

**INSTACOM GROUP BERHAD (596299-D)**  
*(Formerly known as I-Power Berhad)*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012**

|  | ----- Individual Quarter -----                    |  | ----- Cumulative Quarter -----                    |   |
|--|---|--|---|---|
|  | Current<br>year<br>quarter<br>31 December<br>2012 | Preceding<br>year<br>corresponding<br>quarter<br>31 December<br>2011 | Current<br>year<br>to date<br>31 December<br>2012 | Preceding<br>year<br>corresponding<br>period<br>31 December<br>2011 |
|  | RM'000  | RM'000   | RM'000  | RM'000  |
| <b>Revenue</b>   | 19,968  | 893  | 20,457  | 1,549   |
| Cost of Sales  | (12,256)  | (272)  | (12,359)  | (278)   |
| Operational depreciation                                   | <u>(482)</u>                                      | <u>-</u>   | <u>(482)</u>                                      | <u>-</u>  |
| <b>Gross Profit</b>  | 7,230   | 621  | 7,616   | 1,271   |
| Other operating income                                     | 5,516   | -  | 5,656   | -   |
| Administrative Expenses                                    | (3,940)   | (541)  | (4,329)   | (970)   |
| Depreciation and amortization                              | <u>(128)</u>                                      | <u>(135)</u>   | <u>(203)</u>                                      | <u>(270)</u>  |
| Operating Profit/(Loss)                                    | 8,678   | (55)   | 8,740   | 31  |
| Finance cost   | <u>(1,722)</u>                                    | <u>-</u>   | <u>(1,722)</u>                                    | <u>-</u>  |
| <b>Profit/(Loss) Before Tax</b>                            | 6,956   | (55)   | 7,018   | 31  |
| Taxation   | <u>(426)</u>                                      | <u>-</u>   | <u>(426)</u>                                      | <u>-</u>  |
| <b>Profit/(Loss) After Tax</b>                             | 6,530   | (55)   | 6,592   | 31  |
| Other comprehensive income                                 | -   | -  | -   | -   |
| Total comprehensive income/(loss)                          | <u><u>6,530</u></u>                               | <u><u>(55)</u></u>   | <u><u>6,592</u></u>                               | <u><u>31</u></u>  |
| <b>Profit/(Loss) attributable to :</b>                     |   |  |   |   |
| Equity holders of the Company                              | <u><u>6,530</u></u>                               | <u><u>(55)</u></u>   | <u><u>6,592</u></u>                               | <u><u>31</u></u>  |
| <b>Total comprehensive income/(loss) attributable to :</b> |   |  |   |   |
| Equity holders of the Company                              | <u><u>6,530</u></u>                               | <u><u>(55)</u></u>   | <u><u>6,592</u></u>                               | <u><u>31</u></u>  |
| Weighted average no. of ordinary shares<br>in issue ('000) | 656,480   | 402,623  | 378,568   | 402,623   |
| Earnings per share (sen):-                                 |   |  |   |   |
| a) Basic   | 0.99  | (0.01)   | 1.74  | 0.01  |

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2012.

**INSTACOM GROUP BERHAD (596299-D)**  
(Formerly known as I-Power Berhad)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

|   | As at<br>31 December<br>2012<br>(Unaudited)<br>RM'000 | As at Preceding<br>Financial Year End<br>30 June<br>2012<br>(Audited)<br>RM'000 |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| <b>Non-current assets</b>   |   |   |
| Property, plant and equipment   | 28,821  | 148   |
| Finance receivables   | 40,881  | -   |
| Assets held for sale  | -   | 8,416   |
| Goodwill on consolidation   | 75,776  | -   |
|   | <u>145,478</u>  | <u>8,564</u>  |
| <b>Intangible Assets</b>  |   |   |
| Intellectual Property Rights (IPR)  | 244   | 518   |
| Software Licenses   | 457   | 942   |
| Development cost  | 2,420   | -   |
|   | <u>3,121</u>  | <u>1,460</u>  |
| <b>Current assets</b>   |   |   |
| Inventories   | 3,007   | -   |
| Project work-in-progress  | 34,422  | -   |
| Receivables   | 32,318  | 2,581   |
| Other investments   | 20,413  | -   |
| Deposits with licensed banks  | 13,520  | -   |
| Cash And Cash Equivalents   | 1,372   | 977   |
|   | <u>105,052</u>  | <u>3,558</u>  |
| <b>Total Assets</b>   | <u><u>253,651</u></u>                                 | <u><u>13,582</u></u>  |
| <b>EQUITY AND LIABILITIES</b>   |   |   |
| <b>Equity Attributable to Equity Holders of the Company</b>                         |   |   |
| Share capital   | 70,225  | 43,820  |
| Share premium   | 60,864  | 51,103  |
| Capital Redemption Reserve  | -   | -   |
| Treasury shares   | -   | (5,160)   |
| Retained profits/(Accumulated losses)   | 6,631   | (76,347)  |
| <b>Shareholders' equity</b>   | <u>137,720</u>  | <u>13,416</u>   |
| <b>Non-Current liabilities</b>  |   |   |
| Borrowings  | 19,900  | -   |
| Hire purchases  | 5,460   | -   |
| Deferred taxation   | 658   | -   |
|   | <u>26,018</u>   | <u>-</u>  |
| <b>Current liabilities</b>  |   |   |
| Payables  | 17,414  | 166   |
| Directors   | 47  | -   |
| Borrowings  | 70,082  | -   |
| Hire purchases  | 2,208   | -   |
| Provision for taxation  | 162   | -   |
|   | <u>89,913</u>   | <u>166</u>  |
| <b>Total liabilities</b>  | 115,931   | 166   |
| <b>Total equity and liabilities</b>   | <u><u>253,651</u></u>                                 | <u><u>13,582</u></u>  |
| Net assets per share attributable to ordinary equity holders<br>of the Company (RM) | <u>0.34</u>   | <u>0.03</u>   |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2012.

**INSTACOM GROUP BERHAD (596299-D)**  
*(Formerly known as I-Power Berhad)*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012**

|   | Current<br>year to date<br>31 December<br>2012<br>(Unaudited)<br>RM'000 | Preceding year<br>corresponding<br>period<br>31 December<br>2011<br>(Unaudited)<br>RM'000 |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |   |   |
| Profit Before Taxation                                      | 7,018   | 31  |
| Adjustments for Non-cash items                              | <u>(5,763)</u>  | <u>272</u>  |
| <b>Operating loss before working capital changes</b>        | 1,255   | 303   |
| Changes in working capital                                  |   |   |
| Net change in inventories                                   | (29,066)  | -   |
| Net change in trade and other receivables                   | 7,907   | (906)   |
| Net change in trade and other payables                      | 4,039   | (29)  |
| Net change in directors account                             | 47  | -   |
| <b>Net cash from operations</b>                             | <u>(15,818)</u>   | <u>(632)</u>  |
| Interest paid   | 1,451   | -   |
| Tax paid  | <u>(1,527)</u>  | <u>-</u>  |
| <b>Net cash used in operating activities</b>                | <u>(15,894)</u>   | <u>(632)</u>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |   |   |
| Investment by an asset management company                   | (10,089)  | -   |
| Purchase of plant and equipment                             | (482)   | (34)  |
| Development expenditure                                     | (2,420)   | -   |
| Interest income   | 437   | -   |
| <b>Net cash used in investing activities</b>                | <u>(12,554)</u>   | <u>(34)</u>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |   |   |
| Proceeds from issuance of share capital                     | 18,320  | -   |
| Listing expenses  | (2,608)   | -   |
| Net cash from acquisition                                   | 28,471  | -   |
| Borrowings  | (674)   | -   |
| Hire purchases  | 2,937   | -   |
| Finance receivables   | (931)   | -   |
| Interest paid   | <u>(3,152)</u>  | <u>-</u>  |
| <b>Net cash generated from financing activities</b>         | <u>42,363</u>   | <u>-</u>  |
| <b>Net Change in Cash and Cash Equivalents</b>              | 13,915  | (666)   |
| <b>Cash and Cash Equivalents at beginning of the period</b> | 977   | 1,782   |
| <b>Cash and Cash Equivalents at end of the period</b>       | <u><u>14,892</u></u>  | <u><u>1,116</u></u>   |
| <b>Represented by :</b>                                     |   |   |
| Cash and bank balances                                      | 1,372   | 1,116   |
| Deposits with licensed banks                                | <u>13,520</u>   | <u>-</u>  |
|   | <u><u>14,892</u></u>  | <u><u>1,116</u></u>   |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Company for the year ended 30 June 2012.

**INSTACOM GROUP BERHAD (596299-D)**  
(Formerly known as I-Power Berhad)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE  
SECOND QUARTER ENDED 31 DECEMBER 2012**

|  | <-----Non-distributable-----> |                         |  | <-Distributable->            |   | Total<br>RM'000 |
|--|-------------------------------|-------------------------|--|------------------------------|---|-----------------|
|  | Share Capital<br>RM'000       | Share Premium<br>RM'000 | Capital Redemption<br>Reserves<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Profits/<br>(Accumulated<br>Losses)<br>RM'000 |                 |
| As at 30 June 2012 (Audited)               | 43,820                        | 51,103                  | -  | (5,160)                      | (76,347)  | 13,416          |
| Cancellation of treasury shares            | (3,557)                       | (5,160)                 | 3,557                                    | 5,160                        | -   | -               |
| Capital Reduction and share consolidation  | (36,237)                      | -                       | -  | -                            | 36,237  | -               |
| Share premium reduction                    | -                             | (36,592)                | -  | -                            | 36,592  | -               |
| Cancellation of capital redemption reserve | -                             | -                       | (3,557)                                  | -                            | 3,557   | -               |
| Bonus Issue                                | 6,039                         | (6,039)                 | -  | -                            | -   | -               |
| Acquisition of IESB                        | 51,000                        | 51,000                  | -  | -                            | -   | 102,000         |
| Private Placement                          | 9,160                         | 6,552                   | -  | -                            | -   | 15,712          |
| Warrant conversion                         | ^                             | ^                       | -  | -                            | -   | ^               |
| Total comprehensive income for the period  | -                             | -                       | -  | -                            | 6,592   | 6,592           |
| As at 31 December 2012                     | <u>70,225</u>                 | <u>60,864</u>           | <u>-</u>                                 | <u>-</u>                     | <u>6,631</u>  | <u>137,720</u>  |

^ less than RM1,000

**As at preceding year corresponding quarter 31 December 2011**

|   |               |               |          |                |                 |               |
|---|---------------|---------------|----------|----------------|-----------------|---------------|
| As at 30 June 2011 (Audited)              | 43,820        | 51,103        | -        | (5,160)        | (73,478)        | 16,285        |
| Total comprehensive income for the period | -             | -             | -        | -              | 31              | 31            |
| As at 31 December 2011                    | <u>43,820</u> | <u>51,103</u> | <u>-</u> | <u>(5,160)</u> | <u>(73,447)</u> | <u>16,316</u> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2012.

## **INSTACOM GROUP BERHAD (596299-D)**

*(Formerly known as I-Power Berhad)*

### **NOTES TO THE QUARTERLY REPORT**

#### **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

##### **A1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 June 2012.

The accounting policies and methods of computation adopted by the Company for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board.

There has been no material impact to the Company’s financial statements upon the adoption of the MFRS.

##### **A2. Adoption of new and revised accounting policies**

The Company has adopted the Malaysian Financial Reporting Standards framework (“MFRS Framework”) framework issued by Malaysia Accounting Standards Board (“MASB”) with effect from 1 July 2012. 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 Boards.

The Company 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 July 2012. 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 Company.

##### **A3. Qualification on the Auditors’ Report of preceding annual financial statements**

There was no audit qualification to the annual audited financial statements of the Company for the financial year ended 30 June 2012.

**A4. Seasonal or cyclical factors**

The business operations within the industry are not affected by seasonal and cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

**A6. Changes in estimates of amounts reported**

There were no changes in estimates that have had a material effect on the current financial quarter under review and financial year-to-date.

**A7. Issuance or repayment of debt and equity securities**

Save as disclosed below, there were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date:-

| <b>Date of allotment</b> | <b>No. of shares</b> | <b>Par Value (RM)</b> | <b>Consideration</b>            | <b>Total (RM)</b> |
|--------------------------|----------------------|-----------------------|---------------------------------|-------------------|
| 20.07.2012               | (35,572,600)         | 0.10                  | Cancellation of treasury shares | 3,557,260         |
| 08.10.2012               | (362,361,060)        | 0.10                  | Consolidation of shares         | (36,236,106)      |
| 08.10.2012               | 60,393,510           | 0.10                  | Bonus issue of shares           | 6,039,351         |
| 08.10.2012               | 510,000,000          | 0.10                  | Acquisition of companies        | 51,000,000        |
| 08.10.2012               | 91,598,378           | 0.10                  | Cash (Private Placement)        | 9,159,838         |
| 06.12.2012               | 33                   | 0.10                  | Cash (Conversion of warrant)    | 3                 |

**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”)
- d. Information and Communication Technology (“ICT”)

| <b>Quarter Ended 31 December 2012</b>                  | <b>CME<br/>RM'000</b> | <b>TI<br/>RM'000</b> | <b>TBF<br/>RM'000</b> | <b>ICT<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|-----------------------|----------------------|-----------------------|-----------------------|--------------------------------|--------------------------------|
| Revenue from external customers                        | 13,301                | 4,399                | 550                   | 1,718                 | -                              | 19,968                         |
| Operating expenses (inclusive of depreciation charges) | (7,234)               | (3,701)              | (451)                 | (1,352)               | -                              | (12,738)                       |
| <b>Gross Profit</b>                                    | 6,067                 | 698                  | 99                    | 366                   | -                              | <b>7,230</b>                   |
| Profit before taxation                                 |                       |                      |                       |                       |                                | 6,956                          |
| Income tax expenses                                    |                       |                      |                       |                       |                                | (426)                          |
| <b>Profit after tax</b>                                |                       |                      |                       |                       |                                | <b>6,530</b>                   |
| Other comprehensive income                             |                       |                      |                       |                       |                                | -                              |
| <b>Total Comprehensive Income</b>                      |                       |                      |                       |                       |                                | <b>6,530</b>                   |

The Group's segmental information by geographical location is not shown as the activities of the Group are in Malaysia.

## A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

## A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2012.

## 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:-

|                              | <b>Current Quarter<br/>Ended<br/>31 December<br/>2012<br/>RM'000</b> | <b>Cumulative<br/>Year-to-Date<br/>31 December<br/>2012<br/>RM'000</b> |
|------------------------------|--|--|
| Property, plant & equipment: |  |  |
| Additions                    | 482  | 482  |

## 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 except for the following :-

On 11 August 2011, OSK had, on behalf of the Board, announced that the Company had on even date entered into a conditional Share Sale Agreement ("SSA") with Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim (collectively referred to as "Vendors") for the proposed acquisition by Instacom Group Berhad ("Instacom") (formerly known as I-Power Berhad) of the entire issued and paid-up share capital of Instacom Engineering Sdn Bhd ("IESB") comprising 4,500,000 ordinary shares of RM1.00 each ("IESB Share(s)") for a total purchase consideration of RM102,000,000 ("Purchase Consideration") to be satisfied entirely by the issuance of 1,020,000,000 new Consolidated Shares (as defined hereinafter) ("Consideration Shares") at an issue price of RM0.10 per Consolidated Share ("Proposed Acquisition I").

In conjunction with the Proposed Acquisition, the Board has also resolved to undertake the following:-

- I. Proposed share capital reduction by the cancellation of RM0.09 of the par value of every existing ordinary share of RM0.10 each in Instacom ("Instacom Share(s)") and the credit arising therefrom to be offset against the accumulated losses at Instacom ("Proposed Capital Reduction");
- II. Proposed reduction of the capital redemption reserve of Instacom arising from the Proposed Treasury Shares Cancellation (as defined hereinafter) ("Proposed CRR Reduction");
- III. Proposed reduction of the share premium account ("Proposed Share Premium Reduction");
- IV. Proposed share consolidation of ten (10) ordinary shares of RM0.01 each into one (1) ordinary share of RM0.10 each in Instacom ("Consolidated Share(s)") after the Proposed Capital Reduction ("Proposed Share Consolidation");



- V. Proposed exemption to Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim and the parties acting in concert with them, if any, from the obligation to undertake a mandatory general offer for all the remaining Consolidated Shares not already held by them and all Consolidated Shares that may be allotted and issued arising from the exercise of Instacom's warrants ("Proposed Exemption");
- VI. Proposed offer for sale of up to 153,000,000 Consideration Shares held by the Vendors ("Offer Shares") to eligible investors to be identified later ("Proposed Offer for Sale I");
- VII. Proposed private placement of up to 15% of the enlarged issued and paid-up share capital of Instacom upon completion of the Proposed Acquisition ("Proposed Private Placement");
- VIII. Proposed increase in the authorised share capital of Instacom from RM10,000,000 comprising 100,000,000 Consolidated Shares after the completion of the Proposed Share Consolidation to RM200,000,000 comprising 2,000,000,000 Consolidated Shares ("Proposed Increase in Authorised Share Capital");
- IX. Proposed change of name of the Company from I-Power Berhad to Instacom Holdings Berhad ("Proposed Change of Name"); and
- X. Proposed amendments to the Memorandum and Articles of Association of Instacom ("Proposed Amendments")

On 6 January 2012, the Company has entered into a supplemental agreement with the Vendors amending the SSA ("Supplemental Agreement") to revise the terms of the Proposed Acquisition I and Proposed Offer for Sale I as follows:-

- I. Proposed acquisition by Instacom of the entire issued and paid-up share capital of IESB comprising 4,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM102,000,000 to be satisfied entirely by the issuance of 510,000,000 new Consolidated Shares at an issue price of RM0.20 per Consolidated Share after the Proposed Share Consolidation ("Proposed Acquisition"); and
- II. Proposed offer for sale of up to 51,000,000 Consideration Shares held by the Vendors to eligible investors to be identified pursuant to the Proposed Acquisition ("Proposed Offer for Sale")

On 30 March 2012, the Company has entered into a second supplemental agreement with the Vendors amending the SSA and the First Supplemental Agreement ("Second Supplemental Agreement") to undertake a proposed bonus issue in conjunction with the Proposed Acquisition to the existing shareholders of I-Power other than to the Vendors on the basis of three (3) new Consolidated Shares ("Bonus Share(s)") for every two (2) existing Consolidated Shares held on an entitlement date to be determined by the Board later and which shall be a date after the completion of the

Proposed Acquisition but prior to the Proposed Offer for Sale and the Proposed Private Placement ("Entitlement Date") ("Proposed Bonus Issue"). In addition to the Proposed Bonus Issue to be undertaken, the Vendors have also agreed to grant an additional profit guarantee for financial year ending 31 December 2013.

On 9 April 2012, the Company had announced that Bursa Securities has resolved to approve the proposals and the listing of and quotation for up to 675,685,513 new ordinary shares of RM0.10 each in Instacom to be issued pursuant to the Proposed Acquisition, Proposed Bonus Issue and the Proposed Private Placement on the ACE Market of Bursa Securities.

On 2 May 2012, the Company had announced that the Board had, after due deliberations, decided to revise the term of the Proposed Change of Name whereby the name of the Company is proposed to be changed to Instacom Group Berhad upon completion of the Proposed Acquisition. The Proposed Change of Name will be effective from the date of issuance of the Certificate of Incorporation on change of name of company by the Companies Commission of Malaysia.

On 20 June 2012, all the Special Resolutions and Ordinary Resolutions in relation to the various proposals abovementioned were approved by the shareholders of the Company on an Extraordinary General Meeting held on the same date.

On 26 July 2012, OSK had on behalf of the Board, announced that the Securities Commission Malaysia has approved the Exemption vide its letter dated 25 July 2012.

The abovementioned corporate exercises were completed on 8 October 2012.

**A14. Contingent liabilities and contingent assets**

There were no contingent liabilities for the Company since the last audited financial statements for the financial year ended 31 December 2012.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 31 December 2012 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 December 2012, the Group recorded revenue of RM19.968 million and profit before tax of RM6.956 million. As the acquisition of IESB was completed on 8 October 2012, the revenue and expenses of IESB were consolidated as part of the Group's results with effect from 8 October 2012.

Compared to the previous corresponding financial quarter, the Group recorded an increase of RM19.075 million in revenue and corresponding increase in profit before tax of RM7.011 million. The substantial increases are attributable to the consolidation of IESB's results. IESB recorded revenue of RM93.112 million for its financial year ended ("FYE") 31 December 2012, an increase of RM5.456 million from the preceding FYE 31 December 2011 whilst profit before tax increased from RM14.055 million in FYE 31 December 2011 to RM18.021 million in FYE 31 December 2012. The increase in revenue for IESB was attributable to the higher number of work-sites completed and invoiced during the FYE 31 December 2012 whilst the increase in profit before tax was due to continuous job process improvement actions taken and growing benefit from the economy of scale, both which helped to reduce costs and improve margins.

#### **Civil, mechanical and electrical works segment ("CME")**

Revenue derived from the CME segment for the current financial quarter ended 31 December 2012 and financial year to date were RM13.301 million. This segment is the main contributor for the current financial quarter as it comprised 66.6% of the total revenue. The revenues are attributable to the high number of roll-out of Outside Plant ("OSP") sites during the quarter.

#### **Telecommunication equipment installation segment ("TI")**

Revenue derived from the TI segment for the current financial quarter ended 31 December 2012 and financial year to date were RM4.399 million. This segment comprised 22.0% of the total revenue for the current financial quarter. The revenues generated mostly comprised installation and servicing of communication equipment.

#### **Turnkey build and finance ("TBF")**

Revenue derived from the TBF segment for the current financial quarter ended 31 December 2012 and financial year to date were RM0.550 million. This segment comprised 2.8% of the total revenue for the current financial quarter. The lower revenues from this segment are attributed to the progress billing of its on-going projects, which has been accounted for prior to the consolidation of IESB results.

### **Information and Communication Technology (“ICT”)**

Revenue derived from the ICT segment for the current financial quarter ended 31 December 2012 and financial year to date were RM1.718 million and RM2.207 million respectively. Compared to preceding year corresponding period, ICT recorded an increase in revenue of RM0.825 million and RM0.658 million respectively. The revenue comprised a mixture of provision of software services and provision of hardware.

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

|                   | <b>Current<br/>Quarter<br/>31 December<br/>2012<br/>RM'000</b> | <b>Preceding<br/>Quarter<br/>30 September<br/>2012<br/>RM'000</b> |
|-------------------|--|---|
| Revenue           | 19,968   | 489   |
| Profit before tax | 6,956  | 62  |

The acquisition of IESB was completed on 8 October 2012 and the revenue and expenses of IESB were subsequently consolidated as part of the Group's results with effect from 8 October 2012.

Compared to the preceding financial quarter, the Group recorded an increase of RM19.479 million in revenue and increase in profit before tax of RM6.894 million. The substantial increases are attributable to the consolidation of IESB's results.

#### **B3. Prospects for the current financial year**

On 8 October 2012, the Company has completed restructuring exercise comprising amongst others, capital reduction, consolidation of shares, reduction of capital redemption reserve and share premium account, and culminating with the proposed acquisition of Instacom Engineering Sdn Bhd (“IESB”) for a consideration of RM102 million, to be satisfied entirely by the issuance of 510,000,000 new consolidated shares at an issue price of RM0.20 each.

With the completion of the exercise, the Company now has a strong presence in the growing telecommunication industry via the new subsidiary companies acquired. The outlook for the telecommunications network services market in Malaysia remains positive and steady growth is projected throughout the forecast period of 2011 to 2015. The positive outlook for the telecommunications network services market in Malaysia stems mainly from the growing prominence of the broadband market in Malaysia, advancement in technology for ICT products,

inherent needs for capital expenditure by telecommunications carriers or operators to sustain or grow their businesses, increasing population and young demographic profile in Malaysia, an improving local economic condition, increasing importance of ICT in business activities, replacement of physical functions with virtual possibilities as well as development and improvement in the interconnection of telecommunications networks between countries.

In addition, the completed acquisition of IESB came with a profit guarantee provided by the Vendors of IESB that the profit after tax of IESB and its subsidiary companies for the FYE 31 December 2012 shall not be less than RM15.0 million and that the profit after tax for newly formed Instacom group shall not be less than RM15.0 million for the FYE 31 December 2013. Based on the work orders received by the Group, existing project agreements with the telecommunication providers and ongoing discussion with various potential parties, the Group is fairly confident of meeting the profit guarantee.

#### **B4. Profit forecast and profit estimate**

The Vendors have provided a profit guarantee that the forecast audited profit after tax of IESB shall not be less than RM15.0 million for the financial year ended 31 December 2012. As at 31 December 2012, IESB recorded revenues of RM93.112 million and profit after tax of RM15.455 million, thus surpassing the said profit guarantee. The variance of actual profit after tax and the forecast profit after tax of IESB is approximately 3.03%. . Based on the work orders received by the Group, existing project agreements with the telecommunication providers and ongoing discussions with various potential parties, the Group is fairly confident of meeting the profit guarantee for the FYE 31 December 2013.

#### **B5. Taxation**

|             | <b>Current Quarter<br/>Ended<br/>31 December<br/>2012<br/>RM'000</b> | <b>Cumulative<br/>Year-to-Date<br/>31 December<br/>2012<br/>RM'000</b> |
|-------------|--|--|
| Current tax | 426  | 426  |
|             | <hr/> 426  | <hr/> 426  |

The income tax payable arose from IESB's operational results, whose income is subject to tax whilst the Company's income is not subjected to tax as it is carrying out approved Multimedia Super Corridor activities. This has resulted in an effective tax rate of the Group of 6.1% for both the current financial and cumulative quarter.

**B6. Status of corporate proposals**

There were no corporate proposals announced but not completed as at the date of issuance of this announcement.

**B7. Status of utilisation of proceeds**

The status of utilisation of the gross proceeds of RM18.320 million from the private placement by the Group as at 31 December 2012 are as follows:-

| <b>Purposes</b>  | <b>Proposed Amount<br/>RM'000</b> | <b>Amount Utilised<br/>RM'000</b> | <b>Amount Unutilised<br/>RM'000</b> | <b>Deviation<br/>RM'000</b> | <b>Timeframe for<br/>Utilisation</b>                                   | <b>Explanation</b>  |
|------------------|-----------------------------------|-----------------------------------|-------------------------------------|-----------------------------|--|---|
| Working capital  | 16,320                            | 14,712                            | 1,000                               | 608                         | Within 12 months from date of listing                                  | Being the additional listing expenses of RM607,781 incurred |
| Listing expenses | 2,000                             | 2,608                             | -                                   | (608)                       | Upon completion of the acquisition of IESB and other related proposals |   |
| <b>Total</b>     | <b>18,320</b>                     | <b>17,320</b>                     | <b>1,000</b>                        | <b>-</b>                    |  |   |

\* Inclusive of excess in listing expenses amounting to RM607,781.

**B8. Realised and Unrealised Profits**

The breakdown of retained profits/(accumulated losses) of the Group for the financial quarter ended 31 December 2012 and the preceding year corresponding period 31 December 2011, is as follows :-

|  | <b>Group<br/>Quarter<br/>Ended<br/>31 December<br/>2012<br/>RM'000</b> | <b>Group<br/>Quarter<br/>Ended<br/>31 December<br/>2011<br/>RM'000</b> |
|--|--|--|
| Total retained profits/(accumulated losses) of the Group:                      |  |  |
| - Realised   | 7,290  | (73,447)   |
| - Unrealised   | (658)  | -  |
|  | <hr/> 6,632  | <hr/> (73,447)   |
| Less : Consolidation adjustments   | (1)  | -  |
| Total Group retained profits/(accumulated losses) as per consolidated accounts | <hr/> <hr/> 6,631  | <hr/> <hr/> (73,447)   |

|   | <b>Quarter<br/>Ended<br/>31 December<br/>2012<br/>RM'000</b> | <b>Quarter<br/>Ended<br/>31 December<br/>2011<br/>RM'000</b> |
|---|--|--|
| Total retained profit/(accumulated losses) of the Company : |  |  |
| - Realised  | 55   | (73,447)   |
| - Unrealised  | (658)  | -  |
| Total Company's accumulated losses as per accounts          | <hr/> <hr/> (603)  | <hr/> <hr/> (73,447)   |

#### **B9. Group borrowings and debt securities**

The Group's borrowings as at 31 December 2012 are as follows:-

|                          | <b>Short Term<br/>RM'000</b> | <b>Long Term<br/>RM'000</b> |
|--------------------------|------------------------------|-----------------------------|
| <b><u>Secured</u></b>    |                              |                             |
| Term loans               | 22,724                       | 19,900                      |
| Project revolving credit | 47,358                       | -                           |
| Hire Purchase Creditors  | 2,208                        | 5,460                       |
|                          | <hr/> 72,290                 | <hr/> 25,360                |

#### **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**

|  | <b>Current Quarter<br/>Ended<br/>31 December<br/>2012<br/>RM'000</b> | <b>Cumulative<br/>Year-to-Date<br/>31 December<br/>2012<br/>RM'000</b> |
|--|--|--|
| This is arrived at after charging :-       |  |  |
| Depreciation and amortization              | 610  | 685  |
| Provision for and write off of receivables | 864  | 724  |
| Impairment of assets                       | 701  | 701  |

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.

|   | <b>Individual Quarter</b>   |   | <b>Cumulative Quarter</b>            |  |
|---|-----------------------------|---|--------------------------------------|--|
|   | <b>Current<br/>Quarter</b>  | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter</b> | <b>Current<br/>Year-To-<br/>Date</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Period</b> |
| <b>Basic Earnings Per Share</b>                                   | <b>31 December<br/>2012</b> | <b>31 December<br/>2011</b>                             | <b>31 December<br/>2012</b>          | <b>31 December<br/>2011</b>                            |
| Profit attributable to the equity holders of the Company (RM'000) | 6,530                       | (55)  | 6,592                                | 31   |
| Weighted average number of shares in issue ('000)                 | 656,480                     | 402,623   | 378,568                              | 402,623  |
| Basic earnings per share (sen)                                    | 0.99                        | (0.01)  | 1.74                                 | 0.01   |



(b) Diluted earnings per share – Not Applicable

By Order of the Board

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

Date: 28 February 2013