

**INSTACOM GROUP BERHAD (596299-D)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2013	Preceding year corresponding quarter 31 December 2012	Current year to date 31 December 2013	Preceding year corresponding period 31 December 2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	17,480	19,968	120,434	25,565
Cost of Sales	(8,551)	(12,256)	(74,576)	(12,363)
Operational depreciation	(479)	(482)	(1,924)	(482)
<b>Gross Profit</b>	8,450	7,230	43,934	12,720
Other operating income	(783)	5,516	769	6,790
Administrative Expenses	(3,070)	(3,940)	(12,835)	(9,831)
Depreciation and amortization	(103)	(128)	(446)	(203)
Operating Profit	4,494	8,678	31,422	9,476
Finance cost	(1,286)	(1,722)	(5,956)	(1,803)
<b>Profit Before Tax</b>	3,208	6,956	25,466	7,673
Taxation	2	(426)	73	(885)
<b>Profit After Tax</b>	3,210	6,530	25,539	6,788
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>3,210</u>	<u>6,530</u>	<u>25,539</u>	<u>6,788</u>
<b>Profit attributable to :</b>				
Equity holders of the Company	<u>3,210</u>	<u>6,530</u>	<u>25,539</u>	<u>6,788</u>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the Company	<u>3,210</u>	<u>6,530</u>	<u>25,539</u>	<u>6,788</u>
Weighted average no. of ordinary shares in issue ('000)	702,254	656,480	702,254	378,568
Earnings per share (sen):-				
a) Basic	0.46	0.99	3.64	1.79

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 31 DECEMBER 2013**

	As at 31 December 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	29,061	29,022
Finance receivables	19,573	28,527
Goodwill on consolidation	75,776	75,776
	<u>124,410</u>	<u>133,325</u>
<b>Intangible Assets</b>		
Intellectual Property Rights	217	244
Software Licenses	427	457
Development cost	6,913	2,420
	<u>7,557</u>	<u>3,121</u>
<b>Current assets</b>		
Inventories	3,108	3,007
Project work-in-progress	24,990	34,421
Receivables	56,962	43,073
Other investments	-	16,483
Tax recoverable	1,080	-
Deposits with licensed banks	12,057	10,224
Cash And Cash Equivalents	10,607	9,606
	<u>108,804</u>	<u>116,814</u>
<b>Total Assets</b>	<u>240,771</u>	<u>253,260</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	32,196	6,827
<b>Shareholders' equity</b>	<u>163,285</u>	<u>137,916</u>
<b>Non-Current liabilities</b>		
Borrowings	10,305	19,941
Hire purchase payables	4,607	5,544
Deferred taxation	581	581
	<u>15,493</u>	<u>26,066</u>
<b>Current liabilities</b>		
Payables	15,102	16,079
Amount owing to Directors	-	47
Bank overdraft	-	205
Borrowings	44,488	70,041
Hire purchase payables	2,403	2,208
Provision for taxation	-	698
	<u>61,993</u>	<u>89,278</u>
<b>Total liabilities</b>	77,486	115,344
<b>Total equity and liabilities</b>	<u>240,771</u>	<u>253,260</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 FOURTH QUARTER ENDED 31 DECEMBER 2013**

	Current year to date 31 December 2013 (Unaudited) RM'000	Preceding year corresponding period 31 December 2012 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	25,466	7,673
Adjustments for Non-cash items	8,341	2,656
<b>Operating profit before working capital changes</b>	<b>33,807</b>	<b>10,329</b>
Changes in working capital		
Net change in inventories and work-in-progress	9,330	(29,066)
Net change in trade and other receivables	(13,889)	10,899
Net change in trade and other payables	(977)	2,697
Net change in directors account	(47)	47
<b>Net cash from/(used in) operations</b>	<b>28,224</b>	<b>(5,094)</b>
Interest paid	(1,175)	(1,575)
Tax paid	(1,689)	(1,527)
<b>Net cash generated from/(used in) operating activities</b>	<b>25,360</b>	<b>(8,196)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment by an asset management company	16,483	(5,957)
Placement of fixed deposits	(1,833)	15,781
Purchase of plant and equipment	(2,232)	(6,880)
Development expenditure	(4,493)	(2,420)
Interest income	(151)	1,124
<b>Net cash generated from investing activities</b>	<b>7,774</b>	<b>1,648</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	15,712
Listing expenses	(170)	-
Net cash from acquisition	-	2,466
Borrowings	(30,582)	(676)
Hire purchases	(5,349)	(1,508)
Finance receivables	8,954	(795)
Interest paid	(4,781)	(227)
<b>Net cash generated from/(used in) financing activities</b>	<b>(31,928)</b>	<b>14,972</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,206</b>	<b>8,424</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>	<b>10,607</b>	<b>9,401</b>
<b>Represented by :</b>		
Cash and bank balances	10,607	9,606
Bank overdrafts	-	(205)
	<b>10,607</b>	<b>9,401</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)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 2013**

	<-----Non-distributable----->			<-Distributable->		
	Share Capital	Share Premium	Capital Redemption Reserves	Treasury Shares	Retained Profits/ (Accumulated Losses)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2012 (Audited)	70,225	60,864	-	-	6,827	137,916
Bonus Issue of Warrants (Expenses)	-	-	-	-	(170)	(170)
Total comprehensive income for the period	-	-	-	-	25,539	25,539
As at 31 December 2013	<u>70,225</u>	<u>60,864</u>	<u>-</u>	<u>-</u>	<u>32,196</u>	<u>163,285</u>

**As at preceding year corresponding quarter 31 December 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	-	-
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	-	-	-	-	6,788	6,788
As at 31 December 2012	<u>70,225</u>	<u>60,864</u>	<u>-</u>	<u>-</u>	<u>6,827</u>	<u>137,916</u>

^ less than RM1,000

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 31 December 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 31 December 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	7,155	300	9,445	580	-	17,480
Operating expenses (inclusive of depreciation charges)	(5,360)	(255)	(3,390)	(25)	-	(9,030)
<b>Gross Profit</b>	1,795	45	6,055	555	-	8,450
Profit before taxation						3,208
Income tax expenses						2
<b>Profit after tax</b>						3,210
Other comprehensive income						-
<b>Total Comprehensive Income</b>						3,210

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 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 31 December 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2013 RM'000</b>
Property, plant & equipment: Additions	-	2,232

**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 year ended (“FYE”) 31 December 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 December 2013, the Group recorded revenue of RM17.480 million and profit before tax of RM3.208 million.

Compared to the previous year corresponding financial quarter, the Group recorded decrease of RM2.488 million in revenue and RM3.748 million in profit before tax. The decreases recorded during the current financial quarter are mainly due to the larger portion of projects progress completed and billed in the earlier quarters of 2013.

Revenue for the FYE 31 December 2013 increased by RM94.869 million compared to revenue recorded for the FPE 31 December 2012 whilst profit before tax increased by RM17.793 million. The increase in revenue and profit before tax are mainly due to the consolidation of the full 12 months results of the subsidiary companies of Instacom Group for the FYE 31 December 2013, as compared to the consolidation of the subsidiary companies' results for the period 8 October 2012 to 31 December 2012 for the FPE 31 December 2012. The increase in revenue and profit before tax are also attributable to Instacom's success in securing a few large projects during the FYE 31 December 2013.

**Revenue by segment :**

	Current financial quarter ended 31 December 2013 (RM'000)	Preceding financial quarter ended 31 December 2012 (RM'000)	Current Financial Year-to-date 31 December 2013 (RM'000)	Preceding Financial Period -to-date 31 December 2012 <sup>^</sup> (RM'000)
CME	7,155	6,594 *	72,738	6,594 *
TI	300	1,885 *	17,224	1,885 *
TBF	9,445	14,878 *	28,020	14,878 *
ICT	580	1,718	2,452	2,208 <sup>^</sup>
<b>Total</b>	<b>17,480</b>	<b>25,075</b>	<b>120,434</b>	<b>25,565</b>

<sup>^</sup> Covered the period 1 July 2012 to 31 December 2012, due to change of financial year end from 30 June to 31 December.

\* Revenue recorded from 8 October 2012 to 31 December 2012.

### **CME**

This segment is the main revenue contributor for the current FYE 31 December 2013, comprising 60.4% of the total revenue. For current financial quarter and year-to-date, CME recorded increase of RM0.561 million and RM66.144 million in revenue as compared to the same periods in the preceding year respectively. The increase in revenue for the current financial quarter compared to the preceding year financial quarter is due to more CME's works being requested and commissioned by its customers. The increase in revenue for the FYE 31 December 2013 as compared to the FPE 31 December 2012 is due to the different consolidation period as mentioned above.

### **TI**

The revenue for this segment comprised 14.3% of the total revenue for the current FYE 31 December 2013. For current financial quarter and year-to-date, TI recorded decrease of RM1.585 million and increase of RM15.339 million in revenue as compared to the same periods in the preceding year respectively. The decrease in revenue between the current financial quarter and the preceding year quarter is due to lower number of TI works requested by the customers. The increase in revenue for the FYE 31 December 2013 as compared to the FPE 31 December 2012 is due to the different consolidation period as mentioned above.

### **TBF**

The revenue for this segment comprised 23.3% of the total revenue for the current FYE 31 December 2013. Compared to the preceding year financial quarter, TBF's revenue decreased by RM5.433 million as a substantial amount of TBF's works were completed and billed in the earlier quarters of 2013. The increase in revenue for the FYE 31 December 2013 as compared to the FPE 31 December 2012 is due to the different consolidation period as mentioned above.

### **ICT**

The revenue for this segment comprised 2.0% of the total revenue for the current FYE 31 December 2013. Compared to the preceding year financial quarter, ICT recorded a decrease in revenue of RM1.138 million, which was attributable to lower maintenance and support work requests received. During the current financial quarter, Instacom has discontinued the ICT segment as the Group streamlined its operations to focus on the core segments of CME, TI and TBF.

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

	<b>Current Quarter 31 December 2013 RM'000</b>	<b>Preceding Quarter 30 September 2013 RM'000</b>
Revenue	17,480	36,442
Profit before tax	3,208	7,672

Compared to the preceding financial quarter, the Group recorded decrease of RM18.962 million in revenue and RM4.464 million in profit before tax, which are mainly due to the larger portion of projects progress completed and billed in the earlier quarters of 2013.

**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 FYE 31 December 2013. As at 31 December 2013, Instacom recorded revenues of RM120.434 million and profit after tax of RM25.539 million, thus surpassing the said profit guarantee by approximately 70.3%.

**B5. Taxation**

	<b>Current Quarter Ended 31 December 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2013 RM'000</b>
Current tax	(2)	(73)
	<u>(2)</u>	<u>(73)</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 31 December 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>	<u><b>18,320</b></u>	<u><b>18,320</b></u>	<u><b>-</b></u>	<u><b>-</b></u>		

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

	<b>Group Quarter Ended 31 December 2013 RM'000</b>	<b>Group Quarter Ended 31 December 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	56,344	40,638
- Unrealised	(581)	(581)
	<u>55,7636</u>	<u>40,057</u>
Less : Consolidation adjustments	(23,567)	(33,229)
Total Group retained profits as per consolidated accounts	<u>32,196</u>	<u>6,827</u>
	<b>Company Quarter Ended 31 December 2013 RM'000</b>	<b>Company Quarter Ended 31 December 2012 RM'000</b>
<b>Total retained profit/(accumulated losses) of the Company :</b>		
- Realised	29,275	(626)
- Unrealised	-	-
Total Company's retained profits/(accumulated losses) as per accounts	<u>29,275</u>	<u>(626)</u>

**B9. Group borrowings and debt securities**

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

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Term loans	10,000	10,305
Project revolving credit	34,488	-
Hire Purchase Creditors	2,403	4,607
	<u>46,891</u>	<u>14,912</u>

**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 31 December 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2013 RM'000</b>
This is arrived at after charging :-		
Depreciation and amortisation	582	2,370
Gains on disposal of property, plant and equipment	-	(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.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Profit attributable to the equity holders of the Company (RM'000)	3,210	6,530	25,539	6,788
Weighted average number of shares in issue ('000)	702,254	656,480	702,254	378,568
Basic earnings per share (sen)	0.46	0.99	3.64	1.79

(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: 28 February 2014