

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2014	Preceding year corresponding quarter 31 December 2013	Current year to date 31 December 2014	Preceding year corresponding period 31 December 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	13,966	17,480	65,855	120,434
Cost of Sales	(11,935)	(8,551)	(49,806)	(74,576)
Operational depreciation	(566)	(479)	(1,821)	(1,924)
Gross Profit	1,465	8,450	14,228	43,934
Other operating income	183	(783)	1,792	769
Administrative Expenses	(1,377)	(3,070)	(8,313)	(12,835)
Depreciation and amortization	(282)	(103)	(495)	(446)
Operating (Loss)/Profit	(11)	4,494	7,212	31,422
Finance cost	(554)	(1,286)	(3,586)	(5,956)
(Loss)/Profit Before Tax	(565)	3,208	3,626	25,466
Taxation	(18)	2	(18)	73
(Loss)/Profit After Tax	(583)	3,210	3,608	25,539
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(583)</u>	<u>3,210</u>	<u>3,608</u>	<u>25,539</u>
(Loss)/Profit attributable to :				
Equity holders of the Company	<u>(583)</u>	<u>3,210</u>	<u>3,608</u>	<u>25,539</u>
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	<u>(583)</u>	<u>3,210</u>	<u>3,608</u>	<u>25,539</u>
Weighted average no. of ordinary shares in issue ('000)	702,254	702,254	702,254	702,254
(Loss)/Earnings per share (sen):-				
a) Basic	(0.08)	0.46	0.51	3.64

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	As at 31 December 2014 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2013 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,576	29,147
Finance receivables	11,306	15,974
Goodwill on consolidation	75,776	75,776
	<u>113,658</u>	<u>120,897</u>
Intangible Assets		
Intellectual Property Rights	190	217
Software Licenses	396	427
Development cost	6,798	6,913
	<u>7,384</u>	<u>7,557</u>
Current assets		
Inventories	2,827	3,107
Project work-in-progress	17,180	24,990
Receivables	56,634	57,067
Other investments	-	7,121
Tax recoverable	784	1,061
Deposits with licensed banks	6,161	12,057
Cash And Cash Equivalents	13,442	3,543
	<u>97,028</u>	<u>108,946</u>
Total Assets	<u>218,070</u>	<u>237,400</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	70,225	70,225
Share premium	60,864	60,864
Retained profits	36,311	32,703
Shareholders' equity	<u>167,400</u>	<u>163,792</u>
Non-Current liabilities		
Borrowings	12,346	8,356
Hire purchase payables	2,543	4,674
Deferred taxation	-	-
	<u>14,889</u>	<u>13,030</u>
Current liabilities		
Payables	5,612	11,745
Amount owing to Directors	56	4
Bank overdraft	14	4
Borrowings	28,196	46,436
Hire purchase payables	1,903	2,389
Provision for taxation	-	-
	<u>35,781</u>	<u>60,578</u>
Total liabilities	<u>50,670</u>	<u>73,608</u>
Total equity and liabilities	<u>218,070</u>	<u>237,400</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.24</u>	<u>0.23</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	Current year to date 31 December 2014 (Unaudited) RM'000	Preceding year corresponding period 31 December 2013 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	3,626	25,466
Adjustments for Non-cash items	<u>5,124</u>	<u>8,341</u>
Operating profit before working capital changes	8,750	33,807
Changes in working capital		
Net change in inventories and work-in-progress	8,020	9,330
Net change in trade and other receivables	(5,185)	(13,889)
Net change in trade and other payables	(6,133)	(977)
Net change in directors account	52	(47)
Net cash from operations	<u>5,504</u>	<u>28,224</u>
Interest paid	(821)	(1,175)
Tax paid	258	(1,689)
Net cash generated from operating activities	<u>4,941</u>	<u>25,360</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment by an asset management company	7,121	16,483
Placement of fixed deposits	5,897	(1,833)
(Purchase) / Disposal of plant and equipment	830	(2,232)
Development expenditure	-	(4,493)
Interest income	447	(151)
Net cash generated from/(used in) investing activities	<u>14,295</u>	<u>7,774</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Listing expenses	-	(170)
Borrowings	(14,250)	(30,582)
Hire purchases	(2,618)	(5,349)
Finance receivables	10,286	8,954
Interest paid	(2,765)	(4,781)
Net cash generated used in financing activities	<u>(9,347)</u>	<u>(31,928)</u>
Net Change in Cash and Cash Equivalents	9,889	1,206
Cash and Cash Equivalents at beginning of the period	3,539	9,401
Cash and Cash Equivalents at end of the period	<u><u>13,428</u></u>	<u><u>10,607</u></u>
Represented by :		
Cash and bank balances	13,442	10,607
Bank overdrafts	(14)	-
	<u><u>13,428</u></u>	<u><u>10,607</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Group for the financial year ended 31 December 2013.

11,158,508	11,155,739
	13,310,264
	(2,154,525)

INSTACOM GROUP BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	<i>--Non-distributable---<-Distributable--></i>			
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
As at 31 December 2013 (Audited)	70,225	60,864	32,703	163,792
Total comprehensive income for the period	-	-	3,608	3,608
As at 31 December 2014	<u>70,225</u>	<u>60,864</u>	<u>36,311</u>	<u>167,400</u>

As at preceding year corresponding quarter 31 December 2013

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	-	-	25,539	25,539
As at 31 December 2013	<u>70,225</u>	<u>60,864</u>	<u>32,196</u>	<u>163,285</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 year ended 31 December 2013.

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 Year Ended (“FYE”) 31 December 2013 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 2014. 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 FYE 31 December 2013.

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”)

Quarter Ended 31 December 2014	CME RM'000	TI RM'000	TBF RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	12,097	710	1,159	-	13,966
Operating expenses (inclusive of depreciation charges)	(9,708)	(549)	(965)	-	(11,222)
Gross Profit	2,389	161	194	-	2,744
Loss before taxation					(565)
Income tax expenses					(18)
Loss after tax					(583)
Other comprehensive income					-
Total Comprehensive Loss					(583)

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 2014.

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 December 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
Property, plant & equipment: Additions	-	291

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 FYE 31 December 2013.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2014 that have not been reflected in this interim financial report, save as disclosed below :-

On 2 October 2014, RHB Investment Bank Berhad ("RHBIB") had on behalf of the Board of Directors of Instacom ("Board"), announced that the Company had entered into a conditional share sale agreement ("SSA") with Ooi Eng Kean, Nor Mohd Amin bin Shahrudin, Ang Li-Hann and Chia Kok Seng (collectively referred to as "Vendors") for the proposed acquisition by Instacom of 1,400,000 ordinary shares of RM1.00 each in Neata Aluminium (Malaysia) Sdn Bhd ("Neata"), representing 35% of the equity interest in Neata ("Sale Shares"). The purchase consideration for the Proposed Acquisition is RM58,800,000 ("Purchase Consideration"), which will be fully satisfied by the issuance of 309,473,684 new ordinary shares of RM0.10 each in Instacom ("Consideration Shares") at an issue price of RM0.19 per Instacom Share ("Proposed Acquisition").

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

- i. proposed diversification of the existing principal activities of Instacom and its subsidiary companies to include aluminium design and fabrication business and civil engineering and construction business ("Proposed Diversification"); and
- ii. proposed bonus issue of up to 210,676,278 Warrants C on the basis of one (1) free Warrant C for every five (5) existing Instacom Shares held on an entitlement date to be determined later ("Proposed Bonus Issue of Warrants").

(The Proposed Acquisition, the Proposed Diversification and the Proposed Bonus Issue of Warrants are collectively referred to as the "Proposals").

The abovementioned Proposals were completed on 30 January 2015.

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 2014, the Group recorded revenue of RM13.966 million and loss before tax of RM0.583 million.

Compared to the previous year corresponding financial quarter, the Group recorded a decrease of RM3.514 million in revenue, which was mainly attributable to the decreased contribution from the TBF segment, which experienced slower roll-out of the projects and work orders received. Gross profit margin for the current financial quarter decreased to 10.4% compared to 48.3% recorded for the previous year corresponding financial quarter. This was mainly due to the work orders received in the CME segment during the current financial quarter which had low margin, and also due to the semi-fixed and fixed operational costs such as operation and technical staff costs and machineries rental, which still needed to be serviced despite the reduction in revenue. The lower revenue for the current financial quarter was insufficient to cover the fixed and variable operating and administrative costs of the Group, resulting in a loss before tax of RM0.565 million against profit before tax of RM3.208 million recorded in the previous year corresponding financial quarter.

Revenue by segment :

	Current financial quarter ended 31 December 2014 (RM'000)	Preceding financial quarter ended 31 December 2013 (RM'000)	Current financial period-to-date 31 December 2014 (RM'000)	Preceding Financial period- to-date 31 December 2013 (RM'000)
CME	12,097	7,155	55,014	72,738
TI	710	300	6,796	17,224
TBF	1,159	9,445	4,045	28,020
ICT	-^	580	-^	2,452
Total	13,966	17,480	65,855	120,434

^ discontinued

CME

CME was the main revenue contributor for the current financial quarter ended 31 December 2014, comprising 86.6% of the total revenue for the quarter. Although CME recorded increase in revenue of RM4.942 million for the current financial quarter, the cumulative revenue for the current financial year decreased by RM17.724 million compared to the same periods in the preceding year. The decrease was mainly attributable to slower roll-out of the projects and work orders received.

TI

TI contributed 5.1% of the total revenue for the current financial quarter. Although TI recorded increase in revenue of RM0.410 million for the current financial quarter, the cumulative revenue for the current financial year decreased by RM10.428 million compared to the same periods in the preceding year. The increase in revenue recorded for the current financial quarter compared to the preceding year corresponding quarter was due to an increase in number of TI works commissioned by customers, whilst the decrease in revenue recorded for the current year-to-date as compared to the preceding year-to-date was due to a lower number of TI works requested by customers. The number of TI works commissioned had no fixed number and varied quarter to quarter.

TBF

TBF contributed 8.3% of the total revenue for the current financial quarter. For current financial quarter and year-to-date, TBF recorded decrease in revenue of RM8.286 million and RM23.975 million respectively as compared to the same periods in the preceding year. The decrease was due to the low number of TBF roll-out and TBF sites required by customers.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2014 RM'000	Preceding Quarter 30 September 2014 RM'000
Revenue	13,966	11,810
(Loss) / Profit before tax	(565)	(2,020)

Compared to the preceding financial quarter, the Group recorded an increase of of RM2.156 million in revenue, which was mainly attributable to the increased contribution from the CME sector. The increase in revenue and cost rationalization measures implemented by the Group had combined to lower the losses incurred by Group as compared to the preceding financial quarter by RM1.455 million.

B3. Prospects for the next financial year

Under the Budget Speech 2015 by the Ministry of Finance Malaysia, the High Speed Broadband Access (“HSBB”) will continue to be implemented in areas of high economic impact, covering state capitals and selected major towns nationwide. A sum of RM2.7 billion will be spent over the next three (3) years to build 1,000 new telecommunication towers and laying of undersea cables. As introduced by in the previous year's budget speech, the Prime Minister had reiterated under the Budget Speech 2015, the said commitment with the aim of bringing telecommunication coverage to many rural areas. The programme will be funded by the Universal Service Provision Funds administered by the Malaysian Communication and Multimedia Commission ("MCMC"). In May 2014, MCMC called the tender for the the first 400 towers amounting to approximately RM300 million. Out of these 400 towers, Sarawak was given a large share of 149 towers.

(Source : The Borneo Post, 17 October 2014)

Instacom had participated in the abovementioned tender exercise called by MCMC. It is anticipated that the awards shall be made by early 2015, with construction expected to commence in middle of 2015.

B4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 31 December 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
Current tax	18	18
	<hr/> <hr/>	<hr/> <hr/>
	18	18

The effective tax rate of the Group for the cumulative quarter is 0.5%, due to under provision for previous year. There is no taxation for the current financial year results due to the 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

As at the date of this report, the Company has fully utilized the proceeds raised from all its fund raising activities.

B8. Realised and Unrealised Profits

The breakdown of retained profits/(accumulated losses) of the Group and Company for the financial quarter ended 31 December 2014 and the preceding year corresponding period 31 December 2013, is as follows :-

	Group Quarter Ended 31 December 2014 RM'000	Group Quarter Ended 31 December 2013 RM'000
Total retained profits of the Group:		
- Realised	61,121	56,270
- Unrealised	-	-
	<hr/> 61,121	<hr/> 56,270
Less : Consolidation adjustments	(24,810)	(23,567)
Total Group retained profits as per consolidated accounts	<hr/> 36,311	<hr/> 32,703
	Company Quarter Ended 31 December 2014 RM'000	Company Quarter Ended 31 December 2013 RM'000
Total retained profit/(accumulated losses) of the Company :		
- Realised	36,788	29,915
- Unrealised	-	-
Total Company's retained profits/(accumulated losses) as per accounts	<hr/> 36,788	<hr/> 29,915

B9. Group borrowings and debt securities

The Group's borrowings as at 31 December 2014 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank overdrafts	14	-
Term loans	2,168	12,346
Project revolving credit	26,028	-
Hire Purchase Creditors	1,903	2,543
	<u>30,113</u>	<u>14,889</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

	Current Quarter Ended 31 December 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	848	2,316
Gains on disposal of property, plant and equipment	(75)	(492)

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 2014	31 December 2013	31 December 2014	31 December 2013
(Loss)/ Profit attributable to the equity holders of the Company (RM'000)	(583)	3,210	3,608	25,539
Weighted average number of shares in issue ('000)	702,254	702,254	702,254	702,254
Basic (loss)/ earnings per share (sen)	(0.08)	0.46	0.51	3.64

(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 February 2015