723)	(2,993)	(574)
Other operating expenses	(254)	(493)	(78)	(28)	(88)
Profit/ (loss) from operations	9,459	31,654	7,296	5,701	867
Share of associate company's results	-	-	-	-	705
Finance cost	(1,803)	(6,122)	(3,572)	(1,043)	(649)
Profit/ (loss) before tax	7,656	25,532	3,724	4,658	923
Income tax expense	(868)	693	(21)	-	-
Profit/ (loss) for the year	6,788	26,224	3,703	4,658	923
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	6,788	26,224	3,703	4,658	923
Profit attributable to:					
Owners of the Company	6,788	26,224	3,703	4,658	923
Non-controlling interest	-	-	-	-	-
Net profit/ (loss) for the year	6,788	26,224	3,703	4,658	923
Weighted average number of shares in issue ('000)	378,568	702,254	702,254	702,254	912,009
Earnings/ (losses) before interest, taxation, depreciation and amortisation (RM'000)	10,063	34,024	9,612	5,729	2,070
Gross profit margin (%)	46.76	36.48	21.16	33.82	14.19
Profit/ (loss) margin (%)	26.55	21.77	5.61	18.59	13.11
Earnings/ (losses) per Share (sen)					
- Basic	1.79	3.73	0.53	0.66	0.10
- Diluted ²	n.a.	n.a.	n.a.	n.a.	n.a.
Dividends paid (RM'000)	-	-	-	-	-

Notes:-

- *1 The financial year end of Instacom has been changed from FYE 30 June to FYE 31 December. As such, there are no audited comparative figures to the audited six (6)-month FPE 31 December 2012
- *2 Diluted earnings per share is not applicable for the financial year/ period as the unexercised warrants of the Company 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

As at the LPD, our Group is mainly involved in three (3) business segments as follows:-

i. Turnkey build and finance

This involves construction of telecommunication towers and structures where Instacom Group procures financing for the capital expenditure and customers assign the rental proceeds from the sites to Instacom Group over a period of time. The rental proceeds would be utilised to repay the construction costs and financing charges.

ii. Civil, mechanical and electrical works

This involves civil engineering works such as the design, construction and maintenance towers and cabins as well as mechanical and electrical works, which involve, amongst others, the installation of equipment, power cable, electrical supply and wirings.

iii. Telecommunication equipment installation

This involves setting-up, installation, testing and commissioning of new telecommunication equipment or the replacement or upgrade of old equipment.

Commentary on past performance:-

Audited Six (6)-month FPE 31 December 2012

As disclosed in Note 1 above, the financial year end of Instacom has been changed from FYE 30 June to FYE 31 December. As such, there are no audited comparative figures to the audited six (6)-month FPE 31 December 2012.

For the six (6)-month FPE 31 December 2012, our Group recorded revenue of RM25.56 million. The revenue was mainly attributable to the consolidation of results from the newly acquired subsidiary company, Instacom Engineering Sdn Bhd ("Instacom Engineering"). The revenue was mainly derived from the telecommunication engineering operations, of which the revenue of Instacom Engineering was mainly attributable to the higher number of work-sites completed and invoiced during the financial year. For the six (6)-month FPE 31 December 2012, the turnkey build and finance segment contributed the highest revenue to our Group amounting to RM14.88 million or approximately 58.2% of our Group's total revenue, followed by civil, mechanical and electrical works segment (RM6.59 million or approximately 25.8%) whilst the balance was contributed by the telecommunication equipment installation segment (RM1.88 million or approximately 7.4%) and information and communication technology segment (RM2.21 million or approximately 8.6%).

The gross profit margin for the financial period under review was 46.8%. The gross profit margin was mainly attributable to the revenue and profit from the consolidation of Instacom Engineering's results. The high gross profit margin was mainly attributable to the completion of several main sites under the turnkey build and finance segment.

The administrative expenses recorded were RM9.80 million in the six (6)-month FPE 31 December 2012, which was mainly due to the consolidation of Instacom Engineering's expenses, of which the bulk of the payment consisted of bonds interest expenses for financing projects amounting to RM5.36 million and staff cost amounting to RM1.84 million.

Our Group recorded a PBT of RM7.66 million for the six (6)-month FPE 31 December 2012. The PBT was mainly attributable to the consolidation of Instacom Engineering's results from their telecommunication engineering services operations, of which Instacom Engineering's PBT was mainly attributable to the continuous job process improvement actions taken and growing benefit from the economies of scale. The other operating income mainly comprised of interest income from financing projects amounting to RM5.47 million. This income is matched with the RM5.36 million bond interest expenses for financing projects under administrative expenses, hence the net effect was minimal on the bottomline.

Audited FYE 31 December 2013

As disclosed in Note 1 above, the financial year end of Instacom has been changed from FYE 30 June to FYE 31 December. As such, there are no audited comparative figures to the audited FYE 31 December 2013.

For the FYE 31 December 2013, our Group recorded revenue of RM120.43 million. The revenue was mainly attributable to the results from the full year consolidation of Instacom Engineering's telecommunication engineering services operations, which successfully secured a few large projects during the financial year under review. The civil, mechanical and electrical works segment, which managed to complete and roll-out a high number of Outside Plant (OSP) sites, contributed the largest share of revenue with RM75.21 million or 62.5% of our Group's total revenue followed by turnkey build and finance segment (RM25.55 million or approximately 21.2%), telecommunication equipment installation segment (RM17.22 million or approximately 14.3%) and information and communication technology segment (RM2.45 million or approximately 2.0%).

The gross profit margin for the financial year under review was 36.5%, representing a decrease from the gross profit margin for the FYE 31 December 2012 of 46.8%. The decrease in gross profit margin was attributable to the increase in raw materials and sub-contractors charges for the projects undertaken during the year.

The administrative expenses recorded were RM12.66 million, which was mainly due to the increase in staff cost arising from the full year consolidation of Instacom Engineering's results, mainly from salaries, allowance and bonuses as well as defined contribution plans.

Our Group recorded a PBT of RM25.53 million for the FYE 31 December 2013. The PBT was mainly attributable to the increased contribution from telecommunication engineering services operations. Furthermore, the finance cost incurred of RM6.12 million was mainly attributed to our increased borrowings upon full year's consolidation of Instacom Engineering's borrowings.

Audited FYE 31 December 2014

For the FYE 31 December 2014, our Group recorded revenue of RM66.01 million, representing a decrease of RM54.43 million or approximately 45.2% as compared to the revenue for the previous financial year. The decrease in revenue was mainly attributable to the decrease in work orders from customers during the year and all three (3) revenue segments of our Group. The decrease in work orders were due to several factors, such as the lower number of work orders given by major customers due to saturation of towers and OSP sites especially in urban areas and delay in the roll-out of several major projects announced by the Malaysian Government.

The gross profit margin for the financial year under review was 21.2%, representing a decrease from the gross profit margin for the FYE 31 December 2013 of 36.5%. The decrease in gross profit margin was mainly attributable to the lower revenue as our Group's fixed operational costs did not decrease in tandem with the decrease in work orders received.

The administrative expenses had decreased by RM3.94 million or approximately 31.1% to RM8.72 million as compared to the previous financial year, which was mainly due to the rationalisation of costs in tandem with the decrease in work orders.

As a result of the decrease in our revenue, our Group recorded a lower PBT of RM3.72 million for the FYE 31 December 2014, representing a decrease of RM21.81 million or approximately 85.4% as compared to the PBT for the previous financial year. The decrease in PBT was mainly due to the reduced work orders and reduced number of projects secured and completed during the financial year under review. Our Group had fixed and variable operational and administrative expenses in addition to finance costs to service, and hence, the lower revenue had affected the PBT of our Group. Further, our other income amounting to RM2.12 million during the FYE 31 December 2014 mainly comprised of disposal of fixed assets, interest income, investment income and insurance claims. Meanwhile, our finance cost had decreased by RM2.55 million or approximately 41.7% to RM3.57 million as compared to our finance cost for the previous financial year as our Group continued to pare down our borrowings during the financial year under review.

Unaudited Three (3)-month FPE 31 March 2015

For the unaudited three (3)-month FPE 31 March 2015, our Group recorded revenue of RM7.04 million, representing a decrease of RM18.01 million or approximately 71.9% as compared to the revenue for the previous financial period. The decrease in revenue affected all segments of the revenue, especially the civil, mechanical and electrical works segment which experienced the highest decrease in revenue. The decrease was mainly due to the reduced work orders received for the three (3)-month FPE 31 March 2015. The weak results were mitigated by the contribution of profit from our Group's associate company's, namely Neata's results amounting to RM0.91 million.

The gross profit margin for the financial period under review was 14.2%, representing a decrease from the gross profit margin for the unaudited three (3)-month FPE 31 March 2014 of 33.8%. The decrease in gross profit margin was attributable to the lower revenue notwithstanding the fixed and variable operational costs such as staff costs, rental and depreciation expenses which continued to be incurred.

The administrative expenses had decreased by RM2.42 million or approximately 80.8% to RM0.57 million as compared to the previous financial period, which was mainly due to our Group's on-going cost rationalising exercise.

Our Group recorded a PBT of RM0.92 million for the unaudited three (3)-month FPE 31 March 2015, representing a decrease of RM3.74 million or approximately 80.2% as compared to the PBT for the previous financial period. The decrease in PBT was mainly due to the reduced work orders and reduced number of projects secured during the financial period under review. Our Group had fixed and variable operational and administrative expenses in addition to finance costs to service, and hence, the lower revenue had affected the PBT of our Group. However, the decrease in PBT was mitigated by the share of our associate company's, namely Neata's profits amounting to RM0.71 million.

7. HISTORICAL PRICES

The monthly high and low transacted market prices of Instacom Shares for the past 12 months from June 2014 to May 2015 are as follows:-

	High RM	Low RM
2014		
June	0.23	0.21
July	0.23	0.21
August	0.27	0.22
September	0.25	0.21
October	0.24	0.17
November	0.22	0.18
December	0.17	0.12
2015		
January	0.18	0.15
February	0.18	0.14
March	0.15	0.13
April	0.15	0.12
May	0.14	0.12

The last transacted price of Instacom Shares on 24 February 2015, being the day prior to the date of announcement on the Corporate Exercises, was RM0.14.

The last transacted price of Instacom Shares on 26 May 2015, being the LPD, was RM0.13.

The last transacted price of Instacom Shares on 10 June 2015, being the day prior to the ex-date of the Rights Issue with Warrants, was RM0.13.

(Source: Bloomberg)

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

STYL Associates (AF1929)

902, 9th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27,
47400 Petaling Jaya, Selangor Darul Ehsan.

Tel: 03 -7710 7876 Fax: 03 -7710 7870 Email: stylaudit@gmail.com

The Board of Directors

Instacom Group Berhad

No. 21 & 22, 2nd & 3rd Floor,
Stutong Commercial Centre,
Jalan Setia Raja/ Jalan Canna,
93350 Kuching, Sarawak.

Date: 3 JUN 2015

Dear Sirs/ Madam,

INSTACOM GROUP BERHAD ("INSTACOM" OR THE "COMPANY")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of Instacom and its subsidiaries ("the Group") as at 31 December 2014 together with the accompanying notes and assumptions thereto, for which has been compiled by the Directors of the Company for inclusion in the Abridged Prospectus in connection with the renounceable right issue of up to 429,515,979 new ordinary shares of RM0.10 each in Instacom ("Instacom Share(s)" or "Share(s)" ("Rights Share(s)")) on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable warrants in Instacom ("Warrant(s) D") on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

The pro forma consolidated statement of financial position of the Group have been compiled by the Directors, for illustrative purpose only, to show the effects of the Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 31 December 2014 had the Rights Issue with Warrants been effected on that date.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position of the Group

The Directors are responsible for compiling the pro forma consolidated statement of financial position of the Group for inclusion in the Abridged Prospectus in relation to the Rights Issue with Warrants.

Our responsibilities

Our responsibility is to express an opinion whether the pro forma consolidated statement of financial position of the Group have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our work in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statement of financial position of the Group on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position of the Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position of the Group.

The purpose of pro forma consolidated statement of financial position of the Group included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position of the Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statement of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statement of financial position of the Group reflect the proper application of those adjustments to the unadjusted financial information

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statement of financial position of the Group has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position of the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion,

- (a) the pro forma consolidated statement of financial position of the Group have been properly compiled in accordance with the basis of preparation set out in the accompanying notes thereto and such basis is consistent with the format of the financial statements and accounting policies adopted by the Group;
- (b) the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 used in the preparation of the pro forma consolidated statement of financial position of the Group were prepared in accordance with the Malaysian Financial Reporting Standards; and
- (c) each material adjustment made to the information used in the preparation of the pro forma consolidated statement of financial position of the Group are appropriate for the purpose of preparing such pro forma consolidated statement of financial position of the Group.

Other Matter

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any purpose contrary to the above. This letter should not be reproduced, referred to in any other documents, or used for any other purpose without our prior written consent.

Yours faithfully,



**STYL ASSOCIATES
FIRM NUMBER: AF1929
CHARTERED ACCOUNTANTS**



**SI CHAY BENG
1200/08/16(J)
PARTNER**

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

1. Basis of Preparation

The Proforma Consolidated Statements of Financial Position of Instacom Group Berhad (“Instacom” or “the Company”) and its subsidiary companies (“Instacom Group” or “the Group”) as at 31 December 2014 together with the accompanying notes thereon, have been prepared based on accounting principles and basis which are consistent with those adopted in the preparation of the audited consolidated financial statements of the Instacom Group for the financial year ended 31 December 2014 assuming that all the transactions mentioned below had taken place on 31 December 2014:-

- (i) A renounceable right issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later (“Entitlement Date”), at an issue price of RM0.10 per Rights Share;
- (ii) An increase in the authorised share capital of Instacom from RM200,000,000 comprising 2,000,000,000 Instacom Shares to RM500,000,000 comprising 500,000,000 Instacom Shares; and
- (iii) Amendments to the Memorandum and Articles of Association of Instacom.

The above shall be collectively referred as the “Corporate Exercises”.

For illustrative purposes, the effects of the Rights Issue with Warrants shall be illustrated based on the following three (3) scenarios:-

- Minimum Scenario** : Assuming none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Corporate Exercises and the Rights Issue with Warrants is undertaken on a minimum subscription level basis
- Maximum Scenario 1** : Assuming none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Corporate Exercises and the Rights Issue with Warrants is undertaken on a maximum subscription level basis
- Maximum Scenario 2** : Assuming all of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Corporate Exercises and the Rights Issue with Warrants is undertaken on a maximum subscription level basis

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

1. Basis of Preparation (cont'd)

The proceeds from the Rights Issue with Warrants is intended to be utilised as follows:

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Future viable investments ^{*1}	Within 24 months	-	15,000	15,000
Repayment of borrowings ^{*2}	Within 24 months	7,000	12,000	26,000
General working capital ^{*3}	Within 24 months	849	1,007	1,052
Estimated expenses in relation to the Corporate Exercises ^{*4}	Upon completion	900	900	900
Total		8,749	28,907	42,952

Notes:-

*1

Apart from expanding Instacom Group's business organically via the internal growth of its existing business, Instacom Group's future plans also includes expanding inorganically, via mergers and acquisitions of businesses or investments, which may or may not be an industry complementary to Instacom Group as it has not been determined at this juncture, such as the recent acquisition by Instacom of 35% equity interest in Neata Aluminium (Malaysia) Sdn Bhd ("Neata"), which was completed on 30 January 2015. In line with the above, in the event the Rights Issue with Warrants is completed under the Maximum Scenario 1 and Maximum Scenario 2, up to RM15.00 million of the proceeds raised shall be utilised to finance any suitable and viable potential business(es)/ investment(s), within 24 months from completion. As potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, part of the proceeds from the Rights Issue with Warrants may allow Instacom Group to capitalise on suitable and viable investment opportunities as and when it arises, which in turn may generate positive returns to Instacom Group in the future, thereby increasing Instacom's shareholders' value.

As at the date of this Abridged Prospectus, save for Neata and the incorporation of Tellora (PTY) Ltd (being Instacom's 51%-owned subsidiary in South Africa, of which its intended principal activities are to undertake telecommunication infrastructure development), the management of Instacom had not identified any other suitable and viable business/ investment opportunities for consideration nor have they entered into any agreement with any parties for such business/ investment. Part of the proceeds may also be utilised to fund the potential acquisition of additional equity interest in Neata in the future. Further, the management of Instacom is still exploring its options and will continuously seek and identify other suitable business(es)/ investment(s) and/ or strategic acquisition(s).

The Company shall make the necessary announcements (in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")) as and when new business(es)/ investment(s) have been identified by the Board and are likely to materialise. If the nature of the transaction require shareholders' approval pursuant to the Listing Requirements, the Board will seek the necessary approval from the shareholders of Instacom.

In the event Instacom Group is unable to identify any suitable and viable business(es)/ investment(s) within the timeframe stipulated (or any extended timeframe, if applicable), the proceeds allocated for future viable investments shall be transferred for working capital purposes of Instacom Group.

*2

As at the LPD, Instacom Group's total bank borrowings amounted to approximately RM45.32 million.

Type of facilities	Outstanding amount RM'000	Interest rate per annum	Purpose of facilities
a) Banker's acceptance	5,183	4.98% - 6.14%	For working capital
b) Revolving credit	22,594	7.00% - 7.25%	To finance the design and construction of telecommunication infrastructure
c) Term loan	13,613	4.85% - 6.42%	To finance the design and construction of telecommunication infrastructure as well as to finance property
d) Hire purchase	3,732	2.30% - 5.72%	To finance the purchase of vehicles
e) Bank overdraft	195	8.10% - 8.35%	For working capital

For illustrative purposes, the partial repayment of Instacom Group's bank borrowings is expected to result in interest cost savings as below based on the effective interest rates as follows:-

	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Repayment of borrowings	7,000	12,000	26,000
a) Term loan from Bank A	4,000	4,000	7,450
b) Term loan from Bank B	750	750	750
c) Revolving credit from Finance Company C	2,250	7,250	17,800
Effective interest rate per annum	6.53%	6.73%	6.79%
Interest savings per annum	457	808	1,765

*3

The proceeds earmarked for general working capital will be utilised to finance the day-to-day operations of Instacom Group and is expected to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Purchase of materials*	214	372	417
Salaries	500	500	500
General expenses (such staff training and staff welfare)	135	135	135
Total	849	1,007	1,052

These materials for Instacom Group's telecommunication business such as poles, distribution boards, feeder cables, fabrication structures and micro sub-ducts, are used for project implementation including Outside Plant (OSP) sites (OSP refers to all of the telecommunications apparatus and cable systems outside (i.e. not housed in buildings) which includes all the components of cable systems such as the aerial, buried, and underground cables and others), tower structures and laying of fibre cables.

The actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation. The proceeds to be raised are expected to improve Instacom Group's cash flow and fund its operating expenses.

*4

The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
<i>Professional fees (i.e. adviser, reporting accountants and solicitors)</i>	600
<i>Regulatory fees</i>	70
<i>Other incidental expenses in relation to the Corporate Exercises</i>	230
Total	<u>900</u>

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2. Notes to the Proforma Consolidated Statement of Financial Position

Minimum Scenario

2.1 Proforma I – After adjusting for the Previous Corporate Exercises

Proforma I incorporates the acquisition of 1,400,000 ordinary shares of RM1.00 each in Neata, representing 35% of the equity interest in Neata for a purchase consideration of RM58.80 million, which was fully satisfied via the issuance of 309,473,684 new Instacom Shares at an issue price of RM0.19 each (“Acquisition of Neata”).

In conjunction with the above, Instacom had undertaken the following:-

- (i) The bonus issue of 140,450,852 warrants 2015/2020 in Instacom (“Warrants C”) on the basis of one (1) free Warrant C for every five (5) existing Instacom Shares held as at 5.00 p.m. on 22 January 2015 (“Bonus Issue of Warrants”).
- (ii) The diversification of the existing principal activities of Instacom Group to include aluminium design and fabrication business and civil engineering and construction business (“Diversification”).

The estimated expenses in relation to the said exercises was approximately RM550,000, which was deducted from the retained profit account.

The Bonus Issue of Warrants and Diversification had no material effect on the statement of financial position of Instacom Group.

The Acquisition of Neata and the Bonus Issue of Warrants were completed on 30 January 2015 while the Diversification was approved by the shareholders of Instacom at the EGM on 30 December 2014.

2.2 Proforma II – After Proforma I and the Rights Issue with Warrants

Proforma II incorporates the cumulative effects of Proforma I and the Rights Issue with Warrants as follows:

- (i) Instacom is expected to raise total proceeds of RM8,749,454 from the Rights Issue with Warrants based on an issue price of RM0.10 per Rights Share under the minimum subscription level basis;
- (ii) The share premium after the deduction of estimated expenses of RM900,000 in relation to the Corporate Exercises amounting to RM87,816,246;
- (iii) Warrant reserve arising from the Rights Issue with Warrants amounting to RM1,478,658 based on the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model;

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2.2 Proforma II – After Proforma I and the Rights Issue with Warrants (cont'd)

- (iv) The retained profit after the adjustment for warrant reserve amounting to RM1,478,658 based on (iii) above; and
- (v) The proceeds arising from the Rights Issue with Warrants is intended to be utilised to partially repay bank borrowings amounting to RM7,000,000 and an amount of RM1,749,454 will be included in cash and cash equivalents account, earmarked for working capital.

The warrant reserve is computed based on the theoretical fair value per Warrant D of RM0.0338. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants D. As such the actual quantum may differ from the amount computed above.

2.3 Proforma III – After Proforma II and assuming the full exercise of the Warrants D

Proforma III incorporates the cumulative effects of Proforma II and the full exercise of 43,747,272 Warrants D as follows:

- (i) Assuming the full exercise of Warrants D at an exercise price of RM0.12 each, Instacom will raise total proceeds of RM5,249,673; and
- (ii) An increase in share premium arising from the full exercise of Warrants D at an exercise of RM0.12 per Warrant D amounting to RM874,945 and the transfer of RM1,478,658 from the warrant reserve account.

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2. Notes to the Proforma Consolidated Statement of Financial Position

Maximum Scenario 1

2.1 Proforma I – After adjusting for the Previous Corporate Exercises

Proforma I incorporates the Acquisition of Neata.

In conjunction with the above, Instacom had undertaken the Bonus Issue of Warrants and the Diversification.

The estimated expenses in relation to the said exercises was approximately RM550,000, which was deducted from the retained profit account.

The Bonus Issue of Warrants and Diversification had no material effect on the statement of financial position of Instacom Group.

The Acquisition of Neata and the Bonus Issue of Warrants were completed on 30 January 2015 while the Diversification was approved by the shareholders of Instacom at the EGM on 30 December 2014.

2.2 Proforma II – After Proforma I and the Rights Issue with Warrants

Proforma II incorporates the cumulative effects of Proforma I and the Rights Issue with Warrants as follows:

- (i) Instacom is expected to raise total proceeds of RM28,906,513 from the Rights Issue with Warrants based on an issue price of RM0.10 per Rights Share under the maximum subscription level basis;
- (ii) The share premium after the deduction of estimated expenses of RM900,000 in relation to the Corporate Exercises amounting to RM87,816,246;
- (iii) Warrant reserve arising from the Rights Issue with Warrants amounting to RM4,885,201 based on the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model;
- (iv) The retained profit after the adjustment for warrant reserve amounting to RM4,885,201 based on (iii) above; and
- (v) The proceeds arising from the Rights Issue with Warrants is intended to be utilised to partially repay bank borrowings amounting to RM12,000,000, and the amount of RM1,906,513 and RM15,000,000 will be included in cash and cash equivalents account, earmarked for working capital and future viable investment, respectively.

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2.2 Proforma II – After Proforma I and the Rights Issue with Warrants (Cont'd)

The warrant reserve is computed based on the theoretical fair value per Warrant D of RM0.0338. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants D. As such the actual quantum may differ from the amount computed above.

2.3 Proforma III – After Proforma II and assuming the full exercise of the Warrants D

Proforma III incorporates the cumulative effects of Proforma II and the full exercise of 144,532,563 Warrants D as follows:

- (i) Assuming the full exercise of Warrants D at an exercise price of RM0.12 each, Instacom will raise total proceeds of RM17,343,908; and
- (ii) An increase in share premium arising from the full exercise of the Warrants D at an exercise price of RM0.12 per Warrant D amounting to RM2,890,651 and the transfer of RM4,885,201 from the warrant reserve account.

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2. Notes to the Proforma Consolidated Statement of Financial Position

Maximum Scenario 2

2.1 Proforma I – After adjusting for the Previous Corporate Exercises

Proforma I incorporates the Acquisition of Neata.

In conjunction with the above, Instacom had undertaken the Bonus Issue of Warrants and the Diversification.

The estimated expenses in relation to the said exercises was approximately RM550,000, which was deducted from the retained profit account.

The Bonus Issue of Warrants and Diversification had no material effect on the statement of financial position of Instacom Group.

The Acquisition of Neata and the Bonus Issue of Warrants were completed on 30 January 2015 while the Diversification was approved by the shareholders of Instacom at the EGM on 30 December 2014.

2.2 Proforma II – After Proforma I and assuming all of the outstanding Warrants B are exercised

Proforma II incorporates the cumulative effects of Proforma I and assuming all of the 351,127,130 outstanding warrants 2013/2018 in Instacom (“Warrants B”) are exercised as follows:

- (i) Assuming the full exercise of Warrants B at an exercise price of RM0.33 each, Instacom will raise total proceeds of RM115,871,953; and
- (ii) An increase in share premium arising from the full exercise of the Warrants B at an exercise price of RM0.33 per Warrant B amounting to RM80,759,240.

2.3 Proforma III – After Proforma II and assuming all of the outstanding Warrants C are exercised

Proforma III incorporates the cumulative effects of Proforma II and assuming all of the 140,450,852 outstanding Warrants C are exercised as follows:

- (i) Assuming the full exercise of Warrants C at an exercise price of RM0.13 each, Instacom will raise total proceeds of RM18,258,611; and
- (ii) An increase in share premium arising from the full exercise of the Warrants C at an exercise price of RM0.13 per Warrant C amounting to RM4,213,526.

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

2.4 Proforma IV – After Proforma III and the Rights Issue with Warrants

Proforma IV incorporates the cumulative effects of Proforma III and the Rights Issue with Warrants as follows:

- (i) Instacom is expected to raise total proceeds of RM42,951,598 from the Rights Issue with Warrants based on an issue price of RM0.10 per Rights Share under the maximum subscription level basis;
- (ii) The share premium after the deduction of estimated expenses of RM900,000 in relation to the Corporate Exercises amounting to RM172,789,012;
- (iii) Warrant reserve arising from the Rights Issue with Warrants amounting to RM7,258,820 based on the theoretical fair value of the Warrants D of RM0.0338 per Warrant D using the Black Scholes option pricing model;
- (iv) The retained profit after the adjustment for warrant reserve amounting to RM7,258,820 based on (iii) above; and
- (v) The proceeds arising from the Rights Issue with Warrants is intended to be utilised to partially repay bank borrowings amounting to RM26,000,000, and the amount of RM1,951,598 and RM15,000,000 will be included in cash and cash equivalents account, earmarked for working capital and future viable investment, respectively.

The warrant reserve is computed based on the theoretical fair value per Warrant D of RM0.0338. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants D. As such the actual quantum may differ from the amount computed above.

2.5 Proforma V – After Proforma IV and assuming the full exercise of the Warrants D

Proforma V incorporates the cumulative effects of Proforma IV and the full exercise of 214,757,989 Warrants D as follows:

- (i) Assuming the full exercise of Warrants D at an exercise price of RM0.12 each, Instacom will raise total proceeds of RM25,770,959; and
- (ii) An increase in share premium arising from the full exercise of the Warrants D at an exercise price of RM0.12 per Warrant D amounting to RM4,295,160 and the transfer of RM7,258,820 from the warrant reserve account.

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2014, and should be read in conjunction with the accompanying notes to the pro forma consolidated statements of financial position

		Proforma I	Proforma II	Proforma III
	Audited as at 31 December 2014	After adjusting for the Previous Corporate Exercises	After I and the Right issue with Warrants	After II and assuming full exercise of the Warrants D
<u>MINIMUM SCENARIO</u>	Note RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment		26,576	26,576	26,576
Intangible assets		586	586	586
Goodwill on consolidation		75,760	75,760	75,760
Investment in associates		-	58,801	58,801
Finance receivables		11,306	11,306	11,306
Development expenditure		6,797	6,797	6,797
Trade and other receivables		12,859	12,859	12,859
Total Non-Current Assets		133,884	192,685	192,685
Current Assets				
Inventories		19,827	19,827	19,827
Finance receivables		3,707	3,707	3,707
Trade and other receivables		40,062	40,062	40,062
Tax recoverable		782	782	782
Fixed deposits with a licensed bank		6,269	6,269	6,269
Cash and cash equivalents	3	13,450	12,900	13,749
Total Current Assets		84,097	83,547	89,646
Total Assets		217,981	276,232	282,331
EQUITY AND LIABILITIES				
Capital And Reserves				
Share capital	4	70,225	101,173	109,922
Share premium	5	60,864	88,717	87,817
Warrant reserve	6	-	-	1,479
Retained profit	7	36,405	35,855	34,376
Total Equity		167,494	225,745	233,594
Non-Current Liability				
Loans and borrowings		14,301	14,301	14,301
Current Liabilities				
Trade and other payables		5,433	5,433	5,433
Amount owing to directors		56	56	56
Loans and borrowings	8	30,696	30,696	23,696
Tax payables		1	1	1
Total Current Liabilities		36,186	36,186	29,186
Total Liabilities		50,487	50,487	43,487
Total Equity and Liabilities		217,981	276,232	282,331
Number of Shares in issue ('000)		702,254	1,011,728	1,099,222
NA per Share (RM)		0.24	0.22	0.21
Borrowings (RM'000)		44,997	44,997	37,997
Gearing ratio (times)		0.27	0.20	0.16

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2014, and should be read in conjunction with the accompanying notes to the pro forma consolidated statements of financial position.

		Proforma I	Proforma II	Proforma III
	Audited as at 31 December 2014	After adjusting for the Previous Corporate Exercises	After I and the Rights Issue with Warrants	After II and assuming full exercise of the Warrants D
MAXIMUM SCENARIO I	Note RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	26,576	26,576	26,576	26,576
Intangible assets	586	586	586	586
Goodwill on consolidation	75,760	75,760	75,760	75,760
Investment in associates	-	58,801	58,801	58,801
Finance receivables	11,306	11,306	11,306	11,306
Development expenditure	6,797	6,797	6,797	6,797
Trade and other receivables	12,859	12,859	12,859	12,859
Total Non-Current Assets	133,884	192,685	192,685	192,685
Current Assets				
Inventories	19,827	19,827	19,827	19,827
Finance receivables	3,707	3,707	3,707	3,707
Trade and other receivables	40,062	40,062	40,062	40,062
Tax recoverable	782	782	782	782
Fixed deposits with a licensed bank	6,269	6,269	6,269	6,269
Cash and cash equivalents	3 13,450	12,900	28,906	46,250
Total Current Assets	84,097	83,547	99,553	116,897
Total Assets	217,981	276,232	292,238	309,582
EQUITY AND LIABILITIES				
Capital And Reserves				
Shares capital	4 70,225	101,173	130,079	144,532
Shares premium	5 60,864	88,717	87,817	95,593
Warrant reserve	6 -	-	4,885	-
Retained profit	7 36,405	35,855	30,970	30,970
Total Equity	167,494	225,745	253,751	271,095
Non-Current Liability				
Loans and borrowings	14,301	14,301	14,301	14,301
Current Liabilities				
Trade and other payables	5,433	5,433	5,433	5,433
Amount owing to directors	56	56	56	56
Loans and borrowings	8 30,696	30,696	18,696	18,696
Tax payables	1	1	1	1
Total Current Liabilities	36,186	36,186	24,186	24,186
Total Liabilities	50,487	50,487	38,487	38,487
Total Equity and Liabilities	217,981	276,232	292,238	309,582
Number of Shares in issue ('000)	702,254	1,011,728	1,300,793	1,445,326
NA per Share (RM)	0.24	0.22	0.20	0.19
Borrowings (RM'000)	44,997	44,997	32,997	32,997
Gearing ratio (times)	0.27	0.20	0.13	0.12

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2014, and should be read in conjunction with the accompanying notes to the pro forma consolidated statements of financial position.

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	Audited as at 31 December 2014	After adjusting for the Previous Corporate Exercises	After I and assuming all of the outstanding Warrants B are exercised	After II and assuming all of the outstanding Warrants C are exercised	After III and the Rights Issue with Warrants	After IV and assuming full exercise of the Warrants D
MAXIMUM SENARIO 2	Note	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Non-Current Assets						
Property, plant and equipment		26,576	26,576	26,576	26,576	26,576
Intangible assets		586	586	586	586	586
Goodwill on consolidation		75,760	75,760	75,760	75,760	75,760
Investment in associates		-	58,801	58,801	58,801	58,801
Finance receivables		11,306	11,306	11,306	11,306	11,306
Development expenditure		6,797	6,797	6,797	6,797	6,797
Trade and other receivables		12,859	12,859	12,859	12,859	12,859
Total Non-Current Assets		133,884	192,685	192,685	192,685	192,685
Current Assets						
Inventories		19,827	19,827	19,827	19,827	19,827
Finance receivables		3,707	3,707	3,707	3,707	3,707
Trade and other receivables		40,062	40,062	40,062	40,062	40,062
Tax recoverable		782	782	782	782	782
Fixed deposits with a licensed bank		6,269	6,269	6,269	6,269	6,269
Cash and cash equivalents	3	13,450	12,900	128,772	147,031	163,082
Total Current Assets		84,097	83,547	199,419	217,678	259,500
Total Assets		217,981	276,232	392,104	410,363	452,185
EQUITY AND LIABILITIES						
Capital And Reserves						
Share capital	4	70,225	101,173	136,286	150,331	214,758
Share premium	5	60,864	88,717	169,476	173,690	184,344
Warrant reserve	6	-	-	-	-	7,259
Retained profit	7	36,405	35,855	35,855	35,855	28,596
Total Equity		167,494	225,745	341,617	359,876	427,698
Non-Current Liability						
Loans and borrowings		14,301	14,301	14,301	14,301	14,301
Current Liabilities						
Trade payables		5,433	5,433	5,433	5,433	5,433
Amount owing to director		56	56	56	56	56
Loans and borrowings	8	30,696	30,696	30,696	30,696	4,696
Tax payables		1	1	1	1	1
Total Current Liabilities		36,186	36,186	36,186	36,186	10,186
Total Liabilities		50,487	50,487	50,487	50,487	24,487
Total Equity and Liabilities		217,981	276,232	392,104	410,363	452,185
Number of Shares in issue ('000)		702,254	1,011,728	1,362,855	1,503,306	1,932,822
NA per Share (RM)		0.24	0.22	0.25	0.24	0.21
Borrowings (RM'000)		44,997	44,997	44,997	44,997	18,997
Gearing ratio (times)		0.27	0.20	0.13	0.13	0.05

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

3. Movement in Cash and Cash Equivalents

	Amount RM'000
<u>Minimum Scenario</u>	
Audited consolidated statement of financial position as at 31 December 2014	13,450
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I	<u>12,900</u>
Estimated expenses incurred in relation to the Corporate Exercises	(900)
Rights Issue with Warrants	8,749
Repayment of borrowings	(7,000)
As per Proforma II	<u>13,749</u>
Full exercise of Warrants D	5,250
As per Proforma III	<u><u>18,999</u></u>
<u>Maximum Scenario 1</u>	
Audited consolidated statement of financial position as at 31 December 2014	13,450
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I	<u>12,900</u>
Estimated expenses incurred in relation to the Corporate Exercises	(900)
Rights Issue with Warrants	28,906
Repayment of borrowings	(12,000)
As per Proforma II	<u>28,906</u>
Full exercise of Warrants D	17,344
As per Proforma III	<u><u>46,250</u></u>
<u>Maximum Scenario 2</u>	
Audited consolidated statement of financial position as at 31 December 2014	13,450
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I	<u>12,900</u>
Full exercise of Warrants B	115,872
As per Proforma II	<u>128,772</u>
Full exercise of Warrants C	18,259
As per Proforma III	<u>147,031</u>
Estimated expenses incurred in relation to the Corporate Exercises	(900)
Rights Issue with Warrants	42,951
Repayment of borrowings	(26,000)
As per Proforma IV	<u>163,082</u>
Full exercise of Warrants D	25,771
As per Proforma V	<u><u>188,853</u></u>

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

4. Movement in Share Capital

	Number of Shares '000	Amount RM'000
<u>Minimum Scenario</u>		
Audited consolidated statement of financial position as at 31 December 2014	702,254	70,225
Acquisition of Neata	309,474	30,948
As per Proforma I	1,011,728	101,173
Rights Issue with Warrants	87,494	8,749
As per Proforma II	1,099,222	109,922
Full exercise of the Warrants D	43,748	4,375
As per Proforma III	1,142,970	114,297
<u>Maximum Scenario 1</u>		
Audited consolidated statement of financial position as at 31 December 2014	702,254	70,225
Acquisition of Neata	309,474	30,948
As per Proforma I	1,011,728	101,173
Rights Issue with Warrants	289,065	28,906
As per Proforma II	1,300,793	130,079
Full exercise of the Warrants D	144,533	14,453
As per Proforma III	1,445,326	144,532
<u>Maximum Scenario 2</u>		
Audited consolidated statement of financial position as at 31 December 2014	702,254	70,225
Acquisition of Neata	309,474	30,948
As per Proforma I	1,011,728	101,173
Full exercise of Warrants B	351,127	35,113
As per Proforma II	1,362,855	136,286
Full exercise of Warrants C	140,451	14,045
As per Proforma III	1,503,306	150,331
Rights Issue with Warrants	429,516	42,951
As per Proforma IV	1,932,822	193,282
Full exercise of the Warrants D	214,758	21,476
As per Proforma V	2,147,580	214,758

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

5. Movements in Share Premium

	Amount RM'000
<u>Minimum Scenario</u>	
Audited consolidated statement of financial position as at 31 December 2014	60,864
Acquisition of Neata	27,853
As per Proforma I	<u>88,717</u>
Rights Issue with Warrants	<u>(900)</u>
As per Proforma II	87,817
Full exercise of Warrants D	875
Transfer from warrant reserve account	1,479
As per Proforma III	<u><u>90,171</u></u>
<u>Maximum Scenario 1</u>	
Audited consolidated statement of financial position as at 31 December 2014	60,864
Acquisition of Neata	27,853
As per Proforma I	<u>88,717</u>
Rights Issue with Warrants	<u>(900)</u>
As per Proforma II	87,817
Full exercise of Warrants D	2,891
Transfer from warrant reserve account	4,885
As per Proforma III	<u><u>95,593</u></u>
<u>Maximum Scenario 2</u>	
Audited consolidated statement of financial position as at 31 December 2014	60,864
Acquisition of Neata	27,853
As per Proforma I	<u>88,717</u>
Full exercise of Warrants B	<u>80,759</u>
As per Proforma II	169,476
Full exercise of Warrants C	4,214
As per Proforma III	<u>173,690</u>
Rights Issue with Warrants	<u>(900)</u>
As per Proforma IV	172,790
Full exercise of Warrants D	4,295
Transfer from warrant reserve account	7,259
As per Proforma V	<u><u>184,344</u></u>

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

6. Movements in Warrant Reserve

	Amount RM'000
<u>Minimum Scenario</u>	
Audited consolidated statement of financial position as at 31 December 2014/As per Proforma I	-
Rights Issue with Warrants	1,479
As per Proforma II	1,479
Transfer to share premium upon full exercise of Warrants D	(1,479)
As per Proforma III	-
<u>Maximum Scenario 1</u>	
Audited consolidated statement of financial position as at 31 December 2014/As per Proforma I	-
Rights Issue with Warrants	4,885
As per Proforma II	4,885
Transfer to share premium upon full exercise of Warrants D	(4,885)
As per Proforma III	-
<u>Maximum Scenario 2</u>	
Audited consolidated statement of financial position as at 31 December 2014/ As per Proforma I/II/III	-
Rights Issue with Warrants	7,259
As per Proforma IV	7,259
Transfer to share premium upon full exercise of Warrants D	(7,259)
As per Proforma V	-

7. Movements in Retained Profit

	Amount RM'000
<u>Minimum Scenario</u>	
Audited consolidated statement of financial position as at 31 December 2014	36,405
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I	35,855
Transfer to warrant reserve account	(1,479)
As per Proforma II/III	34,376

INSTACOM GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014

Maximum Scenario 1

Audited consolidated statement of financial position as at 31 December 2014	36,405
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I	<u>35,855</u>
Transfer to warrant reserve account	(4,885)
As per Proforma II/III	<u><u>30,970</u></u>

Maximum Scenario 2

Audited consolidated statement of financial position as at 31 December 2014	36,405
Estimated expenses incurred in relation to the Previous Corporate Exercises	(550)
As per Proforma I/II/III	<u>35,855</u>
Transfer to warrant reserve account	(7,259)
As per Proforma IV/V	<u><u>28,596</u></u>

8. Movements in Borrowings

Amount
RM'000

Minimum Scenario

Audited consolidated statement of financial position as at 31 December 2014/ As per Proforma I	30,696
Repayment of borrowings	(7,000)
As per Proforma II/III	<u><u>23,696</u></u>

Maximum Scenario 1


Audited consolidated statement of financial position as at 31 December 2014/ As per Proforma I	30,696
Repayment of borrowings	(12,000)
As per Proforma II/III	<u><u>18,696</u></u>

Maximum Scenario 2

Audited consolidated statement of financial position as at 31 December 2014/ As per Proforma I/II/III	30,696
Repayment of borrowings	(26,000)
As per Proforma IV/V	<u><u>4,696</u></u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**

Certified True Copy


.....
STYL Associates (AF 1929)
Si Chay Beng
Partner

INSTACOM GROUP BERHAD
(596299 - D)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2014

STYL ASSOCIATES
(AF001929)
Chartered Accountants

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in provision of e-business software application development, software integration and related services, sales of related products, telecommunication engineering and services and investment holding.

The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	3,702,897	5,938,161
Attributable to:-		
Owners of the parent	3,702,897	5,938,161
Non-controlling interest	-	-
	<u>3,702,897</u>	<u>5,938,161</u>

DIVIDENDS

No dividends was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2014.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due, other than as disclosed in the financial statements.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

WARRANTS 2013/2018

On 2 September 2013, a total of 351,127,130 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

As at the end of the financial year, the entire allotted warrants remained unexercised. Details of the Warrants 2013/2018 are disclosed in Note 17 to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:-

Dato' Ngu Sing Hieng	(resigned on 04.02.2015)
Anne Kung Soo Ching	
Choo Seng Choon	
Azahar Bin Rasul	
Tay Mun Kit	
Ar. Lim Tong Hock	(appointed on 01.04.2015)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares and options in the Company during the financial year ended 31 December 2014 are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2014	Allotted/ bought	Sold	At 31.12.2014
Company				
Direct Interest				
Dato' Ngu Sing Hieng	53,617,000	-	6,800,000	46,817,000
Anne Kung Soo Ching	102,000,000	-	25,100,000	76,900,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Details of the significant events during and after the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs STYL Associates, have expressed their willingness to continue in office.

On behalf of the Board,



.....
CHOO SENG CHOON
Director



.....
ANNE KUNG SOO CHING
Director

Kuala Lumpur

Date: 28 April 2015

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM	2013 RM Restated	2014 RM	2013 RM Restated
ASSETS					
Non-current assets					
Property, plant and equipment	3	26,575,981	29,147,833	16,624,077	16,490,910
Development expenditure	4	6,797,376	6,912,586	4,417,947	4,492,828
Intangible assets	5	586,139	643,773	586,139	643,773
Investment in subsidiaries	6	-	-	102,000,000	102,000,000
Goodwill on consolidation	7	75,759,818	75,776,024	-	-
Finance receivables	8	11,305,720	15,973,515	-	-
Trade and other receivables	9	12,859,344	-	-	-
Total non-current assets		133,884,378	128,453,731	123,628,163	123,627,511
Current assets					
Inventories	10	19,827,019	28,097,021	17,179,978	24,990,773
Finance receivables	8	3,706,957	4,329,062	-	-
Trade and other receivables	9	40,061,601	52,737,880	16,761,313	5,015,047
Tax recoverable		782,346	1,061,151	-	-
Other investment	11	-	7,120,910	-	-
Amount owing by subsidiaries	12	-	-	28,443,389	16,829,521
Fixed deposits with licensed banks	13	6,269,637	12,057,411	-	-
Cash and bank balances	14	13,449,619	3,542,614	12,333,488	2,203,389
Total current assets		84,097,179	108,946,049	74,718,168	49,038,730
TOTAL ASSETS		217,981,557	237,399,780	198,346,331	172,666,241
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	70,225,426	70,225,426	70,225,426	70,225,426
Reserves	16	97,269,096	93,566,199	96,717,065	90,778,904
TOTAL EQUITY		167,494,522	163,791,625	166,942,491	161,004,330

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Continued)

	Note	Group		Company	
		2014 RM	2013 RM Restated	2014 RM	2013 RM Restated
Non-current liability					
Loans and borrowings	18	14,301,091	13,030,601	3,816,977	-
Total non-current liability		14,301,091	13,030,601	3,816,977	-
Current liabilities					
Trade and other payables	21	5,433,092	11,745,449	2,579,894	2,871,968
Amount owing to subsidiaries	12	-	-	23,589,477	8,789,943
Amount owing to directors	22	55,606	3,732	-	-
Loans and borrowings	18	30,695,783	48,828,373	1,416,029	-
Tax payables		1,463	-	1,463	-
Total current liabilities		36,185,944	60,577,554	27,586,863	11,661,911
Total liabilities		50,487,035	73,608,155	31,403,840	11,661,911
TOTAL EQUITY AND LIABILITIES		217,981,557	237,399,780	198,346,331	172,666,241

The accompanying notes form an integral part of these financial statements.

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	23	66,008,423	120,433,847	58,585,578	109,468,086
Cost of sales		(52,038,391)	(76,501,162)	(47,062,411)	(69,701,309)
Gross Profit		13,970,032	43,932,685	11,523,167	39,766,777
Other income		2,126,246	877,645	404,519	455,031
Administrative expenses		(8,505,870)	(12,356,100)	(5,734,059)	(8,956,177)
Selling and distribution expenses		(216,660)	(306,852)	(64,358)	(166,358)
Other operating expenses		(77,832)	(493,494)	(7,656)	(204,651)
Operating Profit	24	7,295,916	31,653,884	6,121,613	30,894,622
Finance costs	25	(3,571,827)	(6,122,202)	(162,260)	(4,472)
Profit Before Taxation		3,724,089	25,531,682	5,959,353	30,890,150
Taxation	26	(21,192)	692,567	(21,192)	-
Profit for the Financial Year		3,702,897	26,224,249	5,938,161	30,890,150
Other Comprehensive Profit, Net of Tax		-	-	-	-
Total Comprehensive Income for the Financial Year		3,702,897	26,224,249	5,938,161	30,890,150

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Profit attributable to:-					
Owners of the parent		3,702,897	26,224,249	5,938,161	30,890,150
Total Comprehensive Income attributable to:-					
Owners of the parent		3,702,897	26,224,249	5,938,161	30,890,150
Earnings per share attributable to owners of the parent	27				
- basic (sen)		0.53	3.73		
- diluted (sen)		0.53	3.73		

The accompanying notes form an integral part of these financial statements.

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Group	/---Attributable to Owners of the Parent---/ /---Non-distributable---/			Total Equity RM
	Issued Share Capital RM	Share Premium RM	Distributable Retained Profits/ (Accumulated Losses) RM	
Balance at 1 January 2013	70,225,426	60,863,614	6,827,271	137,916,311
Total comprehensive income	-	-	26,224,249	26,224,249
Transactions with owners:-				
Expenditure for warrants issued	-	-	(348,935)	(348,935)
Balance at 31 December 2013	70,225,426	60,863,614	32,702,585	163,791,625
Total comprehensive income	-	-	3,702,897	3,702,897
Balance at 31 December 2014	70,225,426	60,863,614	36,405,482	167,494,522
Company				
Balance at 1 January 2013	70,225,426	60,863,614	(625,925)	130,463,115
Total comprehensive income	-	-	30,890,150	30,890,150
Transactions with owners:-				
Expenditure for warrants issued	-	-	(348,935)	(348,935)
Balance at 31 December 2013	70,225,426	60,863,614	29,915,290	161,004,330
Total comprehensive income	-	-	5,938,161	5,938,161
Balance at 31 December 2014	70,225,426	60,863,614	35,853,451	166,942,491

The accompanying notes form an integral part of these financial statements.

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	3,724,089	25,531,682	5,959,353	30,890,150
Adjustments for:-				
Amortisation of development expenditure	115,210	-	74,881	-
Amortisation of intangible assets	57,634	57,993	57,634	57,633
Impairment loss on:-				
- other receivables	58,513	-	-	-
- goodwill	16,206	-	-	-
Depreciation of property, plant and equipment	2,143,564	2,312,532	67,871	110,063
Gain on disposal of property, plant and equipment	(458,435)	(136,726)	-	-
Investment income:-				
- current year	(228,227)	(374,276)	-	-
- prior year	-	1,453,337	-	-
Interest income	(550,305)	(982,098)	(321)	-
Interest expenses	3,571,827	6,122,202	162,260	4,472
Written off of property, plant and equipment	57,229	-	29,662	-
	8,507,305	33,984,646	6,351,340	31,062,318
Changes in working capital:-				
Development expenditure	-	(4,492,828)	-	(4,492,828)
Inventories	8,270,002	9,331,021	7,810,795	1,215,212
Trade and other receivables	(241,578)	(5,184,385)	(11,746,266)	(2,389,851)
Trade and other payables	(6,312,357)	(4,320,752)	(292,074)	2,351,806
	10,223,372	29,317,702	2,123,795	27,746,657
Tax paid	(112,951)	(1,907,338)	(19,729)	-
Tax refunded	372,027	260,000	-	-
Interest received	550,305	982,098	321	-
Net Operating Cash Flows	11,032,753	28,652,462	2,104,387	27,746,657

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Amount owing by subsidiaries	-	-	(11,613,868)	(25,749,541)
Disposal of investment by asset management company	7,120,910	7,909,091	-	-
Investment income	228,227	374,276	-	-
Placement/(withdrawal) of fixed deposits pledged to banks	5,787,774	(1,833,434)	-	-
Proceeds from disposal of property, plant and equipment	1,614,338	324,120	5,762	-
Purchase of property, plant and equipment	(784,844)	(602,647)	(236,462)	(114,558)
Net Investing Cash Flows	13,966,405	6,171,406	(11,844,568)	(25,864,099)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Amount owing to directors	51,874	(43,097)	-	-
Amount owing to subsidiaries	-	-	14,799,534	-
Finance receivables	5,289,900	3,731,078	-	-
Issuance of warrants	-	(348,935)	-	(348,935)
Repayment of hire purchase payables, net	(2,617,721)	(3,170,560)	-	-
Drawdown of term loans	8,194,750	-	4,000,000	-
Repayment of term loans	(3,983,313)	(1,319,356)	(64,994)	-
Drawdown/(repayment) of short term borrowings, net	(18,459,155)	(33,870,880)	1,298,000	-
Interest paid	(3,571,827)	(5,663,648)	(162,260)	(4,472)
Net Financing Cash Flows	(15,095,492)	(40,685,398)	19,870,280	(353,407)

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
		Restated		Restated
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,903,666	(5,861,530)	10,130,099	1,529,151
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,539,014	9,400,544	2,203,389	674,238
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13,442,680	3,539,014	12,333,488	2,203,389
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	13,449,619	3,542,614	12,333,488	2,203,389
Bank overdrafts	(6,939)	(3,600)	-	-
	13,442,680	3,539,014	12,333,488	2,203,389

The accompanying notes form an integral part of these financial statements.

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in provision of e-business software application development, software integration and related services, sales of related products, telecommunication engineering and services and investment holding. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

The principal place of business of the Company is located at No. 21 and 22, 2nd and 3rd Floor, Stutong Commercial Centre, Jalan Setia Raja/Jalan Canna, 93350 Kuching, Sarawak.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies
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The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’, that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)****(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (Continued)*****Amendments to MFRS 136 Impairment of Assets***

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity’s business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)****(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)*****Amendments to MFRS 140 Investment Property***

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transactions costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

From 1 January 2011, the Group has applied MFRS 3 Business Combination (Revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Accounting for Business Combinations (Continued)

For acquisition on or after 1 January 2011, the Group measures goodwill at the acquisition date as:-

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in fair values of the net identifiable assets and liabilities.

(iii) Accounting for Acquisition of Non-controlling Interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.3 Significant Accounting Policies (Continued)****(a) Basis of Consolidation (Continued)****(iv) Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost in initial measurement of the investment.

(v) Non-controlling Interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and the owners of the Company.

Since the beginning of the reporting period, the Group has applied MFRS 127 Consolidated and Separate Financial Statements (Revised) where losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Where losses applicable to the non-controlling interest exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interest had a binding obligation to, and was able to make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interest's share of losses previously absorbed by the Group had been recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(c) Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially stated at cost. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, factory building under construction and plant, machinery and equipment under installation. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Property, Plant and Equipment and Depreciation (Continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold lands are not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of 55 years. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Factory	2%
Leasehold land and building	55 years
Computers, telecommunication and electronic equipment	10% - 33%
Machinery and tools	10% - 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	10% - 33%
Base stations and network operation centres	15 years
Staff quarters	10% - 33%
Renovation	10% - 33%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.3 Significant Accounting Policies (Continued)****(d) Leases and Hire Purchase****(i) Finance Leases and Hire Purchase**

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance leases and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments under operating lease are recognised as an expense in the profit or loss on a straight line basis over the lease period.

(iii) Leases of Land and Buildings

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(e) Inventories

Inventories of finished goods, work-in-progress and raw materials are stated at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average basis.

The cost of work-in-progress includes cost of raw materials, consumables, direct labour and an appropriate allocation of overhead. The cost of raw materials includes the original purchase price plus costs incurred to bring the inventories to their present locations and conditions.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable to transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in the profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(ii) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention of the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Provision for Liabilities

Provision for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(h) Share Capital

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of the reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Foreign Currency Translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency and presentation currency.

Transactions in foreign currencies are translated into RM at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss.

Non-monetary items are measured in terms of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(j) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Impairment

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Impairment of Financial Assets

Trade and other receivables

To determine whether there is objective evidence that an impairment loss on financial assets have been occurred, the Group and the Company consider factors such as the probability of insolvency or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and the observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Impairment (Continued)

(ii) Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Construction and Service Contracts

Revenue from providing telecommunication engineering works is recognised when the work has been completed.

(ii) Revenue from Service

Revenue from services rendered is recognised on accruals basis when the services are rendered.

(iii) Revenue from Maintenance Contract

Revenue on maintenance contract is recognised on accrual basis when the services are rendered.

(iv) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the assets.

(v) Rental Income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(m) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which the related service is performed. Once the contributions have been paid, the Group has no further payment obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(n) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable in respect of the taxable profit or loss for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they directly attributable to the acquisition of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with borrowing of fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

(q) Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(s) Intangible asset

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the Company and the cost of the assets can be measured reliably.

Cost recognised with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and thereafter use it or sell it;
- the ability to either use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(t) Intangible Asset (Continued)

Other development expenditure is recognised in profit or loss as and when it is incurred. Capitalised development expenditure are recorded as intangible assets and amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life.

The estimated useful lives of capitalised development expenditure are over a period of fifteen years. Software licence and intellectual property rights both are over a period of twenty years.

After initial recognition, internally generated intangible assets are stated at cost less any accumulated amortisation and impairment losses. The amortisation period and method are reviewed at least at the end of each reporting period. Amortisation will commence once the development work is completed.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss from derecognition of an intangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

(u) Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the financial position date, based on work performed as certified by architects. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers. Revenue is recognized based on the contract cost certified plus a certain percentage of mark up.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately as an allowance for foreseeable loss.

(v) Warrants

The issues of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Estimation and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements Made in Applying Accounting Policies

There are no critical judgements made by the management in the application of accounting policies of the Group that have a significant effect on the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Estimation and Judgements (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(ii) Impairment of Investment in Subsidiaries (Continued)

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting period. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iii) Impairment of Property, Plant and Equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at end of reporting period, the directors of the Group are of the opinion that there is no impact resulting from the impairment review by the management.

(iv) Impairment of Loans and Receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 9 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Estimation and Judgements (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(v) Impairment of Goodwill on Consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period is RM75,759,818/- (2013: RM75,776,024/-). Details of the impairment assessment are disclosed in Note 7 to the financial statements.

(vi) Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(vii) Net Realisable Values of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Staff quarters RM	Renovation RM	Total RM
Cost										
At 1 January 2014	8,065,800	2,045,122	6,845,504	2,301,736	13,989,805	1,178,947	8,415,967	24,605	648,230	43,515,716
Additions	-	-	331,802	360,800	215	11,020	-	-	81,007	784,844
Disposal	(5,800)	-	(22,049)	-	(3,434,342)	(5,442)	-	-	-	(3,467,633)
Written off	-	-	(2,106,370)	-	(261,873)	(88,235)	-	-	(17,593)	(2,474,071)
At 31 December 2014	8,060,000	2,045,122	5,048,887	2,662,536	10,293,805	1,096,290	8,415,967	24,605	711,644	38,358,856
Accumulated depreciation										
At 1 January 2014	65,580	182,256	5,431,694	1,452,132	6,292,658	621,321	-	5,537	316,705	14,367,883
Charge for the financial year	53,200	37,221	433,619	400,624	1,037,265	109,684	-	2,461	69,490	2,143,564
Disposal	(38)	-	(19,560)	-	(2,289,677)	(2,455)	-	-	-	(2,311,730)
Written off	-	-	(2,095,448)	-	(234,956)	(77,821)	-	-	(8,617)	(2,416,842)
At 31 December 2014	118,742	219,477	3,750,305	1,852,756	4,805,290	650,729	-	7,998	377,578	11,782,875
Net book value at 31 December 2014	7,941,258	1,825,645	1,298,582	809,780	5,488,515	445,561	8,415,967	16,607	334,066	26,575,981

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM		Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Staff quarters RM	Renovation RM	Total RM
			RM	RM							
Cost											
At 1 January 2013	8,000,000	2,045,122	6,369,921	2,276,250	12,881,384	1,162,223	8,415,967	24,605	563,133	41,738,605	
Additions	65,800	-	523,582	26,393	1,893,659	31,316	-	-	85,097	2,625,847	
Disposals	-	-	(47,999)	(907)	(785,238)	(14,592)	-	-	-	(848,736)	
At 31 December 2013	8,065,800	2,045,122	6,845,504	2,301,736	13,989,805	1,178,947	8,415,967	24,605	648,230	43,515,716	
Accumulated depreciation											
At 1 January 2013	13,000	145,035	5,000,206	1,105,621	5,680,950	516,319	-	3,076	252,486	12,716,693	
Charge for the financial year	52,580	37,221	478,241	347,411	1,217,836	112,563	-	2,461	64,219	2,312,532	
Disposals	-	-	(46,753)	(900)	(606,128)	(7,561)	-	-	-	(661,342)	
At 31 December 2013	65,580	182,256	5,431,694	1,452,132	6,292,658	621,321	-	5,537	316,705	14,367,883	
Net book value at 31 December 2013	8,000,220	1,862,866	1,413,810	849,604	7,697,147	557,626	8,415,967	19,068	331,525	29,147,833	

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2014	8,065,800	2,115,071	2,300	350,000	111,691	8,415,967	17,593	19,078,422
Additions	-	230,950	-	-	5,512	-	-	236,462
Disposals	(5,800)	-	-	-	-	-	-	(5,800)
Written off	-	(2,092,348)	-	-	(87,956)	-	(17,593)	(2,197,897)
At 31 December 2014	8,060,000	253,673	2,300	350,000	29,247	8,415,967	-	17,111,187
Accumulated depreciation								
At 1 January 2014	65,580	2,083,564	345	350,000	79,405	-	8,618	2,587,512
Charge for the financial year	53,200	11,487	460	-	2,724	-	-	67,871
Disposals	(38)	-	-	-	-	-	-	(38)
Written off	-	(2,081,854)	-	-	(77,763)	-	(8,618)	(2,168,235)
At 31 December 2014	118,742	13,197	805	350,000	4,366	-	-	487,110
Net book value at 31 December 2014	7,941,258	240,476	1,495	-	24,881	8,415,967	-	16,624,077

3. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2013	8,000,000	2,092,348	-	350,000	87,956	8,415,967	17,593	18,963,864
Additions	65,800	22,723	2,300	-	23,735	-	-	114,558
At 31 December 2013	8,065,800	2,115,071	2,300	350,000	111,691	8,415,967	17,593	19,078,422
Accumulated depreciation								
At 1 January 2013	13,000	2,035,281	-	350,000	74,070	-	5,098	2,477,449
Charge for the financial year	52,580	48,283	345	-	5,335	-	3,520	110,063
At 31 December 2013	65,580	2,083,564	345	350,000	79,405	-	8,618	2,587,512
Net book value at 31 December 2013	8,000,220	31,507	1,955	-	32,286	8,415,967	8,975	16,490,910

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) Included under property, plant and equipment are freehold land, leasehold land and buildings which are charged as security for the bank and credit facilities of the Group as disclosed in Note 20 to the financial statements.
- (b) The net book value of motor vehicles of the Group held under hire purchase payables is RM6,583,191/- (2013: RM8,810,016/-).

4. DEVELOPMENT EXPENDITURE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Carrying amount				
At 1 January	6,912,586	6,912,586	4,492,828	4,492,828
Less: Accumulated amortisation	(115,210)	-	(74,881)	-
At 31 December	<u>6,797,376</u>	<u>6,912,586</u>	<u>4,417,947</u>	<u>4,492,828</u>

Development expenditure includes labour cost and other related cost incurred for the development and training of new skillset for the implementation and carrying out of works for Outside Plant ("OSP") site. OSP works includes civil and cabling with in-house HDD machinery and whole complement of equipment to undertake fibre infrastructure work.

The development and training have been completed during the financial year, and amortisation provided from the date of development expenditure rolled out.

The development expenditure are amortised on a straight line basis over 15 years. The amortisation of development expenditure is included in the "Cost of sales" in the statement of comprehensive income.

5. INTANGIBLE ASSETS

Group and Company	Software licences RM	Intellectual property rights RM	Total RM
2014			
Cost			
At 1 January 2014/31 December 2014	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2014	663,294	1,856,526	2,519,820
Charge for the financial year	30,481	27,153	57,634
At 31 December 2014	693,775	1,883,679	2,577,454
Impairment losses			
At 1 January 2014/31 December 2014	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2014	396,069	190,070	586,139
2013			
Cost			
At 1 January 2013/31 December 2013	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2013	632,813	1,829,374	2,462,187
Charge for the financial year	30,481	27,152	57,633
At 31 December 2013	663,294	1,856,526	2,519,820
Impairment losses			
At 1 January 2013/31 December 2013	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2013	426,550	217,223	643,773

The software licences consist of a perpetual and exclusive software licensing rights to use and integrate the acquire software into the Company's products and to reproduce, market, sell, distribute and sub-licence the software to third parties and end-users.

The intellectual property rights ("IPR") were acquired from a director on a willing buyer and willing seller arrangement. Pursuant to the agreement, the assignor, the director of the Company being the proprietor of the IPR, assigns the IPR to the Company in the work, including all associated product designs, proprietary processes, human capital, customer maintenance contract, development rights and know how processes.

5. INTANGIBLE ASSETS (Continued)

The software licences and intellectual property rights are amortised on a straight line basis over 20 (2013: 20) years. The amortisation of software licences and intellectual property rights are included in the "Administrative expenses" in the statement of comprehensive income.

The impairment losses of software licences and intellectual property rights are amounted to RM3,410,156/- and RM1,926,251/- respectively which representing the write down of recoverable amount and recognised in statement of comprehensive income in prior years. The recoverable amount of software licences and intellectual property rights were based on its value in used and the pre-tax discount rate of 4.64%.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost		
At 1 January/ 31 December	102,000,000	102,000,000

The details of the subsidiaries, all of which are incorporated in Malaysia are as follows:-

Name of Companies	Effective Equity Interest		Principal Activities
	2014 %	2013 %	
Direct Subsidiary			
Instacom Engineering Sdn. Bhd.	100	100	Telecommunication engineering and services
Indirect Subsidiaries			
Instacom SPV Sdn. Bhd.	100	100	Incorporated as the funding vehicle for the purpose of issuance of Islamic Medium Term Notes in accordance to the Syariah Principle of Muradabahah
Instacom Construction Sdn. Bhd.	100	100	Telecommunication engineering and services
Instacom Technologies Sdn. Bhd.	100	100	Trading in telecommunication, electrical and civil engineering equipment, tools and materials but has not commenced operations during the year
IE Communication Sdn. Bhd.	100	100	Investment holding company

6. INVESTMENT IN SUBSIDIARIES (Continued)

The details of the subsidiaries, all of which are incorporated in Malaysia are as follows:-
(Continued)

Name of Companies	Effective Equity Interest		Principal Activities
	2014 %	2013 %	
Indirect Subsidiaries			
Held through IE Communication Sdn. Bhd.			
Dektaria Delima Sdn. Bhd.	100	100	Investment holding company
Dynamic Interconsortium Sdn. Bhd.	100	100	Dormant

7. GOODWILL ON CONSOLIDATION

	Group	
	2014 RM	2013 RM
At 1 January	75,776,024	75,776,024
Less: Impairment losses	(16,206)	-
At 31 December	<u>75,759,818</u>	<u>75,776,024</u>

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill amounted to RM75,759,818/- and RM16,206/- has been allocated to the investment in Instacom Engineering Sdn. Bhd. and Instacom Technologies Sdn. Bhd. respectively. During the financial year, an impairment of RM16,206/- was recognised for the goodwill allocated to investment in Instacom Technologies Sdn. Bhd. as the recoverable amount is less than the carrying amount.

However, for goodwill amounted to RM75,759,818/- on investment in Instacom Engineering Sdn. Bhd., the recoverable amount of the CGU is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are 4.64% and 10% respectively.

The calculation of value in use for this CGU is most sensitive to the following assumptions:-

- Budgeted growth margin – Gross margin is based on average values achieved in the three years preceding the start of the budget period. The anticipated growth rate for gross margin is projected to be minimal.
- Growth rates – The forecasted growth rates of 5% to 10% are based on directors past experience.

7. GOODWILL ON CONSOLIDATION (Continued)

The calculation of value in use for this CGU is most sensitive to the following assumptions:-
(Continued)

- (c) Pre-tax discount rate – Discount rate of 4.64% reflects the current market assessment of the risks specific to the CGU. This is the benchmark used by directors to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rate for the CGU, regard has been given to the Malaysia Bank Lending Rate at the beginning of the budgeted year.
- (d) There is no significant fluctuation in the price of raw material.

The value assigned to the key assumptions represents directors' assessment of future trends in the telecommunication engineering and services industry and are based on both external sources and internal sources (historical data).

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

8. FINANCE RECEIVABLES

	Group	
	2014 RM	2013 RM Restated
Non-current	11,305,720	15,973,515
Current	3,706,957	4,329,062
	15,012,677	20,302,577
Less: Allowance for impairment	-	-
Total finance receivables	15,012,677	20,302,577

A wholly-owned subsidiary of the Company, Instacom Engineering Sdn. Bhd. ("IESB") had entered into Teaming Agreements with several contractors ("Contractors") for the purpose of procuring telecommunication projects in construction of telecommunication towers, fibre optic ducting and related infrastructures.

The terms and conditions of the Teaming Agreements stated that IESB is responsible for the funding of site procurement, design, funding and construction of the structures of the telecommunication projects. IESB and Contractors are entitled for the rental proceeds receivable from Telecommunications Service Provider ("TSP") for a period of eighty-four (84) months.

Finance receivables are the rental proceeds with the maturity ranging from 1 to 7 years (2013:1 to 7 years) and are financed by banking facilities as disclosed in Note 20 to the financial statement.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM
Non-current				
Trade receivables	9,500,745	-	-	-
Other receivables	3,358,599	-	-	-
Less: Allowance for impairment	-	-	-	-
	<u>12,859,344</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current				
Trade receivables	33,877,021	40,610,494	15,178,078	4,582,873
Less: Allowance for impairment	-	-	-	-
Trade receivables, net	<u>33,877,021</u>	<u>40,610,494</u>	<u>15,178,078</u>	<u>4,582,873</u>
Other receivables				
Other receivables	3,027,690	10,303,792	-	391,832
Deposits	1,642,887	450,876	1,563,087	40,342
Prepayments	1,514,003	1,372,718	20,148	-
Other receivables, net	<u>6,184,580</u>	<u>12,127,386</u>	<u>1,583,235</u>	<u>432,174</u>
	<u>40,061,601</u>	<u>52,737,880</u>	<u>16,761,313</u>	<u>5,015,047</u>
Total trade and other receivables	<u>52,920,945</u>	<u>52,737,880</u>	<u>16,761,313</u>	<u>5,015,047</u>
Total trade and other receivables	52,920,945	52,737,880	16,761,313	5,015,047
Add:				
Amount owing by subsidiaries	-	-	28,443,389	16,829,521
Fixed deposits placed with licensed banks	6,269,637	12,057,411	-	-
Cash and bank balances	13,449,619	3,542,614	12,333,488	2,203,389
Total loans and receivables	<u>72,640,201</u>	<u>68,337,905</u>	<u>57,538,190</u>	<u>24,047,957</u>

(a) Trade and other receivables (non-current)

The Group's long term trade and other receivables are unsecured, interest-bearing and are repayable within 24 to 48 months. The interest rates are ranging from 4.45% to 5.00% per annum.

(b) Trade receivables (current)

The Group's and the Company's credit period granted is ranging from 30 days to 120 days (2013: 30 days to 120 days). Other credit terms are assessed and approved on a case by case basis.

The currency profile of trade receivables is entirely in Ringgit Malaysia.

9. **TRADE AND OTHER RECEIVABLES (Continued)**(b) **Trade receivables (current) (Continued)**

Ageing analysis of the Group's and of the Company's trade receivables (including long term trade receivables) are as follows:-

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM
Neither past due nor impaired	13,052,374	24,150,329	3,504,306	2,970,000
Past due not impaired				
1 to 30 days	2,649,277	647,004	3,772	-
31 to 60 days	102,663	391,374	-	-
61 to 90 days	70,585	578,136	-	464,285
More than 120 days	27,502,867	14,843,651	11,670,000	1,148,588
	30,325,392	16,460,165	11,673,772	1,612,873
Impaired	-	-	-	-
	<u>43,377,766</u>	<u>40,610,494</u>	<u>15,178,078</u>	<u>4,582,873</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Based on historical default rates, the Group and the Company believes that no allowance for impairment in respect of trade receivables that are past due. These receivables are mainly arising from trade receivables that have a good credit record with the Group and the Company.

The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

None of the Group's and the Company's trade receivables that are impaired at the end of reporting period.

9. **TRADE AND OTHER RECEIVABLES (Continued)**(b) **Trade receivables (current) (Continued)**Movements in the allowance for impairment

Movements in the allowance for impairment account are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	-	8,721,677	-	8,721,677
Reversal of impairment losses	-	(60,000)	-	(60,000)
Written off	-	(8,661,677)	-	(8,661,677)
At 31 December	-	-	-	-

(c) **Other receivables**

- (i) Included in the other receivables of the Group is an advance amount to third parties.
- (ii) Included in the other receivables of the Group and of the Company is an amount of RM1,519,306/- paid as tender deposits to third party.

10. **INVENTORIES**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
Consumable and materials	2,647,941	3,107,148	900	900
Project work-in-progress	17,179,078	24,989,873	17,179,078	24,989,873
Total	19,827,019	28,097,021	17,179,978	24,990,773

During the financial year, the cost of inventories recognised as an expense in the Group and in the Company amounted to RM11,165,760/- and RM4,994,594/- respectively.

11. OTHER INVESTMENT

	Group	
	2014	2013
	RM	RM
At cost		
Investment by an asset management company (fixed income securities)	7,120,910	7,066,000
Accrued investment income	-	54,910
Disposal	(7,120,910)	-
At 31 December	<u>-</u>	<u>7,120,910</u>
At market value:		
Investment by an asset management company (fixed income securities)	-	<u>7,334,508</u>

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest free and recoverable/repayable on demand.

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 3.00% to 3.35% (2013: 3.05% to 3.29%) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 18 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash in hand	2,620	33,568	-	-
Cash at banks	13,436,684	3,499,046	12,323,173	2,193,389
Short term fund :-				
- investment in trust funds	10,315	10,000	10,315	10,000
Total	<u>13,449,619</u>	<u>3,542,614</u>	<u>12,333,488</u>	<u>2,203,389</u>

15. **SHARE CAPITAL**

	Group and Company			
	2014		2013	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At the beginning/end of the financial year	2,000,000,000	200,000,000	2,000,000,000	200,000,000
Issued and fully paid:-				
At the beginning/end of the financial year	702,254,260	70,225,426	702,254,260	70,225,426

16. **RESERVES**

	Group		Company	
	2014 RM	2013 RM	2014	2013
Non-distributable reserve:-				
Share premium	60,863,614	60,863,614	60,863,614	60,863,614
Distributable reserve:-				
Retained earnings	36,405,482	32,702,585	35,853,451	29,915,290
	<u>97,269,096</u>	<u>93,566,199</u>	<u>96,717,065</u>	<u>90,778,904</u>

(a) **Share Premium**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) **Retained Earnings**

The entire retained earnings of the Company as at 31 December 2014 may be distributed as dividend under the single tier system.

17. **WARRANTS 2013/2018**

A total of 351,127,130 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.33 and at any time during the exercise period up to the date of expiry on 8 September 2018. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of warrants.

As at the end of the financial year, the entire allotted warrants remained unexercised.

18. **LOANS AND BORROWINGS**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Secured:-				
Bankers' acceptances	6,476,000	4,512,000	1,298,000	-
Bank overdrafts	6,939	3,600	-	-
Revolving credits	19,552,041	29,975,196	-	-
Medium Term Notes	-	10,000,000	-	-
Hire purchase payables (Note 19)	1,902,606	2,389,210	-	-
Term loans (Note 20)	2,758,197	1,948,367	118,029	-
	<u>30,695,783</u>	<u>48,828,373</u>	<u>1,416,029</u>	<u>-</u>
Non-current				
Secured:-				
Hire purchase payables (Note 19)	2,543,016	4,674,133	-	-
Term loans (Note 20)	11,758,075	8,356,468	3,816,977	-
	<u>14,301,091</u>	<u>13,030,601</u>	<u>3,816,977</u>	<u>-</u>
Total loans and borrowings	<u>44,996,874</u>	<u>61,858,974</u>	<u>5,233,006</u>	<u>-</u>

18. LOANS AND BORROWINGS

- (a) Interest rates on bankers' acceptances for the financial year ranging from 3.87% to 6.14% (2013: 4.69% to 7.85%) per annum. The bankers' acceptances are secured by way of:-
- (i) pledged of fixed deposits; and
 - (ii) joint and several guarantee by the directors of the Group and of the Company.
- (b) Interest rates on bank overdrafts for the financial year ranging from 8.10% to 8.35% (2013:8.10%) per annum. The bank drafts are secured by way of:-
- (i) pledged of fixed deposits; and
 - (ii) joint and several guarantee by the directors of the Group.
- (c) Interest rates on revolving credits for the financial year ranging from 7.00% to 7.25% (2013: 7.00 % to 7.25%) per annum. The revolving credits are secured by way of:-
- (i) an irrevocable letter of instruction to credit all contract payment due from a customer and owing to the Group to a non-operating account;
 - (ii) open all monies debenture fixed and floating charge over all present and future assets and undertakings of the Group; and
 - (iii) joint and several guarantee by the directors of the Group.

19. HIRE PURCHASE PAYABLES

	Group	
	2014	2013
	RM	RM
Minimum hire purchase payments:-		
- not later than one year	2,094,550	2,716,830
- later than one year but not later than five years	2,679,454	4,990,871
- later than five years	1,860	-
	<u>4,775,864</u>	<u>7,707,701</u>
Less: Future finance charges	(330,242)	(644,358)
	<u>4,445,622</u>	<u>7,063,343</u>
Analysis of present value of hire purchases payables:-		
Current (Note 18)		
- not later than one year	1,902,606	2,389,210
Non-current (Note 18)		
- later than one year but not later than five years	2,541,181	4,674,133
- later than five years	1,835	-
	<u>2,543,016</u>	<u>4,674,133</u>
Total hire purchase payables	<u>4,445,622</u>	<u>7,063,343</u>

19. **HIRE PURCHASE PAYABLES (Continued)**

Interest rates on the hire purchase payables for the financial year ranging from 2.30% to 5.72% (2013: 2.30% to 4.41%) per annum.

20. **TERM LOANS**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current (Note 18)				
Within the next twelve months	2,758,197	1,948,367	118,029	-
Non-current (Note 18)				
After the next twelve months				
- later than one year but not later than five years	8,030,840	6,607,886	533,625	-
- later than five years	3,727,235	1,748,582	3,283,352	-
	11,758,075	8,356,468	3,816,977	-
Total term loans	14,516,272	10,304,835	3,935,006	-

Interest rates on term loans for the financial year ranging from 4.85% to 6.23% (2013: 4.30% to 5.74%) per annum. The term loans are secured by way of:-

- (i) pledged of investment account of the Group and of the Company;
- (ii) pledged of freehold land, leasehold land and building of the Group and of the Company;
- (iii) assignments of contract proceeds from the respective projects to the financial institution;
- (iv) an irrevocable and unconditional letter of understaking from the Group and the Company to assign proceeds from any future contracts to be financed by the banking facilities;
- (v) irrevocable letter of understaking by the Group and by the Company to supplement any shortfall in cash flows or cost overruns incurred in respect of the project;
- (vi) assignment over the designated account;
- (vii) charge over the collection account and operating account; and
- (viii) joint and several guarantee by the directors of the Group and of the Company.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables	4,887,700	7,956,040	2,335,472	2,589,744
Other payables				
Other payables	94,738	3,053,206	82,393	1,350
Deposits	28,320	79,320	-	-
Accruals	422,334	656,883	162,029	280,874
Other payables, net	545,392	3,789,409	244,422	282,224
Total trade and other payables	5,433,092	11,745,449	2,579,894	2,871,968
Total trade and other payables	5,433,092	11,745,449	2,579,894	2,871,968
Add:				
Loans and borrowings	44,996,874	61,858,974	5,233,006	-
Total financial liabilities carried at amortised cost	50,429,966	73,604,423	7,812,900	2,871,968

The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2013: 30 to 90 days).

The currency of trade and other payables are entirely in Ringgit Malaysia.

22. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest free and repayable on demand.

23. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Telecommunication, engineering and services	66,008,423	120,433,847	58,585,578	109,468,086

24. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:-				
Amortisation of development expenditure	115,210	-	74,881	-
Amortisation of intangible assets	57,634	57,633	57,634	57,633
Auditors' remuneration:-				
- current year	173,000	173,500	55,000	55,000
Depreciation of property, plant and equipment	2,143,564	2,312,532	67,871	110,063
Directors' remuneration:-				
- fees, salaries, allowances and bonuses	605,000	523,500	605,000	523,500
- Employees' Provident Fund	74,940	61,620	74,940	61,620
Impairment losses on other receivables	58,513	-	-	-
Written off of property, plant and equipment	57,229	-	29,662	-
Realised loss on foreign exchange	543	4,846	-	-
Rental of machinery	31,750	561,414	-	-
Rental of office	391,406	608,881	-	27,040
Staff costs:-				
- salaries, wages and bonuses	6,084,403	10,911,888	4,407,960	8,377,850
- Employees' Provident Fund & SOCSO	791,143	1,329,468	544,311	982,195
- other related staff costs	254,154	456,592	193,418	389,042
And crediting:-				
Bad debts recovered	-	60,000	-	60,000
Dividend income	5,532	-	5,532	-
Interest income	550,305	982,098	321	-
Gain on disposal of property, plant and equipment	458,435	136,726	-	-
Investment income:-				
- current year	228,227	374,276	-	-
- prior year	-	(1,453,337)	-	-
Rental income	184,477	192,000	256,000	384,000

25. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expenses on:-				
- bank overdrafts	36,241	39,270	1,468	4,472
- bankers' acceptances and revolving credits	451,613	786,911	98,371	-
- hire purchases payables	333,588	458,915	-	-
- term loans	2,750,385	4,837,106	62,421	-
	<u>3,571,827</u>	<u>6,122,202</u>	<u>162,260</u>	<u>4,472</u>

26. TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax				
- current year	(1,463)	(19,207)	(1,463)	-
- underaccrual in prior years	(19,729)	130,853	(19,729)	-
	<u>(21,192)</u>	<u>111,646</u>	<u>(21,192)</u>	<u>-</u>
Deferred tax				
- current year	-	-	-	-
- overaccrual in prior years	-	580,921	-	-
	<u>-</u>	<u>580,921</u>	<u>-</u>	<u>-</u>
	<u>(21,192)</u>	<u>692,567</u>	<u>(21,192)</u>	<u>-</u>

The income tax is calculated at Malaysian statutory rate of 25% of the estimated assessable profit for the fiscal year.

26. TAXATION (Continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before taxation	3,724,089	25,531,682	5,959,353	30,890,150
Taxation at applicable tax rate of 25%	(931,022)	(6,382,921)	(1,489,838)	(7,722,538)
Tax effects arising from:-				
- income not subject to tax	-	784,182	-	-
- expenses not deductible for tax purposes	(170,704)	(1,606,374)	(62,508)	(142,608)
- double deduction	-	-	-	-
- deferred tax assets not recognised	1,100,263	7,185,906	1,550,883	7,865,146
- (under)/over accrual in prior years:-				
- income tax	(19,729)	130,853	(19,729)	-
- deferred tax	-	580,921	-	-
Tax expense for the financial year	(21,192)	692,567	(21,192)	-

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	960,987	382,301	236,485	29,386
Unabsorbed losses carry forward	(24,543,977)	(30,289,292)	(21,236,736)	(27,233,169)
Unrealised capital allowance carry forward	(3,679,538)	(1,756,587)	-	-
	(27,262,528)	(31,663,578)	(21,000,251)	(27,203,783)
Potential deferred tax assets not recognised	(6,815,632)	(7,915,895)	(5,250,063)	(6,800,946)

27. EARNINGS PER ORDINARY SHARE**(a) Basic Earnings Per Share**

	Group	
	2014	2013
	RM	RM
Net profit attributable to owners of the parent	3,702,897	26,224,249
Weighted average number of ordinary shares in issue	702,254,260	702,254,260
Basic earnings per ordinary share of RM0.10 (sen)	0.53	3.73

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

(b) Diluted Earnings Per Share

The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 December 2014.

28. FINANCIAL GUARANTEES

As of 31 December 2014, the Company is contingently liable in respect of guarantees given mainly for banking facilities totalling RM42,678,029/- (2013: RM42,678,029/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS**(a) Identification of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

- (i) Direct subsidiaries;
- (ii) Indirect subsidiaries;
- (iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS**(b) Significant Related Party Transactions and Balances**

During the financial year, the significant related party transactions are as follows:-

	Company	
	2014 RM	2013 RM
Telecommunication sales charged to a subsidiary - Instacom Engineering Sdn. Bhd.	(30,294,477)	(54,290,076)
Rental income from a subsidiary - Instacom Construction Sdn. Bhd.	(192,000)	(192,000)
Rental expenses paid to a subsidiary - Instacom Construction Sdn. Bhd.	3,442,300	3,825,333
Contractor fees paid to a subsidiary - Instacom Construction Sdn. Bhd.	3,460,004	3,158,561
Labour charges paid to a subsidiary - Instacom Construction Sdn. Bhd.	864,605	1,536,378

30. SEGMENT REPORTING

The Group adopted MFRS 8 Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:-

- (a) Investment holding;
- (b) Telecommunication, engineering and services; and
- (c) Others.

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, income from other investment and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

30. SEGMENT REPORTING (Continued)

Group 2014	Investment Holding RM	Telecommunication, engineering and services				Note	Consolidated RM
		RM	Others RM	Eliminations RM	RM		
Revenue							
External sales	-	66,008,423	-	-		66,008,423	
Inter-segment sales	-	40,907,644	-	(40,907,644)	(a)	-	
Total revenue	-	106,916,067	-	(40,907,644)		66,008,423	
Results							
Segment results	(361,664)	9,445,667	(5,778)	(16,206)	(a)	9,062,019	
Depreciation and amortisation	-	(2,316,408)	-	-		(2,316,408)	
Finance costs	-	(3,343,600)	(228,227)	-		(3,571,827)	
Income tax expenses	-	(21,192)	-	-		(21,192)	
Interest income	-	322,078	228,227	-		550,305	
Net profit for the financial year						3,702,897	

30. SEGMENT REPORTING (Continued)

Group 2014	Investment Holding RM	Telecommunication, engineering and services RM	Others RM	Eliminations RM	Note	Consolidated RM
Assets						
Segment assets	102,000,000	236,751,675	1,201,025	(198,513,307)	(b)	141,439,393
Goodwill	75,759,818	-	-	-		75,759,818
Tax recoverable	-	782,346	-	-		782,346
Consolidated total assets						217,981,557
Other information						
Addition to property, plant and equipment	-	784,844	-	-		784,844
Liabilities						
Segment liabilities	-	98,306,132	402,594	(93,220,028)	(c)	5,488,698
Loans and borrowings	-	44,996,874	-	-		44,996,874
Tax payables	-	1,463	-	-		1,463
Consolidated total liabilities						50,487,035

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30. SEGMENT REPORTING (Continued)

Group 2013	Investment Holding RM	Telecommunication, engineering and services RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue						
External sales	-	120,433,847	-	-		120,433,847
Inter-segment sales	-	67,490,420	3,861,752	(71,352,172)	(a)	-
Total revenue	-	187,924,267	3,861,752	(71,352,172)		120,433,847
Results						
Segment results	(348,935)	33,402,300	(11,414)	-		33,041,951
Depreciation and amortisation	-	(2,370,165)	-	-		(2,370,165)
Finance costs	-	(6,122,202)	-	-		(6,122,202)
Income tax expenses	-	690,156	2,411	-		692,567
Interest income	-	982,098	-	-		982,098
Net profit for the financial year						26,224,249

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30: SEGMENT REPORTING (Continued)

Group 2013	Investment Holding RM	Telecommunication, engineering and services RM	Others RM	Eliminations RM	Note	Consolidated RM
Assets						
Segment assets	102,000,000	200,607,410	11,246,496	(160,412,210)	(b)	153,441,696
Goodwill	75,759,818	16,206	-	-		75,776,024
Other investment	-	-	7,120,910	-		7,120,910
Tax recoverable	-	1,061,150	-	-		1,061,150
Consolidated total assets						237,399,780
Other information						
Addition to property, plant and equipment	-	2,625,847	-	-		2,625,847
Liabilities						
Segment liabilities	-	63,889,739	10,442,289	(52,582,846)	(c)	21,749,182
Loans and borrowings	-	51,858,973	-	-		51,858,973
Consolidated total liabilities						73,608,155

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (a) Inter-segment transactions and revenue are eliminated on consolidation;
- (b) Inter-segment assets are eliminated on consolidation; and
- (c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	<u>Note</u>
Financial assets	
Finance receivables	8
Trade and other receivables	9
Other investment	11
Amount owing by subsidiaries	12
Fixed deposits with licensed banks	13
Cash and bank balances	14
Financial liabilities	
Trade and other payables	21
Amount owing to subsidiaries	12
Amount owing to directors	22
Loans and borrowings (floating rate)	18

The carrying amounts of cash and bank equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

(b) Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:-

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair Value Hierarchy (Continued)

Fair value of financial instruments not carried at fair value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
2014				
Financial liabilities				
Hire purchase payables	-	-	4,445,622	4,445,622
Term loans	-	-	14,516,272	14,516,272
	-	-	18,961,894	18,961,894
2013				
Financial liabilities				
Hire purchase payables	-	-	7,063,343	7,063,343
Term loans	-	-	10,304,835	10,304,835
	-	-	17,368,178	17,368,178
Company				
2014				
Financial liabilities				
Term loans	-	-	3,935,006	3,935,006

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

The Group and the Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments whilst the Company has significant exposure and major concentration of credit risk relating to amount due from subsidiary companies.

Information regarding credit enhancements for trade receivables is disclosed in Note 9 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 9 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(a) Credit Risk (Continued)

Financial guarantees

The financial guarantees have not been recognised as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantees is RM Nil.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2014					
Financial liabilities					
Trade and other payables	5,433,092	5,433,092	5,433,092	-	-
Amount owing to directors	55,606	55,606	55,606	-	-
Hire purchase payables	4,445,622	4,775,864	2,094,550	2,679,454	1,860
Term loans	14,516,272	14,516,272	2,758,197	8,030,840	3,727,235
Other bank borrowings	26,034,980	26,034,980	26,034,980	-	-
	50,485,572	50,815,814	36,376,425	10,710,294	3,729,095

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(b) Liquidity Risk

Maturity analysis (Continued)

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2013					
Financial liabilities					
Trade and other payables	11,745,449	11,745,449	11,745,449	-	-
Amount owing to directors	3,732	3,732	3,732	-	-
Hire purchase payables	7,063,343	7,707,701	2,716,830	4,990,871	-
Term loans	10,304,835	10,304,835	1,948,367	6,607,886	1,748,582
Other bank borrowings	44,490,796	44,490,796	44,490,796	-	-
	<u>73,608,155</u>	<u>74,252,513</u>	<u>60,905,174</u>	<u>11,598,757</u>	<u>1,748,582</u>

Company

2014

Financial liabilities

Trade and other payables	2,579,894	2,579,894	2,579,894	-	-
Term loans	3,935,006	3,935,006	118,029	533,625	3,283,352
Other bank borrowings	1,298,000	1,298,000	1,298,000	-	-
	<u>7,812,900</u>	<u>7,812,900</u>	<u>3,995,923</u>	<u>533,625</u>	<u>3,283,352</u>

2013

Financial liabilities

Trade and other payables	2,871,968	2,871,968	2,871,968	-	-
Term loans	-	-	-	-	-
	<u>2,871,968</u>	<u>2,871,968</u>	<u>2,871,968</u>	<u>-</u>	<u>-</u>

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(c) Interest Rate Risk (Continued)

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2014					
Financial asset					
Fixed deposits placed with licensed banks	3.00 - 3.35	6,269,637	-	-	6,269,637
Financial liabilities					
Bankers' acceptances	3.87 - 6.14	6,476,000	-	-	6,476,000
Bank overdrafts	8.10 - 8.35	6,939	-	-	6,939
Revolving credits	7.00 - 7.25	19,552,041	-	-	19,552,041
Hire purchase payables	2.30 - 5.72	1,902,606	2,541,181	1,835	4,445,622
Term loans	4.85 - 6.23	2,758,197	8,030,840	3,727,235	14,516,272
2013					
Financial asset					
Fixed deposits placed with licensed banks	3.05 - 3.29	12,057,411	-	-	12,057,411
Financial liabilities					
Bankers' acceptances	4.69 - 7.85	4,512,000	-	-	4,512,000
Bank overdrafts	8.10	3,600	-	-	3,600
Revolving credits	7.00 - 7.25	29,975,196	-	-	29,975,196
Medium Term Notes	-	10,000,000	-	-	10,000,000
Hire purchase payables	2.30 - 4.41	2,389,210	4,674,133	-	7,063,343
Term loans	4.30 - 5.74	1,948,367	6,607,886	1,748,582	10,304,835
Company					
2014					
Financial liabilities					
Bankers' acceptances	3.87	1,298,000	-	-	1,298,000
Term loans	4.85	118,029	533,625	3,283,352	3,935,006

Sensitivity analysis for interest rate

At the end of the reporting period, if interest rates had been 1% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM342,816/- (2013: RM427,382/-) and RM52,330/- (2013: RM nil) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings and fixed deposits. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

32. **FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)**(d) **Market Price Risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price or services rendered of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

33. **CAPITAL MANAGEMENT**

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40%. The Group and the Company includes within total debts, trade and other payables, amount owing by directors and loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and of the Company is as follows:-

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade and other payables	21	5,433,092	11,745,449	2,579,894	2,871,968
Amount owing by directors	22	55,606	3,732	-	-
Loans and borrowings	18	44,996,874	61,858,974	5,233,006	-
Total debts		50,485,572	73,608,155	7,812,900	2,871,968
Equity attributable to owners of the parent		167,494,522	163,791,625	166,942,491	161,004,330
Capital and total debts		217,980,094	237,399,780	174,755,391	163,876,298
Gearing ratio		23.2%	31.0%	4.5%	1.8%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

34. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- (a) On 2 October 2014, the Company had entered into a conditional share sale agreement for the proposed acquisition by Instacom Group Berhad of 1,400,000 ordinary shares of RM1/- each in Neata which representing 35% of the equity interest in Neata. Total purchase consideration for the proposed acquisition is RM58,800,000/- by way of issuance of 309,473,684 ordinary shares of RM0.10 each at an issue price of RM0.19 per share.
- (b) On 18 February 2015, the Company had acquired 51% interest in a newly incorporated subsidiary, Instacom Group SA in Cape Town, South Africa under the Companies Act no.71, 2008 of South Africa. Instacom Group SA is a private limited company with a paid up capital of South Africa Rand ("ZAR") 1,000,000/- comprising 1,000,000 ordinary shares of ZAR1 each. The Company owned 51% of shares in Instacom Group SA and the remaining 49% is held by Victory Parade Trading 182 (Pty) Ltd. On 31 March 2015, Instacom Group SA changed its name to Teltora (Pty) Ltd.

35. PRIOR YEAR ADJUSTMENTS

- (a) During the financial year, the management noted the accounting errors in the financial statements of the Group and of the Company for the financial year ended 31 December 2013.
 - (i) Trade and other receivables were wrongly reclassified into finance receivables in the statement of financial position of the Group for year ended 31 December 2013.
 - (ii) Amount owing by subsidiaries and amount owing to subsidiaries were wrongly net off in the statement of financial position of the Company for year ended 31 December 2013.

Accordingly, the financial statement for the financial year ended 31 December 2013 has been restated to correct the errors. The effects of the adjustments are disclosed in Note 35(b) to the financial statements.

35. PRIOR YEAR ADJUSTMENTS (Continued)

- (b) The following comparative figures have been restated to incorporate the prior year adjustments:-

	Note	As previously stated 2013 RM	Reclassification RM	As restated 2013 RM
Group				
Statement of Financial Position				
Current assets				
Finance receivables	35(a)(i)	19,518,021	(15,188,959)	4,329,062
Trade and other receivables	35(a)(i)	37,548,921	15,188,959	52,737,880
Company				
Statement of Financial Position				
Current assets				
Amount owing by subsidiaries	35(a)(ii)	8,039,578	8,789,943	16,829,521
Current liabilities				
Amount owing to subsidiaries	35(a)(ii)	-	(8,789,943)	(8,789,943)

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 December 2014 are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits of the Company and its subsidiaries				
- realised	59,988,941	56,269,838	35,853,451	29,915,290
- unrealised	-	-	-	-
	<u>59,988,941</u>	<u>56,269,838</u>	<u>35,853,451</u>	<u>29,915,290</u>
Less: Consolidation adjustments	(23,583,459)	(23,567,253)	-	-
Total retained profits	<u>36,405,482</u>	<u>32,702,585</u>	<u>35,853,451</u>	<u>29,915,290</u>
Total retained profits as per statements of financial position	<u>36,405,482</u>	<u>32,702,585</u>	<u>35,853,451</u>	<u>29,915,290</u>

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **CHOO SENG CHOON** and **ANNE KUNG SOO CHING**, being two of the directors of **INSTACOM GROUP BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 6 to 81 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 82 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,



.....
CHOO SENG CHOON
Director



.....
ANNE KUNG SOO CHING
Director

Kuala Lumpur

Date: 28 April 2015

INSTACOM GROUP BERHAD
(Incorporated in Malaysia)

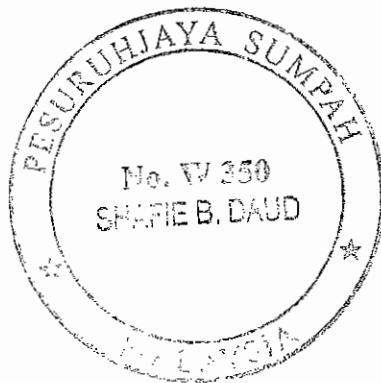
STATUTORY DECLARATION

I, **ANNE KUNG SOO CHING**, being the director primarily responsible for the financial management of **INSTACOM GROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 6 to 81, and the supplementary information set out on page 82 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

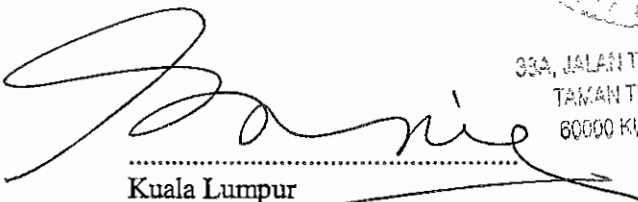

.....
ANNE KUNG SOO CHING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2015.

Before me,



33A, JALAN TUN MHD FUAD 1
TAMAN TUN DR. ISMAIL
60000 KUALA LUMPUR


.....
Kuala Lumpur

STYL ASSOCIATES

(AF001929)

No. 902, 9th Floor,

Block A, Damansara Intan,

No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel: +6(03) 7724 2128

Fax: +6(03) 7733 2125

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTACOM GROUP BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **INSTACOM GROUP BERHAD**, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 81.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965, in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

STYL ASSOCIATES
(AF001929)
Chartered Accountants

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



STYL Associates
No. AF 001929
Chartered Accountants



SI CHAY BENG
No. 1200/08/16(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2015

UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2015

INSTACOM GROUP BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2015	Preceding year corresponding quarter 31 March 2014	Current year to date 31 March 2015	Preceding year corresponding period 31 March 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	7,038	25,051	7,038	25,051
Cost of Sales	(5,629)	(16,421)	(5,629)	(16,421)
Operational depreciation and amortization	(410)	(158)	(410)	(158)
Gross Profit	999	8,472	999	8,472
Other operating income	530	250	530	250
Administrative Expenses	(574)	(2,993)	(574)	(2,993)
Depreciation and amortization	(88)	(28)	(88)	(28)
Operating Profit	867	5,701	867	5,701
Share of associate's results	705	-	705	-
Finance cost	(649)	(1,043)	(649)	(1,043)
Profit Before Tax	923	4,658	923	4,658
Taxation	-	-	-	-
Profit After Tax	923	4,658	923	4,658
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Profit attributable to :				
Equity holders of the Company	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Total comprehensive income attributable to :				
Equity holders of the Company	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Weighted average no. of ordinary shares in issue ('000)	912,009	702,254	912,009	702,254
Earnings per share (sen):-				
a) Basic	0.10	0.66	0.10	0.66

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 2014.

CERTIFIED TRUE COPY


TAY MUN KIT
DIRECTOR

INSTACOM GROUP BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	As at 31 March 2015 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,871	26,576
Goodwill on consolidation	75,760	75,760
Investment in associate company	59,505	-
Receivables	24,165	24,165
	<u>185,301</u>	<u>126,501</u>
Intangible Assets		
Intellectual Property Rights	190	190
Software Licenses	396	396
Development cost	6,682	6,797
	<u>7,268</u>	<u>7,383</u>
Current assets		
Inventories	2,649	2,648
Project work-in-progress	20,334	17,179
Receivables	37,131	43,768
Tax recoverable	90	782
Deposits with licensed banks	5,345	6,270
Cash And Cash Equivalents	14,185	13,451
	<u>79,734</u>	<u>84,098</u>
Total Assets	<u>272,303</u>	<u>217,982</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	101,173	70,225
Share premium	88,716	60,864
Retained profits	37,329	36,406
Shareholders' equity	<u>227,218</u>	<u>167,495</u>
Non-Current liabilities		
Borrowings	11,256	11,758
Hire purchase payables	2,543	2,543
Deferred taxation	-	-
	<u>13,799</u>	<u>14,301</u>
Current liabilities		
Payables	5,434	5,433
Amount owing to Directors	-	56
Bank overdraft	103	7
Borrowings	24,399	28,786
Hire purchase payables	1,349	1,903
Provision for taxation	1	1
	<u>31,286</u>	<u>36,186</u>
Total liabilities	<u>45,085</u>	<u>50,487</u>
Total equity and liabilities	<u>272,303</u>	<u>217,982</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.32</u>	<u>0.24</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 2014.

INSTACOM GROUP BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	Current year to date 31 March 2015 (Unaudited) RM'000	Preceding year corresponding period 31 March 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	923	4,658
Adjustments for Non-cash items	254	1,131
Operating profit before working capital changes	1,177	5,789
Changes in working capital		
Net change in inventories and work-in-progress	(3,156)	(489)
Net change in trade and other receivables	5,960	1,936
Net change in trade and other payables	6	(289)
Net change in directors account	(56)	(2)
Net cash from operations	3,931	6,945
Interest paid	18	(221)
Tax refund/(Tax paid)	682	(94)
Net cash generated from operating activities	4,631	6,630
CASH FLOW FROM INVESTING ACTIVITIES		
Investment by an asset management company	-	(1,879)
Placement of fixed deposits	924	912
Disposal/(Purchase) of plant and equipment	492	(291)
Development expenditure	-	-
Interest income	-	56
Net cash generated from/(used in) investing activities	1,416	(1,202)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	(4,890)	(5,005)
Hire purchases	(554)	(349)
Finance receivables	677	-
Interest paid	(649)	(822)
Net cash generated used in financing activities	(5,416)	(6,176)
Net Change in Cash and Cash Equivalents	631	(748)
Cash and Cash Equivalents at beginning of the period	13,451	3,539
Cash and Cash Equivalents at end of the period	14,082	2,791
Represented by :		
Cash and bank balances	14,185	3,093
Bank overdrafts	(103)	(302)
	14,082	2,791

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 2014.

INSTACOM GROUP BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	<i>--Non-distributable--</i>		<i><-Distributable-></i>	
	Share Capital	Share Premium	Retained Profits/ (Accumulated Losses)	Total
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2014 (Audited)	70,225	60,864	36,406	167,495
Investment in associate company	30,948	27,852	-	58,800
Total comprehensive income for the period	-	-	923	923
As at 31 March 2015	<u>101,173</u>	<u>88,716</u>	<u>37,329</u>	<u>227,218</u>
As at preceding year corresponding quarter 31 March 2014				
As at 31 December 2013 (Audited)	70,225	60,864	32,703	163,792
Total comprehensive income for the period	-	-	4,658	4,658
As at 31 March 2014	<u>70,225</u>	<u>60,864</u>	<u>37,361</u>	<u>168,450</u>

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 2014.

INSTACOM GROUP 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 2014 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by Instacom Group Berhad ("Instacom") 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 2015. 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 2014.

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 was 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.

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. Civil, mechanical and electrical works ("CME")
- b. Telecommunication equipment installation ("TI")
- c. Turnkey Build and Finance ("TBF")

Quarter Ended 31 March 2015	CME RM'000	TI RM'000	TBF RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	6,008	1,030	-	-	7,038
Operating expenses (inclusive of depreciation charges)	(5,164)	(875)	-	-	(6,039)
Gross Profit	844	155	-	-	999
Share of associate's results					705
Profit before taxation					923
Income tax expenses					-
Profit after tax					923
Other comprehensive income					-
Total Comprehensive Income					923

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 2015.

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 31 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
Property, plant & equipment: Additions	-	-

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 2014.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2015 that have 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 31 March 2015, the Group recorded revenue of RM7.038 million and profit before tax of RM0.923 million.

Compared to the previous corresponding financial quarter ended 31 March 2014, the Group recorded a decrease of RM18.013 million in revenue and RM3.735 million in profit before tax. The decrease in revenue affected all segments of the revenue, especially the CME segment which experienced the highest decrease in revenue. The decrease was due to lower work orders received for the first financial quarter of 2015. The weak results were mitigated by the contribution of profit from the Group's associated company's results amounting to RM0.705 million.

Revenue by segment :

	Current financial quarter ended 31 March 2015 (RM'000)	Preceding financial quarter ended 31 March 2014 (RM'000)	Current financial period-to-date 31 March 2015 (RM'000)	Preceding Financial period- to-date 31 March 2014 (RM'000)
CME	6,008	20,549	6,008	20,549
TI	1,030	2,125	1,030	2,215
TBF	-	2,377	-	2,377
Total	7,038	25,051	7,038	25,051

CME

CME was the main revenue contributor for the current financial quarter ended 31 March 2015, comprising 85.4% of the total revenue for the quarter. When compared to the corresponding financial quarter in the in the preceding year, CME recorded a decrease of RM14.541 million, which is attributable to the lower work orders received during the current financial quarter.

TI

TI revenue decreased by RM1.095 million when compared to the corresponding financial quarter in the preceding year. The decrease was due to the lower number of TI works being commissioned by customers. For the current financial quarter, TI's revenue comprised 14.6% of the total revenue.

TBF

There was no TBF work commissioned during the current financial quarter, while revenue of RM2.377 million was recorded in the corresponding financial quarter in the preceding year. The Group is currently following up on a few TBF leads and expects this segment to resume its operation by the next financial quarter.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2015 RM'000	Preceding Quarter 31 December 2014 RM'000
Revenue	7,038	13,966
Profit / (Loss) before tax	923	(565)

Compared to the preceding financial quarter, the Group recorded a decrease of RM6.928 million in revenue. Notwithstanding the decrease in revenue, the Group reversed its losses in the preceding quarter to record a profit before tax of RM0.923 million, mainly attributable to the on-going cost rationalizing exercise and to the share of its associate's profit for the current financial quarter amounting to RM0.705 million.

B3. Prospects for the current financial year

Under the Budget Speech 2015 by the Ministry of Finance Malaysia, the HSBB will continue to be implemented in areas of high economic impact, covering state capitals and selected major towns nationwide. A sum of RM2.7 billion will be spent over the next three (3) years to build 1,000 new telecommunication towers and laying of undersea cables. As introduced in the previous year's budget speech, the Prime Minister had reiterated under the Budget Speech 2015, the said commitment with the aim of bringing telecommunication coverage to many rural areas. The programme will be funded by the Universal Service Provision Funds administered by the Malaysian Communication and Multimedia Commission ("MCMC").

Instacom had participated in the tender exercises for the above roll-outs and is currently waiting for the results of the tender. If successful, Instacom can expect work orders for up to 300 towers amounting to approximately RM300 million. We anticipate the results of the tender exercises to be released by mid 2015, with construction expected to commence soon after the awarding of the tenders.

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 31 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
Current tax	-	-
	-	-

The effective tax rate of the Group for the current financial and cumulative quarter is Nil, due to the set-off with over provision in previous year, tax reimbursements, taxation losses and capital allowances carried forward of the Group.

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 :-

On 2 March 2015, RHB Investment Bank Berhad ("RHBIB") announced on behalf of the Board of Directors of Instacom ("Board") that the Company proposes to undertake the following:-

- i. A renounceable rights issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later ("Entitlement Date");

- ii. An increase in the authorised share capital of Instacom from RM200,000,000 comprising 2,000,000,000 Instacom Shares to RM500,000,000 comprising 5,000,000,000 Instacom Shares; and
- iii. Amendments to the Memorandum and Articles of Association of Instacom.

The above proposals were duly approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 May 2015.

B7. Status of utilisation of proceeds

As at the date of this report, the Company has fully utilized the proceeds raised from all its fund raising activities.

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and Company for the financial quarter ended 31 March 2015 and the preceding year corresponding period 31 March 2014, is as follows :-

	Group Quarter Ended 31 March 2015 RM'000	Group Quarter Ended 31 March 2014 RM'000
Total retained profits of the Group:		
- Realised	60,912	62,045
- Unrealised	-	-
	<hr/> 60,912	<hr/> 62,045
Less : Consolidation adjustments	(23,583)	(24,684)
Total Group retained profits as per consolidated accounts	<hr/> 37,329	<hr/> 37,361
	Company Quarter Ended 31 March 2015 RM'000	Company Quarter Ended 31 March 2014 RM'000
Total retained profit of the Company :		
- Realised	36,909	35,195
- Unrealised	-	-
Total Company's retained profits as per accounts	<hr/> 36,909	<hr/> 35,195

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	2,578	11,256
Project revolving credit	21,821	-
Hire Purchase Creditors	1,349	2,543
	25,748	13,799

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 31 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	498	498
Gains on disposal of property, plant and equipment	(401)	(401)

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	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Profit attributable to the equity holders of the Company (RM'000)	923	4,658	923	4,658
Weighted average number of shares in issue ('000)	912,009	702,254	912,009	702,254
Basic earnings per share (sen)	0.10	0.66	0.10	0.66

(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: 29 May 2015

DIRECTORS' REPORT



Registered Office:

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Date: **3 JUN 2015**

To: The Shareholders of Instacom Group Berhad ("Instacom" or the "Company")

On behalf of the Board of Directors of Instacom ("Board"), I wish to report that after making due enquiries in relation to Instacom and its subsidiary companies ("Group") during the period between 31 December 2014, being the date to which the latest audited consolidated financial statements have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

- (a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (b) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) There has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and
- (f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements.

Yours faithfully
For and on behalf of the Board of
INSTACOM GROUP BERHAD


ANNE KUNG SOO CHING
Chief Executive Officer/ Executive Director

TELECOMMUNICATION NETWORK

KUCHING HQ
No.21 & 22, 3rd Floor,
Stutong Commercial Centre,
Jalan Setia Raja/Jalan Canna,
93350 Kuching, Sarawak.
Tel: 082-366 116 Fax: 082-366 226

KOTA KINABALU OFFICE
Lot 7, Tingkat 2,
Taman Perindustrian Moden KM1,
Jalan Tuaran By Pass, Inanam Laut,
88450 Kota Kinabalu, Sabah.
Tel: 088-383 696 Fax: 088-384 696

SUBANG HI-TECH OFFICE
Lot 47, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam,
Selangor Darul Ehsan.
Tel: 603-5637 3698 Fax: 603-5637 3697

IT SOLUTIONS & CONSULTANCY

No. 86A, Jalan SS21/62,
Damansara Utama,
47400 Petaling Jaya,
Selangor, Malaysia.
Tel : 603-7727 7388
Fax: 603-7732 0623

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- i. Save for the Rights Shares, the Warrants D and the new Instacom Shares to be issued pursuant to the exercise of the Warrants D, no other securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.
- ii. As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- iii. As at the LPD, save for the Provisional Allotment pursuant to the Rights Issue with Warrants, the outstanding Warrants B and outstanding Warrants C, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company or our subsidiary companies.
- iv. All the Rights Shares and the new Instacom Shares to be issued arising from the exercise of the Warrants D shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Instacom Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared for which the entitlement date precedes the date of allotment and issuance of such Shares.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 93(3)

The remuneration of the Executive Directors may not include a commission on or percentage of turnover of the Company

Article 99(4)

The remuneration of the Managing Director shall be subject to terms and any agreement entered into and in any particular case be by way of salary or commission or participation in profits or otherwise or by any or all these modes but such remuneration shall not include a commission on or percentage of turnover but it may be of his appointment that he shall receive pension, gratuity or other benefits upon his retirement

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

- i. Sale and Purchase Agreement dated 11 April 2013 between Instacom Construction Sdn Bhd as vendor and Betakota (M) Sdn Bhd as purchaser in respect of the sale and purchase of four (4) parcels of land together with the building erected thereon, comprising:-

- a) One unit of two (2) storey corner shophouse and appurtenances thereof situated at Stampin Resettlement Scheme Kuching containing 132.7 square metres described as Lot 6800 Block 11 Muara Tebas Land District;
- b) One unit of two (2) storey intermediate shophouse and appurtenances thereof situated at Stampin Resettlement Scheme Kuching containing 107.9 square metres described as Lot 6801 Block 11 Muara Tebas Land District;
- c) One unit of two (2) storey intermediate shophouse and appurtenances thereof situated at Stampin Resettlement Scheme Kuching containing 107.9 square metres described as Lot 6802 Block 11 Muara Tebas Land District; and
- d) One unit of two (2) storey corner shophouse and appurtenances thereof situated at Stampin Resettlement Scheme Kuching containing 150.7 square metres described as Lot 6803 Block 11 Muara Tebas Land District;

for a sale consideration of RM2.00 million upon terms and conditions therein contained. The sale was rescinded vide Rescission Agreement dated 4 December 2013 made between the said parties;

- ii. The Deed Poll B for the Warrants B;
- iii. Conditional share sale agreement dated 2 October 2014 between Instacom and Ooi Eng Kean, Nor Mohd Amin bin Shaharudin, Ang Li-Hann and Chia Kok Seng for the acquisition by Instacom of 1,400,000 ordinary shares of RM1.00 each in Neata, representing 35% of the equity interest in Neata for a purchase consideration of RM58,800,000, which was fully satisfied by the issuance of 309,473,684 new Instacom Shares at an issue price of RM0.19 per Instacom Share. The Acquisition of Neata was completed on 30 January 2015;
- iv. The Deed Poll C for the Warrants C;
- v. Joint venture agreement dated 30 April 2015 between Instacom and V Development Sdn Bhd to form an unincorporated joint venture for the proposed development of a parcel of freehold land held under H.S. (M) No. 13159 No. P.T. 27655, Tempat 12th Mile Sg. Besi, Cheras Road, Mukim of Ceras, Daerah of Hulu Langat, State of Selangor Darul Ehsan measuring approximately 3,567 square metres into a property development comprising factory office, showroom and/ or warehouse development upon terms and conditions therein contained. As at the LPD, the said joint venture is on-going; and
- vi. The Deed Poll D for the Warrants D.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

5. GENERAL

- i. As at the LPD, there is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- ii. Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus, and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-
 - a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of funding;
 - c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;
 - d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
 - e) fluctuation in revenues; and
 - f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

Our Adviser, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Rights Issue with Warrants and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the proforma consolidated statements of financial position of our Group as at 31 December 2014 together with the reporting accountants' letter thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2014 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- i. Memorandum and Articles of Association of our Company;
- ii. Audited consolidated financial statements of our Group for the past two (2) financial years up to the FYE 31 December 2014;

- iii. Latest unaudited consolidated quarterly financial statements of our Group for the three (3)-month FPE 31 March 2015;
- iv. The proforma consolidated statements of financial position of our Group as at 31 December 2014 together with reporting accountants' letter thereon, as set out in Appendix III of this Abridged Prospectus;
- v. The irrevocable undertaking letters referred to in Section 5 of this Abridged Prospectus;
- vi. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;
- vii. The material contracts referred to in Section 3 of this Appendix VII; and
- viii. The letters of consent referred to in Section 6 of this Appendix VII.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and the RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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