

INSTACOM GROUP BERHAD (596299-D)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 March 2015	Preceding year corresponding quarter 31 March 2014	Current year to date 31 March 2015	Preceding year corresponding period 31 March 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	7,038	25,051	7,038	25,051
Cost of Sales	(5,629)	(16,421)	(5,629)	(16,421)
Operational depreciation and amortization	(410)	(158)	(410)	(158)
Gross Profit	999	8,472	999	8,472
Other operating income	530	250	530	250
Administrative Expenses	(574)	(2,993)	(574)	(2,993)
Depreciation and amortization	(88)	(28)	(88)	(28)
Operating Profit	867	5,701	867	5,701
Share of associate's results	705	-	705	-
Finance cost	(649)	(1,043)	(649)	(1,043)
Profit Before Tax	923	4,658	923	4,658
Taxation	-	-	-	-
Profit After Tax	923	4,658	923	4,658
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Profit attributable to :				
Equity holders of the Company	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Total comprehensive income attributable to :				
Equity holders of the Company	<u>923</u>	<u>4,658</u>	<u>923</u>	<u>4,658</u>
Weighted average no. of ordinary shares in issue ('000)	912,009	702,254	912,009	702,254
Earnings per share (sen):-				
a) Basic	0.10	0.66	0.10	0.66

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 31 MARCH 2015**

	As at 31 March 2015 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,871	26,576
Goodwill on consolidation	75,760	75,760
Investment in associate company	59,505	-
Receivables	24,165	24,165
	<u>185,301</u>	<u>126,501</u>
Intangible Assets		
Intellectual Property Rights	190	190
Software Licenses	396	396
Development cost	6,682	6,797
	<u>7,268</u>	<u>7,383</u>
Current assets		
Inventories	2,649	2,648
Project work-in-progress	20,334	17,179
Receivables	37,131	43,768
Tax recoverable	90	782
Deposits with licensed banks	5,345	6,270
Cash And Cash Equivalents	14,185	13,451
	<u>79,734</u>	<u>84,098</u>
Total Assets	<u>272,303</u>	<u>217,982</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	37,329	36,406
Shareholders' equity	<u>227,218</u>	<u>167,495</u>
Non-Current liabilities		
Borrowings	11,256	11,758
Hire purchase payables	2,543	2,543
Deferred taxation	-	-
	<u>13,799</u>	<u>14,301</u>
Current liabilities		
Payables	5,434	5,433
Amount owing to Directors	-	56
Bank overdraft	103	7
Borrowings	24,399	28,786
Hire purchase payables	1,349	1,903
Provision for taxation	1	1
	<u>31,286</u>	<u>36,186</u>
Total liabilities	45,085	50,487
Total equity and liabilities	<u>272,303</u>	<u>217,982</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 FIRST QUARTER ENDED 31 MARCH 2015**

	Current year to date 31 March 2015 (Unaudited) RM'000	Preceding year corresponding period 31 March 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	923	4,658
Adjustments for Non-cash items	254	1,131
Operating profit before working capital changes	1,177	5,789
Changes in working capital		
Net change in inventories and work-in-progress	(3,156)	(489)
Net change in trade and other receivables	5,960	1,936
Net change in trade and other payables	6	(289)
Net change in directors account	(56)	(2)
Net cash from operations	3,931	6,945
Interest paid	18	(221)
Tax refund/(Tax paid)	682	(94)
Net cash generated from operating activities	4,631	6,630
CASH FLOW FROM INVESTING ACTIVITIES		
Investment by an asset management company	-	(1,879)
Placement of fixed deposits	924	912
Disposal/(Purchase) of plant and equipment	492	(291)
Development expenditure	-	-
Interest income	-	56
Net cash generated from/(used in) investing activities	1,416	(1,202)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	(4,890)	(5,005)
Hire purchases	(554)	(349)
Finance receivables	677	-
Interest paid	(649)	(822)
Net cash generated used in financing activities	(5,416)	(6,176)
Net Change in Cash and Cash Equivalents	631	(748)
Cash and Cash Equivalents at beginning of the period	13,451	3,539
Cash and Cash Equivalents at end of the period	14,082	2,791
Represented by :		
Cash and bank balances	14,185	3,093
Bank overdrafts	(103)	(302)
	14,082	2,791

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 FIRST QUARTER ENDED 31 MARCH 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	-	-	923	923
As at 31 March 2015	<u>101,173</u>	<u>88,716</u>	<u>37,329</u>	<u>227,218</u>

As at preceding year corresponding quarter 31 March 2014

As at 31 December 2013 (Audited)	70,225	60,864	32,703	163,792
Total comprehensive income for the period	-	-	4,658	4,658
As at 31 March 2014	<u>70,225</u>	<u>60,864</u>	<u>37,361</u>	<u>168,450</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 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 31 March 2015	CME RM'000	TI RM'000	TBF RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	6,008	1,030	-	-	7,038
Operating expenses (inclusive of depreciation charges)	(5,164)	(875)	-	-	(6,039)
Gross Profit	844	155	-	-	999
Share of associate's results					705
Profit before taxation					923
Income tax expenses					-
Profit after tax					923
Other comprehensive income					-
Total Comprehensive Income					923

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 March 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 31 March 2015 RM'000	Cumulative Year-to-Date 31 March 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

There are no material events subsequent to the financial period ended 31 March 2015 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 March 2015, the Group recorded revenue of RM7.038 million and profit before tax of RM0.923 million.

Compared to the previous corresponding financial quarter ended 31 March 2014, the Group recorded a decrease of RM18.013 million in revenue and RM3.735 million in profit before tax. The decrease in revenue affected all segments of the revenue, especially the CME segment which experienced the highest decrease in revenue. The decrease was due to lower work orders received for the first financial quarter of 2015. The weak results were mitigated by the contribution of profit from the Group's associated company's results amounting to RM0.705 million.

Revenue by segment :

	Current financial quarter ended 31 March 2015 (RM'000)	Preceding financial quarter ended 31 March 2014 (RM'000)	Current financial period-to-date 31 March 2015 (RM'000)	Preceding Financial period- to-date 31 March 2014 (RM'000)
CME	6,008	20,549	6,008	20,549
TI	1,030	2,125	1,030	2,215
TBF	-	2,377	-	2,377
Total	7,038	25,051	7,038	25,051

CME

CME was the main revenue contributor for the current financial quarter ended 31 March 2015, comprising 85.4% of the total revenue for the quarter. When compared to the corresponding financial quarter in the in the preceding year, CME recorded a decrease of RM14.541 million, which is attributable to the lower work orders received during the current financial quarter.

TI

TI revenue decreased by RM1.095 million when compared to the corresponding financial quarter in the preceding year. The decrease was due to the lower number of TI works being commissioned by customers. For the current financial quarter, TI's revenue comprised 14.6% of the total revenue.

TBF

There was no TBF work commissioned during the current financial quarter, while revenue of RM2.377 million was recorded in the corresponding financial quarter in the preceding year. The Group is currently following up on a few TBF leads and expects this segment to resume its operation by the next financial quarter.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2015 RM'000	Preceding Quarter 31 December 2014 RM'000
Revenue	7,038	13,966
Profit / (Loss) before tax	923	(565)

Compared to the preceding financial quarter, the Group recorded a decrease of RM6.928 million in revenue. Notwithstanding the decrease in revenue, the Group reversed its losses in the preceding quarter to record a profit before tax of RM0.923 million, mainly attributable to the on-going cost rationalizing exercise and to the share of its associate's profit for the current financial quarter amounting to RM0.705 million.

B3. Prospects for the current financial year

Under the Budget Speech 2015 by the Ministry of Finance Malaysia, the 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 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").

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. We anticipate the results of the tender exercises to be released by mid 2015, with construction expected to commence soon after the awarding of the tenders.

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 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
Current tax	-	-
	-	-

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, save as disclosed below, there are no corporate proposals announced but not completed :-

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 duly approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 May 2015.

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 of the Group and Company for the financial quarter ended 31 March 2015 and the preceding year corresponding period 31 March 2014, is as follows :-

	Group Quarter Ended 31 March 2015 RM'000	Group Quarter Ended 31 March 2014 RM'000
Total retained profits of the Group:		
- Realised	60,912	62,045
- Unrealised	-	-
	60,912	62,045
Less : Consolidation adjustments	(23,583)	(24,684)
Total Group retained profits as per consolidated accounts	37,329	37,361
	Company Quarter Ended 31 March 2015 RM'000	Company Quarter Ended 31 March 2014 RM'000
Total retained profit of the Company :		
- Realised	36,909	35,195
- Unrealised	-	-
Total Company's retained profits as per accounts	36,909	35,195

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term loans	2,578	11,256
Project revolving credit	21,821	-
Hire Purchase Creditors	1,349	2,543
	<u>25,748</u>	<u>13,799</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 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
This is arrived at after charging :-		
Depreciation and amortisation	498	498
Gains on disposal of property, plant and equipment	(401)	(401)

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 March 2015	31 March 2014	31 March 2015	31 March 2014
Profit attributable to the equity holders of the Company (RM'000)	923	4,658	923	4,658
Weighted average number of shares in issue ('000)	912,009	702,254	912,009	702,254
Basic earnings per share (sen)	0.10	0.66	0.10	0.66

(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: 29 May 2015