

**INSTACOM GROUP BERHAD (596299-D)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2013 RM'000	Preceding year corresponding quarter 30 September 2012 RM'000	Current year to date 30 September 2013 RM'000	Preceding year corresponding period 30 September 2012 RM'000
<b>Revenue</b>	36,442	489	102,954	489
Cost of Sales	(23,708)	(103)	(66,025)	(103)
Operational depreciation	(561)	-	(1,445)	-
<b>Gross Profit</b>	12,173	386	35,484	386
Other operating income	270	140	1,552	140
Administrative Expenses	(3,262)	(389)	(9,765)	(389)
Depreciation and amortization	(40)	(75)	(343)	(75)
Operating Profit/(Loss)	9,141	62	26,928	62
Finance cost	(1,469)	-	(4,670)	-
<b>Profit/(Loss) Before Tax</b>	7,672	62	22,258	62
Taxation	150	-	71	-
<b>Profit/(Loss) After Tax</b>	7,822	62	22,329	62
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>7,822</u>	<u>62</u>	<u>22,329</u>	<u>62</u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	<u>7,822</u>	<u>62</u>	<u>22,329</u>	<u>62</u>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the Company	<u>7,822</u>	<u>62</u>	<u>22,329</u>	<u>62</u>
Weighted average no. of ordinary shares in issue ('000)	702,254	402,623	702,254	402,623
Earnings per share (sen):-				
a) Basic	1.11	0.02	3.18	0.02

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

	As at 30 September 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	29,707	29,022
Finance receivables	22,664	28,527
Goodwill on consolidation	75,776	75,776
	<u>128,147</u>	<u>133,325</u>
<b>Intangible Assets</b>		
Intellectual Property Rights (IPR)	224	244
Software Licenses	434	457
Development cost	3,920	2,420
	<u>4,578</u>	<u>3,121</u>
<b>Current assets</b>		
Inventories	4,816	3,007
Project work-in-progress	27,725	34,421
Receivables	69,635	43,073
Other investments	5,584	16,483
Tax recoverable	1,331	-
Deposits with licensed banks	11,301	10,224
Cash And Cash Equivalents	13,676	9,606
	<u>134,068</u>	<u>116,814</u>
<b>Total Assets</b>	<u><u>266,793</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	28,986	6,827
<b>Shareholders' equity</b>	<u>160,075</u>	<u>137,916</u>
<b>Non-Current liabilities</b>		
Borrowings	9,609	19,941
Hire purchase payables	5,228	5,544
Deferred taxation	581	581
	<u>15,418</u>	<u>26,066</u>
<b>Current liabilities</b>		
Payables	19,575	16,079
Amount owing to Directors	153	47
Bank overdraft	208	205
Borrowings	69,032	70,041
Hire purchase payables	2,332	2,208
Provision for taxation	-	698
	<u>91,300</u>	<u>89,278</u>
<b>Total liabilities</b>	106,718	115,344
<b>Total equity and liabilities</b>	<u><u>266,793</u></u>	<u><u>253,260</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.23</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)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	Current year to date 30 September 2013 (Unaudited) RM'000	Preceding year corresponding period 30 September 2012 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	22,258	62
Adjustments for Non-cash items	<u>5,572</u>	<u>75</u>
<b>Operating profit/(loss) before working capital changes</b>	<b>27,830</b>	<b>137</b>
Changes in working capital		
Net change in inventories and work-in-progress	4,887	-
Net change in trade and other receivables	(26,562)	4
Net change in trade and other payables	3,496	20
Net change in directors account	106	-
<b>Net cash from operations</b>	<u>9,757</u>	<u>161</u>
Interest paid	(985)	-
Tax paid	(1,957)	-
<b>Net cash generated from/(used in) operating activities</b>	<u>6,815</u>	<u>161</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment by an asset management company	10,899	-
Placement of fixed deposits	(1,077)	-
Purchase of plant and equipment	(2,372)	-
Development expenditure	(1,500)	-
Interest income	827	-
<b>Net cash generated from/(used in) investing activities</b>	<u>6,777</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Listing expenses	(170)	-
Borrowings	(11,341)	-
Hire purchases	(192)	-
Finance receivables	5,863	-
Interest paid	(3,685)	-
<b>Net cash used in financing activities</b>	<u>(9,525)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>4,067</b>	<b>161</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>9,401</b>	<b>977</b>
<b>Cash and Cash Equivalents at end of the period</b>	<u><u>13,468</u></u>	<u><u>1,138</u></u>
<b>Represented by :</b>		
Cash and bank balances	13,676	1,138
Bank overdrafts	(208)	-
	<u><u>13,468</u></u>	<u><u>1,138</u></u>

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)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	<-----Non-distributable----->			<-Distributable->		
	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserves RM'000	Treasury Shares RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000
As at 31 December 2012 (Audited)	70,225	60,864	-	-	6,827	137,916
Bonus Issue of Warrants	-	-	-	-	(170)	(170)
Total comprehensive income for the period	-	-	-	-	22,329	22,329
As at 30 September 2013	<u>70,225</u>	<u>60,864</u>	<u>-</u>	<u>-</u>	<u>28,986</u>	<u>160,075</u>

**As at preceding year corresponding quarter 30 September 2012**

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	-	-
Total comprehensive income for the period	-	-	-	-	62	62
As at 30 September 2012	<u>40,263</u>	<u>45,943</u>	<u>3,557</u>	<u>-</u>	<u>(76,285)</u>	<u>13,478</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)**

### **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 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 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**

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:-

- 1) 351,127,130 warrants were issued on 2 September 2013 pursuant to the bonus issue of warrants (“Warrants”) on the basis of one (1) free Warrant for every two (2) existing ordinary shares of RM0.10 each in Instacom held on 30 August 2013. Each warrant entitles the holder of the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of RM0.33 per warrant. The warrants will expire on 8 September 2018. As at 30 September 2013, no warrants had been exercised.

**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 September 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	34,479	172	1,500	291	-	36,442
Operating expenses (inclusive of depreciation charges)	(23,097)	(145)	(1,020)	(7)	-	(24,269)
<b>Gross Profit</b>	11,382	27	480	284	-	12,173
Profit before taxation						7,672
Income tax expenses						150
<b>Profit after tax</b>						7,822
Other comprehensive income						-
<b>Total Comprehensive Income</b>						7,822

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 September 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 September 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2013 RM'000</b>
Property, plant & equipment: Additions	566	2,372

**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 FPE 31 December 2012.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 September 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 30 September 2013, the Group recorded revenue of RM36.442 million and profit before tax of RM7.672 million.

Compared to the previous year corresponding financial quarter, the Group recorded an increase of RM35.953 million in revenue and corresponding increase in profit before tax of RM7.610 million. The substantial increases are attributable to the consolidation of the newly acquired subsidiary companies' results.

For the current financial quarter, the civil, mechanical and electrical works ("CME") segment contributed the most to the Group's revenue as the Group had allocated more operational resources such as technical crew and machineries to this segment to complete several large sites.

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

Revenue derived from the CME segment for the current financial quarter ended 30 September 2013 and financial year to date were RM34.479 million and RM65.583 million respectively. This segment is the main revenue contributor for the current financial quarter, comprising 94.6% of the total revenue for the current financial quarter. Compared to the preceding financial quarter, CME's revenue increased by RM21.598 million mainly due to large quantity of CME's works being requested and commissioned by its customers.

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

Revenue derived from the TI segment for the current financial quarter ended 30 September 2013 and financial year to date were RM0.172 million and RM16.924 million respectively. The revenue for this segment comprised 0.5% of the total revenue for the current financial quarter. TI's revenue decreased by RM6.938 million due to lower number of TI related sites being requested and commissioned during the current financial quarter.

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

Revenue derived from the TBF segment for the current financial quarter ended 30 September 2013 and financial year to date were RM1.500 million and RM18.575 million respectively. The revenue for this segment comprised 4.1% of the total revenue for the current financial quarter. Compared to the preceding financial quarter, TBF's revenue decreased by RM14.161 million as a substantial amount of TBF's works were rushed for completion in the previous financial quarter, leaving only the smaller sites to be completed during the current financial quarter.

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

Revenue derived from the ICT segment for the current financial quarter ended 30 September 2013 and financial year to date were RM0.291 million and RM1.872 million respectively. The revenue for this segment comprised 0.8% of the total revenue for the current financial quarter. Compared to the preceding financial quarter, ICT recorded a decrease in revenue of RM0.359 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 September 2013 RM’000</b>	<b>Preceding Quarter 30 June 2013 RM’000</b>
Revenue	36,442	36,302
Profit before tax	7,672	7,630

Compared to the preceding financial quarter, the Group recorded increases of RM0.140 million in revenue and RM0.042 million in profit before tax. There are only marginal differences between both financial quarters as the Group sustained its performance.

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

Under the Malaysian Budget 2014, a total of RM3.4bil will be allocated for the next phase of the country’s high-speed broadband (HSBB). Of this, RM1.8bil will be spent on expanding coverage in mainly urban areas to benefit 2.8 million households nationwide and another RM1.6bil will be spent on expanding HSBB to suburban areas, with the Internet access speed increasing to between four and 10 Mbps, which will benefit two million consumers. Meanwhile, 1,000 telecommunication transmission towers will be built over the next three years to increase Internet coverage in rural areas, with an investment of RM1.5bil and to increase Internet access in Sabah and Sarawak, new underwater cables will be laid within three years at a cost of RM850mil. These investments will utilise the Universal Services Provision Fund, which is under the purview of the Malaysian Communications and Multimedia Commission.

*(Source : The Star, 26 October 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 results for the current financial year to date, the Group recorded revenues of RM102.954 million and profit after tax of RM22.329 million, thus surpassing the said profit guarantee substantially by RM7.329 million or approximately 48.9%.

**B5. Taxation**

	<b>Current Quarter Ended 30 September 2013 RM’000</b>	<b>Cumulative Year-to-Date 30 September 2013 RM’000</b>
Current tax	(150)	(71)
	<u>(150)</u>	<u>(71)</u>

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, 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 September 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	15,712	-	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 Instacom Engineering Sdn Bhd and other related proposals	
<b>Total</b>	<b>18,320</b>	<b>18,320</b>	<b>-</b>	<b>-</b>		

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

Based on the above, the Group had fully utilised the proceeds raised from its private placement exercise.

#### **B8. Realised and Unrealised Profits**

The breakdown of retained profits/(accumulated losses) of the Group and Company for the financial quarter ended 30 September 2013 and the preceding year corresponding period 30 September 2012, is as follows :-

	<b>Group Quarter Ended 30 September 2013 RM'000</b>	<b>Group Quarter Ended 30 September 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	50,889	N/A
- Unrealised	(581)	-
	<u>50,308</u>	<u>N/A</u>

Less : Consolidation adjustments	(21,322)	-
Total Group retained profits as per consolidated accounts	28,986	N/A

	<b>Company Quarter Ended 30 September 2013 RM'000</b>	<b>Company Quarter Ended 30 September 2012 RM'000</b>
<b>Total retained profit/(accumulated losses) of the Company :</b>		
- Realised	24,779	(76,285)
- Unrealised	-	-
Total Company's retained profits/(accumulated losses) as per accounts	24,779	(76,285)

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

The Group's borrowings as at 30 September 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	9,609
Project revolving credit	52,879	-
Hire Purchase Creditors	2,332	5,228
	71,364	14,837

#### **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 September 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2013 RM'000</b>
This is arrived at after charging :-		
Depreciation and amortisation	601	1,788
Gains on disposal of property, plant and equipment	(82)	(82)

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 September 2013</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>30 September 2012</b>
Profit attributable to the equity holders of the Company (RM'000)	7,822	62	22,329	62
Weighted average number of shares in issue ('000)	702,254	402,623	702,254	402,623
Basic earnings per share (sen)	1.11	0.02	3.18	0.02

(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: 27 November 2013