

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 March 2013 RM'000	Preceding year corresponding quarter 31 March 2012 RM'000	Current year to date 31 March 2013 RM'000	Preceding year corresponding period 31 March 2012 RM'000
Revenue	30,210	860	30,210	2,409
Cost of Sales	(17,941)	(724)	(17,941)	(1,002)
Operational depreciation	<u>(486)</u>	<u>-</u>	<u>(486)</u>	<u>-</u>
Gross Profit	11,783	136	11,783	1,407
Other operating income	333	1	333	1
Administrative Expenses	(3,309)	(2,941)	(3,309)	(3,911)
Depreciation and amortization	<u>(254)</u>	<u>(135)</u>	<u>(254)</u>	<u>(405)</u>
Operating Profit/(Loss)	8,553	(2,939)	8,553	(2,908)
Finance cost	<u>(1,597)</u>	<u>-</u>	<u>(1,597)</u>	<u>-</u>
Profit /(Loss) Before Tax	6,956	(2,939)	6,956	(2,908)
Taxation	<u>(128)</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
Profit /(Loss) After Tax	6,828	(2,939)	6,828	(2,908)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u><u>6,828</u></u>	<u><u>(2,939)</u></u>	<u><u>6,828</u></u>	<u><u>(2,908)</u></u>
Profit/(Loss) attributable to :				
Equity holders of the Company	<u><u>6,828</u></u>	<u><u>(2,939)</u></u>	<u><u>6,828</u></u>	<u><u>(2,908)</u></u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	<u><u>6,828</u></u>	<u><u>(2,939)</u></u>	<u><u>6,828</u></u>	<u><u>(2,908)</u></u>
Weighted average no. of ordinary shares in issue ('000)	702,254	402,623	702,254	402,623
Earnings per share (sen):-				
a) Basic	0.97	(0.73)	0.97	(0.72)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2012.

INSTACOM GROUP BERHAD (596299-D)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	As at 31 March 2013 (Unaudited) RM'000	As at Preceding Financial Period Ended 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,046	29,022
Finance receivables	29,941	28,527
Goodwill on consolidation	75,776	75,776
	<u>135,763</u>	<u>133,325</u>
Intangible Assets		
Intellectual Property Rights (IPR)	238	244
Software Licenses	449	457
Development cost	2,870	2,420
	<u>3,557</u>	<u>3,121</u>
Current assets		
Inventories	3,615	3,007
Project work-in-progress	29,197	34,421
Receivables	52,497	43,073
Other investments	13,298	16,483
Deposits with licensed banks	10,433	10,224
Cash And Cash Equivalents	8,483	9,606
	<u>117,523</u>	<u>116,814</u>
Total Assets	<u><u>256,843</u></u>	<u><u>253,260</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	70,225	70,225
Share premium	60,864	60,864
Treasury shares	-	-
Retained profits	13,655	6,827
Shareholders' equity	<u>144,744</u>	<u>137,916</u>
Non-Current liabilities		
Borrowings	20,533	19,941
Hire purchase payables	6,698	5,544
Deferred taxation	581	581
	<u>27,812</u>	<u>26,066</u>
Current liabilities		
Payables	15,764	16,079
Amount owing to Directors	100	47
Bank overdraft	1,226	205
Borrowings	65,163	70,041
Hire purchase payables	1,855	2,208
Provision for taxation	179	698
	<u>84,287</u>	<u>89,278</u>
Total liabilities	112,099	115,344
Total equity and liabilities	<u><u>256,843</u></u>	<u><u>253,260</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.21</u>	<u>0.20</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2012.

INSTACOM GROUP BERHAD (596299-D)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

	Current year to date 31 March 2013 (Unaudited) RM'000	Preceding year corresponding period 31 March 2012 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	6,956	(2,908)
Adjustments for Non-cash items	2,271	1,892
Operating profit/(loss) before working capital changes	9,227	(1,016)
Changes in working capital		
Net change in inventories and work-in-progress	4,616	-
Net change in trade and other receivables	(8,874)	418
Net change in trade and other payables	(865)	(18)
Net change in directors account	53	-
Net cash from operations	4,157	(616)
Interest paid	(1,367)	-
Tax paid	(647)	-
Net cash generated from/(used in) operating activities	2,143	(616)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment by an asset management company	3,185	-
Placement of Fixed Deposits	(209)	-
Purchase of plant and equipment	(1,750)	(36)
Development expenditure	(450)	-
Interest income	65	-
Net cash generated from/(used in) investing activities	841	(36)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	1,258	-
Hire purchases	(4,743)	-
Finance receivables	(1,414)	-
Interest paid	(229)	-
Net cash used in financing activities	(5,128)	-
Net Change in Cash and Cash Equivalents	(2,144)	(652)
Cash and Cash Equivalents at beginning of the period	9,401	1,782
Cash and Cash Equivalents at end of the period	7,257	1,130
Represented by :		
Cash and bank balances	8,483	1,130
Bank overdrafts	(1,226)	-
	7,257	1,130

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Group for the financial period ended 31 December 2012.

INSTACOM GROUP BERHAD (596299-D)*(Formerly known as I-Power Berhad)***UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
FIRST QUARTER ENDED 31 MARCH 2013**

	<-----Non-distributable----->			<-Distributable->	
	Share Capital	Share Premium	Treasury Shares	Retained Profits/ (Accumulated Losses)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2012 (Audited)	70,225	60,864	-	6,827	137,916
Total comprehensive income for the period	-	-	-	6,828	6,828
As at 31 March 2013	<u>70,225</u>	<u>60,864</u>	<u>-</u>	<u>13,655</u>	<u>144,744</u>

*^ less than RM1,000***As at preceding year corresponding quarter 31 March 2012**

As at 30 June 2011 (Audited)	43,820	51,103	(5,160)	(73,478)	16,285
Total comprehensive income for the period	-	-	-	(2,908)	(2,908)
As at 31 March 2012	<u>43,820</u>	<u>51,103</u>	<u>(5,160)</u>	<u>(76,386)</u>	<u>13,377</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 period ended 31 December 2012.

INSTACOM GROUP BERHAD (596299-D)

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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 Period Ended (“FPE”) 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by Instacom Group Berhad (“IGB”) 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 Malaysia Accounting Standards Board (“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 Boards.

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 2013. 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 FPE 31 December 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

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

Quarter Ended 31 March 2013	CME RM'000	TI RM'000	TBF RM'000	ICT RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	18,223	9,642	1,414	931	-	30,210
Operating expenses (inclusive of depreciation charges)	(10,239)	(7,491)	(680)	(17)	-	(18,427)
Gross Profit	7,984	2,151	734	914	-	11,783
Profit before taxation						6,956
Income tax expenses						(128)
Profit after tax						6,828
Other comprehensive income						-
Total Comprehensive Income						6,828

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 2013.

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 2013 RM'000	Cumulative Year-to-Date 31 March 2013 RM'000
Property, plant & equipment: Additions	1,750	1,750

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 for the Company since the last audited financial statements for the FPE 31 December 2012.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2013 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 2013, the Group recorded revenue of RM30.210 million and profit before tax of RM6.956 million.

Compared to the previous year corresponding financial quarter, the Group recorded an increase of RM29.350 million in revenue and corresponding increase in profit before tax of RM9.895 million. The substantial increases are attributable to the consolidation of the newly acquired subsidiary companies' results.

Civil, mechanical and electrical works segment (“CME”)

Revenue derived from the CME segment for the current financial quarter ended 31 March 2013 and financial year to date were RM18.223 million. This segment is the main contributor for the current financial quarter as it comprised 60.3% of the total revenue. Compared to the preceding financial quarter, CME revenue increased by RM11.629 million, which was 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 March 2013 and financial year to date were RM9.642 million. This segment comprised 31.9% of the total revenue for the current financial quarter. Compared to the preceding financial quarter, TI revenue increased by RM7.758 million, due to higher number of sites completed and billed during the current financial quarter.

Turnkey build and finance (“TBF”)

Revenue derived from the TBF segment for the current financial quarter ended 31 March 2013 and financial year to date were RM1.414 million. This segment comprised 4.7% of the total revenue for the current financial quarter. TBF revenue decreased by RM8.356 million from the revenue recorded in the preceding financial quarter. The decrease arose from normal fluctuations between financial quarters as the TBF segment revenue are not spread evenly throughout the year, and further compounded by the effect of the numerous long holidays in the first three months on 2013, which delayed the issuance of site approvals.

Information and Communication Technology (“ICT”)

Revenue derived from the ICT segment for the current financial quarter ended 31 March 2013 and financial year to date were RM0.931 million. Compared to preceding year corresponding period, ICT recorded a marginal increase in revenue of RM0.071 million. The revenue for the current financial quarter comprised mostly of provision of software services, which has a higher profit margin as most of the works are done in-house.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2013 RM'000	Preceding Quarter 31 December 2012 RM'000
Revenue	30,210	19,968
Profit before tax	6,956	6,956

Compared to the preceding financial quarter, the Group recorded an increase of RM10.242 million in revenue whilst profit before tax is unchanged. During the current financial quarter, the Group recorded higher gross profit margin from its operation. However, the decline in other income recorded during the current financial quarter as compared to the preceding financial quarter had attributed to the lower profit before tax margin of the Group.

B3. Prospects for the current financial year

Following the launch of Malaysia's first long-term evolution (LTE) mobile telephone network in January, this year should see a rush to market as major operators look to expand their data earnings. Mobile data traffic in Malaysia should double this year, following the global trend, according to a recent report by telecoms equipment firm Ericsson. Ericsson said it expects mobile data volumes to rise by a compound annual growth rate of around 50% between 2012 and 2018, with video contents downloads being a major contributor to the increase.

In January 2013, Maxis, announced the launch of Malaysia's first LTE network, focusing on several parts of the Klang Valley. Maxis is planning to expand its LTE coverage to other major metropolitan areas by the end of the second or third quarter of 2013 as LTE roll-out was currently limited due to the requirement that it uses fibre-supported networks.

Several other operators are set to swiftly follow Maxis' adoption of the LTE technology. In March, Celcom Axiata announced that it would be allocating RM100m (\$32.9m) in capital expenditure to roll out LTE, with a commercial launch of the high-speed network due to be announced in the second quarter of this year and DIGI would complete its network modernisation by the end of the year, allowing its customers to enjoy "wireless fibre-like speeds" on LTE-compatible devices.

The planned launches this year would make Malaysia one of the leaders in the Asia-Pacific region in LTE rollout, along with Singapore and the Philippines. While rollout will be incremental at first, it is likely to pick up as more competitors join the market and investments in capacity are completed.

(Source : The Oxford Business Group, 17 April 2013)

B4. Profit forecast and profit estimate

The Vendors have provided a profit guarantee that the forecast audited profit after tax of the Group shall not be less than RM15.0 million for the financial year ended 31 December 2013. Based on the work orders received by the Group, existing project agreements with the telecommunication providers and ongoing discussions with various potential parties, the Board of Directors is fairly confident of meeting the profit guarantee for the FYE 31 December 2013.

B5. Taxation

	Current Quarter Ended 31 March 2013 RM'000	Cumulative Year-to-Date 31 March 2013 RM'000
Current tax	128	128
	<hr/>	<hr/>
	128	128

The effective tax rate of the Group for the current financial and cumulative quarter is 1.84% due to the set-off with the taxation losses and capital allowances carried forward of the Group.

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 March 2013 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
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	
Total	18,320	17,320	1,000	-		

* 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 March 2013 and the preceding year corresponding period 31 March 2012, is as follows :-

	Group Quarter Ended 31 March 2013 RM'000	Group Quarter Ended 31 March 2012 RM'000
Total retained profits/(accumulated losses) of the Group:		
- Realised	47,466	N/A
- Unrealised	(581)	-
	46,885	N/A
Less : Consolidation adjustments	(33,230)	-
Total Group retained profits/(accumulated losses) as per consolidated accounts	13,655	N/A

	Quarter Ended 31 March 2013 RM'000	Quarter Ended 31 March 2012 RM'000
Total retained profit/(accumulated losses) of the Company :		
- Realised	(332)	(76,386)
- Unrealised	-	-
Total Company's accumulated losses as per accounts	(332)	(76,386)

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2013 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	16,153	20,533
Project revolving credit	49,010	-
Hire Purchase Creditors	1,855	6,698
	67,018	27,231

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 2013 RM'000	Cumulative Year-to-Date 31 March 2013 RM'000
This is arrived at after charging :-		
Depreciation and amortization	740	740

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
Basic Earnings Per Share	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Profit attributable to the equity holders of the Company (RM'000)	6,828	(2,939)	6,828	(2,908)
Weighted average number of shares in issue ('000)	702,254	402,623	702,254	402,623
Basic earnings per share (sen)	0.97	(0.73)	0.97	(0.72)

- (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: 14 May 2013