

**INSTACOM GROUP BERHAD (596299-D)***(Formerly known as I-Power Berhad)***UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2013 RM'000	Preceding year corresponding quarter 30 June 2012 RM'000	Current year to date 30 June 2013 RM'000	Preceding year corresponding period 30 June 2012 RM'000
<b>Revenue</b>	36,302	1,167	66,512	3,576
Cost of Sales	(24,376)	(743)	(42,317)	(1,745)
Operational depreciation	<u>(398)</u>	<u>-</u>	<u>(884)</u>	<u>-</u>
<b>Gross Profit</b>	11,528	424	23,311	1,831
Other operating income	949	7	1,282	8
Administrative Expenses	(3,194)	(294)	(6,503)	(4,205)
Depreciation and amortization	<u>(49)</u>	<u>(102)</u>	<u>(303)</u>	<u>(507)</u>
Operating Profit/(Loss)	9,234	35	17,787	(2,873)
Finance cost	<u>(1,604)</u>	<u>-</u>	<u>(3,201)</u>	<u>-</u>
<b>Profit /(Loss) Before Tax</b>	7,630	35	14,586	(2,873)
Taxation	<u>49</u>	<u>-</u>	<u>(79)</u>	<u>-</u>
<b>Profit /(Loss) After Tax</b>	7,679	35	14,507	(2,873)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u><u>7,679</u></u>	<u><u>35</u></u>	<u><u>14,507</u></u>	<u><u>(2,873)</u></u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	<u><u>7,679</u></u>	<u><u>35</u></u>	<u><u>14,507</u></u>	<u><u>(2,873)</u></u>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the Company	<u><u>7,679</u></u>	<u><u>35</u></u>	<u><u>14,507</u></u>	<u><u>(2,873)</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	1.09	0.01	2.07	(0.71)

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)**  
(Formerly known as I-Power Berhad)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	As at 30 June 2013 (Unaudited) RM'000	As at Preceding Financial Period Ended 31 December 2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,677	29,022
Finance receivables	44,647	28,527
Goodwill on consolidation	75,776	75,776
	<u>150,100</u>	<u>133,325</u>
<b>Intangible Assets</b>		
Intellectual Property Rights (IPR)	231	244
Software Licenses	442	457
Development cost	3,320	2,420
	<u>3,993</u>	<u>3,121</u>
<b>Current assets</b>		
Inventories	4,140	3,007
Project work-in-progress	27,528	34,421
Receivables	54,999	43,073
Other investments	5,487	16,483
Tax recoverable	508	-
Deposits with licensed banks	11,010	10,224
Cash And Cash Equivalents	8,506	9,606
	<u>112,178</u>	<u>116,814</u>
<b>Total Assets</b>	<u><u>266,271</u></u>	<u><u>253,260</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	70,225	70,225
Share premium	60,864	60,864
Retained profits	21,334	6,827
<b>Shareholders' equity</b>	<u>152,423</u>	<u>137,916</u>
<b>Non-Current liabilities</b>		
Borrowings	10,085	19,941
Hire purchase payables	5,729	5,544
Deferred taxation	581	581
	<u>16,395</u>	<u>26,066</u>
<b>Current liabilities</b>		
Payables	24,295	16,079
Amount owing to Directors	52	47
Bank overdraft	955	205
Borrowings	69,697	70,041
Hire purchase payables	2,454	2,208
Provision for taxation	-	698
	<u>97,453</u>	<u>89,278</u>
<b>Total liabilities</b>	113,848	115,344
<b>Total equity and liabilities</b>	<u><u>266,271</u></u>	<u><u>253,260</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.22</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)**  
*(Formerly known as I-Power Berhad)*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	Current year to date 30 June 2013 (Unaudited) RM'000	Preceding year corresponding period 30 June 2012 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	14,586	(2,873)
Adjustments for Non-cash items	3,583	2,730
<b>Operating profit/(loss) before working capital changes</b>	<b>18,169</b>	<b>(143)</b>
Changes in working capital		
Net change in inventories and work-in-progress	5,760	-
Net change in trade and other receivables	(11,926)	(662)
Net change in trade and other payables	8,216	28
Net change in directors account	5	-
<b>Net cash from operations</b>	<b>20,224</b>	<b>(777)</b>
Interest paid	(710)	8
Tax paid	(1,284)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>18,230</b>	<b>(769)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment by an asset management company	10,996	-
Placement of fixed deposits	(786)	-
Purchase of plant and equipment	(1,806)	(36)
Development expenditure	(900)	-
Interest income	796	-
<b>Net cash generated from/(used in) investing activities</b>	<b>8,300</b>	<b>(36)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(4,471)	-
Hire purchases	(5,298)	-
Finance receivables	(16,120)	-
Interest paid	(2,491)	-
<b>Net cash used in financing activities</b>	<b>(28,380)</b>	<b>-</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,850)</b>	<b>(805)</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>9,401</b>	<b>1,782</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>7,551</b>	<b>977</b>
<b>Represented by :</b>		
Cash and bank balances	8,506	977
Bank overdrafts	(955)	-
	<b>7,551</b>	<b>977</b>

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 SECOND QUARTER ENDED 30 JUNE 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	-	-	-	14,507	14,507
As at 30 June 2013	<u>70,225</u>	<u>60,864</u>	<u>-</u>	<u>21,334</u>	<u>152,423</u>

*^ less than RM1,000***As at preceding year corresponding quarter 30 June 2012**

As at 30 June 2011 (Audited)	43,820	51,103	(5,160)	(73,478)	16,285
Total comprehensive income for the period	-	-	-	(2,873)	(2,873)
As at 30 June 2012	<u>43,820</u>	<u>51,103</u>	<u>(5,160)</u>	<u>(76,351)</u>	<u>13,412</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)**

*(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 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 (“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 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”)

<b>Quarter Ended 30 June 2013</b>	<b>CME RM'000</b>	<b>TI RM'000</b>	<b>TBF RM'000</b>	<b>ICT RM'000</b>	<b>Elimi- nations RM'000</b>	<b>Consoli- dated RM'000</b>
Revenue from external customers	12,881	7,110	15,661	650	-	36,302
Operating expenses (inclusive of depreciation charges)	(8,106)	(5,399)	(10,987)	(282)	-	(24,774)
<b>Gross Profit</b>	4,775	1,711	4,674	368	-	11,528
Profit before taxation						7,630
Income tax expenses						49
<b>Profit after tax</b>						7,679
Other comprehensive income						-
<b>Total Comprehensive Income</b>						7,679

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

#### **A10. Valuation of property, plant and equipment**

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

#### **A11. Capital commitments**

There are no material capital commitments in respect of property, plant and equipment as at 30 June 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:-

	<b>Current Quarter Ended 30 June 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2013 RM'000</b>
Property, plant & equipment:		
Additions	56	1,806

## **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**

Save as disclosed below, there are no material events subsequent to the financial period ended 30 June 2013 that have not been reflected in this interim financial report:-

On 12 June 2013, on behalf of the Board of Directors of Instacom ("Board"), RHB Investment Bank Berhad ("RHBIB") announced that the Company proposed to undertake bonus issue of 351,127,130 warrants ("Warrants") in Instacom on the basis of one (1) free Warrant for every two (2) existing ordinary shares of RM0.10 each in Instacom held on an entitlement date to be determined later ("Bonus Issue of Warrants").

Subsequently on 23 July 2013, on behalf of the Board, RHBIB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 22 July 2013, resolved to approve the following:-

- i. Admission to the Official List and listing and quotation of 351,127,130 Warrants to be issued pursuant to the Bonus Issue of Warrants; and
- ii. Listing and quotation of up to 351,127,130 new Instacom Shares to be issued pursuant to the exercise of Warrants issued under the Bonus Issue of Warrants.



On 16 August 2013, the Board announced that the Bonus Issue of Warrants was approved by the shareholders at the Extraordinary General Meeting held on 16 August 2013.

Also on 16 August 2013, on behalf of the Board, RHBIB announced that the Company had resolved to fix the exercise price of the Warrants at RM0.33 each. The exercise price per Warrant represents a discount of approximately 15% to the five (5)-day weighted average market price of Instacom Shares as traded on Bursa Securities up to and including 15 August 2013 of RM0.39 per Instacom Share.

The entitlement date for the Proposed Bonus Issue of Warrants has been fixed to be on 30 August 2013.

**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 30 June 2013, the Group recorded revenue of RM36.302 million and profit before tax of RM7.630 million.

Compared to the previous year corresponding financial quarter, the Group recorded an increase of RM35.135 million in revenue and corresponding increase in profit before tax of RM7.595 million. The substantial increases are attributable to the consolidation of the newly acquired subsidiary companies' results.

For the current financial quarter, the Group allocated more operational resources such as technical crew and machineries to its Turnkey Build and Finance ("TBF") segment to complete several large TBF sites. This attributed to the substantial increase in revenue generated from TBF.

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

Revenue derived from the CME segment for the current financial quarter ended 30 June 2013 and financial year to date were RM12.881 million and RM31.104 million respectively. The revenue for this segment comprised 35.5% of the total revenue for the current financial quarter. Compared to the preceding financial quarter, CME's revenue decreased by RM5.342 million mainly due to more operational resources such as technical crew and machineries being allocated to complete TBF related works during the current financial quarter which attributed to lower number of Outside Plant ("OSP") sites being completed and billed.

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

Revenue derived from the TI segment for the current financial quarter ended 30 June 2013 and financial year to date were RM7.110 million and RM16.752 million respectively. The revenue for this segment comprised 19.6% of the total revenue for the current financial quarter. TI's revenue decreased by RM2.532 million due to lower number of TI related sites being completed and billed during the current financial quarter as compared to the preceding financial quarter.

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

Revenue derived from the TBF segment for the current financial quarter ended 30 June 2013 and financial year to date were RM15.661 million and RM17.075 million respectively. This segment is the main revenue contributor for the current financial quarter, comprising 43.1% of the total revenue. Compared to the preceding financial quarter, TBF's revenue increased by RM14.247 million. During the current financial quarter, the Group allocated more operational resources such as technical crew and machineries to the TBF segment to complete several large TBF sites. This attributed to the substantial increase in revenue generated from TBF.

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

Revenue derived from the ICT segment for the current financial quarter ended 30 June 2013 and financial year to date were RM0.650 million and RM1.581 million respectively. The revenue for this segment comprised 1.8% of the total revenue for the current financial quarter. Compared to preceding financial quarter, ICT recorded a decrease in revenue of RM0.281 million. The decrease is attributable to lower maintenance and support work requests received during the current financial quarter.

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

	<b>Current Quarter 30 June 2013 RM’000</b>	<b>Preceding Quarter 31 March 2013 RM’000</b>
Revenue	36,302	30,210
Profit before tax	7,630	6,956

Compared to the preceding financial quarter, the Group recorded increases of RM6.092 million in revenue and RM0.674 million in profit before tax. The increase in revenue is attributable to the substantial increase in TBF related projects as the Group allocated more resources to TBF to complete several large work orders received.

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

Following the launch of Malaysia’s first long-term evolution (“LTE”) mobile telephone network in January 2013, 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 approximately 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, which will be 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 2013, 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 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 ("FYE") 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 is fairly confident of meeting the profit guarantee for the FYE 31 December 2013.

#### **B5. Taxation**

	<b>Current Quarter Ended 30 June 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2013 RM'000</b>
Current tax	(49)	79
	<hr/>	<hr/>
	(49)	79

The effective tax rate of the Group for the current financial and cumulative quarter is Nil and 0.1% respectively, due to the set-off with the 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 mentioned in Note A15 above, there are no corporate proposals announced but not completed.

**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 30 June 2013 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Deviation RM'000</b>	<b>Intended Timeframe for 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 30 June 2013 and the preceding year corresponding period 30 June 2012, is as follows :-

	<b>Group Quarter Ended 30 June 2013 RM'000</b>	<b>Group Quarter Ended 30 June 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	48,853	N/A
- Unrealised	(581)	-
	<hr/> 48,272	<hr/> N/A
Less : Consolidation adjustments	(26,938)	-
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 21,334	<hr/> <hr/> N/A

	<b>Quarter Ended 30 June 2013 RM'000</b>	<b>Quarter Ended 30 June 2012 RM'000</b>
<b>Total retained profit/(accumulated losses) of the Company :</b>		
- Realised	12,121	(76,351)
- Unrealised	-	-
Total Company's retained profits/(accumulated losses) as per accounts	<hr/> <hr/> 12,121	<hr/> <hr/> (76,351)

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

The Group's borrowings as at 30 June 2013 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Term loans	16,153	10,085
Project revolving credit	53,544	-
Hire Purchase Creditors	2,454	5,729
	<hr/> 72,151	<hr/> 15,814

#### **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 Ended 30 June 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2013 RM'000</b>
This is arrived at after charging :-		
Depreciation and amortisation	177	917

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 Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year-To- Date</b>	<b>Preceding Year Corresponding Period</b>
<b>Basic Earnings Per Share</b>	<b>30 June 2013</b>	<b>30 June 2012</b>	<b>30 June 2013</b>	<b>30 June 2012</b>
Profit attributable to the equity holders of the Company (RM'000)	7,679	35	14,507	(2,873)
Weighted average number of shares in issue ('000)	702,254	402,623	702,254	402,623
Basic earnings per share (sen)	1.09	0.01	2.07	(0.71)

## (b) Diluted earnings per share – Not Applicable

By Order of the Board

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

Date: 23 August 2013