

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2015 RM'000	Preceding year corresponding quarter 30 June 2014 RM'000	Current year to date 30 June 2015 RM'000	Preceding year corresponding period 30 June 2014 RM'000
Revenue	8,642	15,028	15,680	40,079
Cost of Sales	(8,153)	(10,615)	(13,781)	(27,036)
Operational depreciation and amortization	<u>(379)</u>	<u>(651)</u>	<u>(789)</u>	<u>(809)</u>
Gross Profit	110	3,762	1,110	12,234
Other operating income	368	866	898	1,116
Administrative Expenses	(2,075)	(2,195)	(2,649)	(5,188)
Depreciation and amortization	<u>(82)</u>	<u>(108)</u>	<u>(170)</u>	<u>(136)</u>
Operating (Loss) / Profit	(1,679)	2,325	(811)	8,026
Share of associate's results	891	-	1,596	
Finance cost	<u>(671)</u>	<u>(772)</u>	<u>(1,320)</u>	<u>(1,815)</u>
(Loss) / Profit Before Tax	(1,459)	1,553	(535)	6,211
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit After Tax	(1,459)	1,553	(535)	6,211
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u><u>(1,459)</u></u>	<u><u>1,553</u></u>	<u><u>(535)</u></u>	<u><u>6,211</u></u>
(Loss) / Profit attributable to :				
Equity holders of the Company	<u><u>(1,459)</u></u>	<u><u>1,553</u></u>	<u><u>(535)</u></u>	<u><u>6,211</u></u>
Total comprehensive (loss) / income attributable to :				
Equity holders of the Company	<u><u>(1,459)</u></u>	<u><u>1,553</u></u>	<u><u>(535)</u></u>	<u><u>6,211</u></u>
Weighted average no. of ordinary shares in issue ('000)	1,011,728	702,254	962,144	702,254
(Loss) / Earnings per share (sen):-				
a) Basic	(0.14)	0.22	(0.06)	0.88

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 2014.

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	As at 30 June 2015 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,093	26,576
Goodwill on consolidation	75,760	75,760
Investment in associate company	60,396	-
Receivables	22,133	24,165
	<u>183,382</u>	<u>126,501</u>
Intangible Assets		
Intellectual Property Rights	190	190
Software Licenses	396	396
Development cost	6,567	6,797
	<u>7,153</u>	<u>7,383</u>
Current assets		
Inventories	2,578	2,648
Project work-in-progress	20,334	17,179
Receivables	37,097	43,768
Tax recoverable	173	782
Deposits with licensed banks	5,107	6,270
Cash And Cash Equivalents	13,642	13,451
	<u>78,931</u>	<u>84,098</u>
Total Assets	<u><u>269,466</u></u>	<u><u>217,982</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	101,173	70,225
Share premium	88,716	60,864
Retained profits	35,871	36,406
Shareholders' equity	<u>225,760</u>	<u>167,495</u>
Non-Current liabilities		
Borrowings	10,747	11,758
Hire purchase payables	2,543	2,543
	<u>13,290</u>	<u>14,301</u>
Current liabilities		
Payables	3,858	5,433
Amount owing to Directors	-	56
Bank overdraft	550	7
Borrowings	25,136	28,786
Hire purchase payables	871	1,903
Provision for taxation	1	1
	<u>30,416</u>	<u>36,186</u>
Total liabilities	43,706	50,487
Total equity and liabilities	<u><u>269,466</u></u>	<u><u>217,982</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.32</u>	<u>0.24</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 2014.

INSTACOM GROUP BERHAD (596299-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	Current year to date 30 June 2015 (Unaudited) RM'000	Preceding year corresponding period 30 June 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(535)	6,211
Adjustments for Non-cash items	326	2,232
Operating profit before working capital changes	(209)	8,443
Changes in working capital		
Net change in inventories and work-in-progress	(3,085)	1,796
Net change in trade and other receivables	6,063	(1,418)
Net change in trade and other payables	(69)	(8,609)
Net change in directors account	(56)	27
Net cash from operations	2,644	239
Interest paid	67	(431)
Tax refund/(Tax paid)	608	(94)
Net cash generated from operating activities	3,319	(286)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment by an asset management company	-	2,536
Withdrawal of fixed deposits	1,163	675
Disposal/(Purchase) of plant and equipment	1,045	557
Interest income	-	210
Net cash generated from/(used in) investing activities	2,208	3,978
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	(4,661)	(3,437)
Hire purchases	(1,031)	(1,415)
Finance receivables	1,134	3,685
Interest paid	(1,320)	(1,384)
Net cash generated used in financing activities	(5,878)	(2,551)
Net Change in Cash and Cash Equivalents	(351)	1,141
Cash and Cash Equivalents at beginning of the period	13,443	3,539
Cash and Cash Equivalents at end of the period	13,092	4,680
Represented by :		
Cash and bank balances	13,642	5,392
Bank overdrafts	(550)	(712)
	13,092	4,680

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 2014.

INSTACOM GROUP BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	---Non-distributable---	<-Distributable->		
	Share Capital	Share Premium	Retained Profits/ (Accumulated Losses)	Total
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2014 (Audited)	70,225	60,864	36,406	167,495
Investment in associate company	30,948	27,852	-	58,800
Total comprehensive income for the period	-	-	(535)	(535)
As at 30 June 2015	101,173	88,716	35,871	225,760

As at preceding year corresponding quarter 30 June 2014

As at 31 December 2013 (Audited)	70,225	60,864	32,703	163,792
Total comprehensive income for the period	-	-	6,211	6,211
As at 30 June 2014	70,225	60,864	38,914	170,003

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 2014.

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 2014 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 2015. 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 2014.

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 30 June 2015	CME RM'000	TI RM'000	TBF RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	7,807	226	609	-	8,642
Operating expenses (inclusive of depreciation charges)	(7,771)	(201)	(560)	-	(8,532)
Gross Profit	36	25	49	-	110
Share of associate's results					891
Loss before taxation					(1,459)
Income tax expenses					-
Loss after tax					(1,459)
Other comprehensive income					-
Total Comprehensive Loss					(1,459)

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 2015.

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 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
Property, plant & equipment: Additions	-	-

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 2014.

A15. Subsequent material events

Save as disclosed below, there are no material events subsequent to the financial period ended 30 June 2015 that has not been reflected in this interim financial report :

On 2 March 2015, RHB Investment Bank Berhad ("RHBIB") announced on behalf of the Board of Directors of Instacom ("Board") that the Company proposes to undertake the following:-

- i. A renounceable rights issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later ("Entitlement Date");
- ii. An increase in the authorised share capital of Instacom from RM200,000,000 comprising 2,000,000,000 Instacom Shares to RM500,000,000 comprising 5,000,000,000 Instacom Shares; and
- iii. Amendments to the Memorandum and Articles of Association of Instacom.

The above proposals were completed on 14 July 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 30 June 2015, the Group recorded revenue of RM8.642 million and loss before tax of RM1.459 million.

Compared to the previous corresponding financial quarter ended 30 June 2014, the Group recorded decrease of RM6.386 million in revenue and RM3.012 million in loss before tax. The decrease in revenue was attributable to the decreased revenue contribution from the CME and TI segments, which was due to lower work orders received during the current financial quarter. The weak results were mitigated by the contribution of profit from the Group's associated company's results amounting to RM0.891 million.

Revenue by segment :

	Current financial quarter ended 30 June 2015 (RM'000)	Preceding financial quarter ended 30 June 2014 (RM'000)	Current financial period-to-date 30 June 2015 (RM'000)	Preceding Financial period- to-date 30 June 2014 (RM'000)
CME	7,807	12,453	13,815	33,002
TI	226	2,216	1,256	4,341
TBF	609	359	609	2,736
Total	8,642	15,028	15,680	40,079

CME

CME was the main revenue contributor for the current financial quarter ended 30 June 2015, comprising 90.4% of the total revenue for the quarter. For current financial quarter and year-to-date, CME recorded decrease in revenue of RM4.646 million and RM19.187 million respectively as compared to the same periods in the preceding year. The decrease was attributable to the lack of new major projects during the current financial year.

TI

TI contributed 2.6% of the total revenue for the current financial quarter. For current financial quarter and year-to-date, TI recorded decrease in revenue of RM1.990 million and RM3.085 million respectively as compared to the same periods in the preceding year. The decrease was due to the lower number of TI works being commissioned by customers.

TBF

TBF contributed 7.0% of the total revenue for the current financial quarter. For current financial quarter, TBF recorded increase in revenue of RM0.250 million whilst for the year-to-date, TBF recorded decrease in revenue of RM2.127 million, as compared to the same periods in the preceding year. The decrease was due to the low number of TBF sites required by customers.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 June 2015 RM'000	Preceding Quarter 31 March 2015 RM'000
Revenue	8,642	7,038
Profit / (Loss) before tax	(1,459)	923

Compared to the preceding financial quarter, the Group recorded increase of RM1.604 million in revenue. Notwithstanding the increase in revenue, the Group recorded a loss of RM1.459 million, mainly due to increase in cost of sales and administrative expenses such as, amongst others, increases in the price of raw materials, sub-contractors charges and staff costs.

B3. Prospects for the current financial year

Malaysian Communications and Multimedia Commission (“MCMC”) is expected to award the Time 3 Expansion (“T3E”) Phase 2 contracts totaling RM600mil together with Phase 3 valued at RM600 million later this month.

T3E is under the purview of the MCMC and MCMC’s Universal Service Provision “(USP)” fund. USP-funded projects are for development infrastructure and connectivity in underserved areas, especially rural areas. The contract involves the erection of towers and provision of equipment in areas where there is no Internet or wireless infrastructure. The combined value of Phases 2 and 3 is RM1.2bil.

(Source: The Star Online, 8 August 2015)

Instacom had participated in the tender exercises for the above roll-outs and is currently waiting for the results of the tender. If successful, Instacom can expect work orders for up to 300 towers amounting to approximately RM300 million.

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 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
Current tax	-	-
	-	-

For the current financial and cumulative quarter, no taxation was provided as the Group was in a tax loss position. The effective tax rate of the Group is Nil for the current financial and cumulative quarter.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report, save as disclosed below, there are no corporate proposals announced but not completed :-

On 6 August 2015, RHB Investment Bank Berhad announced on behalf of the Board of Directors of the Company that the Company proposed to undertake the following:-

- i. bonus issue of up to 657,103,877 new ordinary shares of RM0.10 each in Instacom ("Instacom Shares" or "Shares") ("Bonus Shares"), to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing Instacom Shares held on an entitlement date to be determined later ("Entitlement Date") ("Proposed Bonus Issue"); and
- ii. acquisition by Instacom of 5,300,000 ordinary shares of RM1.00 each in Neata ("Neata Shares"), representing approximately 43.6% of the equity interest in Neata ("Sale Shares") from Golden Oasis Resources Sdn Bhd ("Golden Oasis" or "Vendor") for a purchase consideration of RM73,584,000 ("Purchase Consideration"), which will be fully satisfied via a combination of the issuance of 605,840,000 Instacom Shares ("Consideration Shares") at an issue price of RM0.10 per Instacom Share and cash of RM13,000,000 ("Proposed Acquisition").

B7. Status of utilisation of proceeds

As at 30 June 2015, the Company has fully utilized the proceeds raised from all its fund raising activities.

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and Company for the financial quarter ended 30 June 2015 and the preceding year corresponding period 30 June 2014, is as follows :-

	Group Quarter Ended 30 June 2015 RM'000	Group Quarter Ended 30 June 2014 RM'000
Total retained profits of the Group:		
- Realised	60,699	63,598
- Unrealised	-	-
	<hr/> 60,699	<hr/> 63,598
Less : Consolidation adjustments	(24,828)	(24,684)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 35,871	<hr/> <hr/> 38,914
	Company Quarter Ended 30 June 2015 RM'000	Company Quarter Ended 30 June 2014 RM'000
Total retained profit of the Company :		
- Realised	37,826	38,336
- Unrealised	-	-
Total Company's retained profits as per accounts	<hr/> <hr/> 37,826	<hr/> <hr/> 38,336

B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank overdrafts	550	-
Term loans	2,412	10,747
Project revolving credit	22,724	-
Hire Purchase Creditors	871	2,543
	<u>26,557</u>	<u>13,290</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 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	461	959
Gains on disposal of property, plant and equipment	(120)	(521)

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
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
(Loss)/ Profit attributable to the equity holders of the Company (RM'000)	(1,459)	1,553	(535)	6,211
Weighted average number of shares in issue ('000)	1,011,728	702,254	962,144	702,254
(Loss)/ Basic earnings per share (sen)	(0.14)	0.22	(0.06)	0.88

(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 August 2015