

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)**  
*(Formerly known as Kzen Solutions Berhad)*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2011 RM'000	Preceding year corresponding quarter 31 December 2010 (Audited) RM'000	Current year to date 31 December 2011 RM'000	Preceding year corresponding period 31 December 2010 (Audited) RM'000
<b>Revenue</b>	23,232	450	40,161	2,249
Cost of sales	(12,610)	-	(19,819)	-
Operating expenses	<u>(3,629)</u>	<u>(581)</u>	<u>(8,081)</u>	<u>(2,180)</u>
<b>Profit before amortisation, depreciation and finance cost</b>	6,993	(131)	12,261	69
Depreciation and amortisation	(483)	(157)	(1,313)	(240)
Finance cost	(275)	-	(368)	-
Other Income	<u>388</u>	<u>34</u>	<u>497</u>	<u>285</u>
<b>Profit Before Tax/(Loss after tax)</b>	6,623	(254)	11,077	114
Taxation	<u>(1,712)</u>	<u>-</u>	<u>(2,961)</u>	<u>-</u>
<b>Profit After Tax/(Loss after tax)</b>	4,911	(254)	8,116	114
Other comprehensive income	-	-	-	-
Total comprehensive income/(Loss)	<u><u>4,911</u></u>	<u><u>(254)</u></u>	<u><u>8,116</u></u>	<u><u>114</u></u>
<b>Profit attributable to :</b>				
Equity holders of the Company	<u><u>4,911</u></u>	<u><u>(254)</u></u>	<u><u>8,116</u></u>	<u><u>114</u></u>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the Company	<u><u>4,911</u></u>	<u><u>(254)</u></u>	<u><u>8,116</u></u>	<u><u>114</u></u>
Weighted average no. of ordinary shares in issue ('000)	878,966	65,280	497,759	65,280
Earnings per share (sen):-				
a) Basic	0.56	(0.39)	1.63	0.18

Notes :

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) 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 ("FYE") 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	As at 31 December 2011 (Unaudited) RM'000	As at 31 December 2010 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,015	58
Intangible Assets - Goodwill on consolidation	49,724	-
Intangible Assets - Development cost	3,949	2,227
	<u>71,688</u>	<u>2,285</u>
<b>Current assets</b>		
Trade Receivables	30,616	610
Other Receivables, Deposits and Prepayments	4,219	89
Contract Customers	15,253	-
Inventories	2,213	-
Fixed Deposits	3,227	2,355
Cash and Cash Equivalents	848	368
	<u>56,376</u>	<u>3,422</u>
<b>Total Assets</b>	<u>128,064</u>	<u>5,707</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	87,897	6,528
Share premium	4,084	3,279
Consolidation reserves	-	(1,350)
ESOS reserves	-	579
Retained profits	2,348	(4,385)
<b>Shareholders' equity</b>	<u>94,329</u>	<u>4,651</u>
<b>Non-current liabilities</b>		
Borrowings	2,903	-
Deferred tax liabilities	498	-
	<u>3,401</u>	<u>-</u>
<b>Current liabilities</b>		
Trade Payables	3,750	142
Other Payables and Accruals	1,238	914
Director	113	-
Borrowing	21,339	-
Provision for taxation	3,894	-
	<u>30,334</u>	<u>1,056</u>
<b>Total liabilities</b>	33,735	1,056
<b>Total equity and liabilities</b>	<u>128,064</u>	<u>5,707</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.11</u>	<u>0.07</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

	Current year to date 31 December 2011 (Unaudited) RM'000	Preceding year corresponding period 31 December 2010 (Audited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	11,077	114
Adjustments for Non-cash items	<u>4,618</u>	<u>177</u>
<b>Operating profit before working capital changes</b>	<b>15,695</b>	<b>291</b>
Changes in working capital		
Directors	112	-
Contract customers	(15,253)	-
Inventories	80	-
Trade and other receivables	1,359	332
Trade and other payables	<u>(4,963)</u>	<u>(152)</u>
<b>Cash (used) / generated from operations</b>	<b>(2,970)</b>	<b>471</b>
Tax paid	(1,321)	-
Interest paid	<u>-</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<b><u>(4,291)</u></b>	<b><u>471</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development cost incurred	1,218	(424)
Purchase of plant and equipment	<u>(4,467)</u>	<u>(14)</u>
<b>Net cash used in investing activities</b>	<b><u>(3,249)</u></b>	<b><u>(438)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	12,960	-
Listing expenses	(1,987)	-
Borrowings	(5,239)	-
Withdrawal / (Placement) of fixed deposits	264	-
Interest	<u>(333)</u>	<u>64</u>
<b>Net cash generated from financing activities</b>	<b><u>5,665</u></b>	<b><u>64</u></b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,875)</b>	<b>97</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>2,723</b>	<b>2,626</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b><u>848</u></b>	<b><u>2,723</u></b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

	----- Non-distributable -----			<-Distributable->		<b>Total Equity RM '000</b>
	Share Capital RM '000	Share Premium RM '000	Merger deficit reserve RM '000	ESOS reserve RM '000	Retained Profits RM '000	
Balance as at 1 January 2011	6,528	3,279	(1,350)	579	(4,385)	<b>4,651</b>
Issue of shares pursuant to acquisition of RASB	69,800	-	-	-	-	<b>69,800</b>
Issue of shares pursuant to ESOS	669	732	-	(579)	-	<b>822</b>
Issuance of shares under private placement	10,900	2,060	-	-	-	<b>12,960</b>
Listing expenses	-	(1,987)	-	-	-	<b>(1,987)</b>
Profit for the period	-	-	1,350	-	6,733	<b>8,083</b>
Balance as at 31 December 2011	<u>87,897</u>	<u>4,084</u>	<u>-</u>	<u>-</u>	<u>2,348</u>	<b><u>94,329</u></b>

**As at preceding year corresponding quarter 31 December 2010**

Balance as at 1 January 2010	6,528	3,279	(1,350)	579	(4,500)	<b>4,536</b>
Issue of share capital	-	-	-	-	-	-
Profit for the period	-	-	-	-	114	<b>114</b>
Balance as at 31 December 2010	<u>6,528</u>	<u>3,279</u>	<u>(1,350)</u>	<u>579</u>	<u>(4,386)</u>	<b><u>4,650</u></b>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

## **R&A TELECOMMUNICATION GROUP BERHAD (645677-D)**

*(Formerly known as KZEN Solutions Berhad)*

### **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 Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes attached to the interim report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group for the financial period 1 January 2011 to 31 December 2011.

The accounting policies and methods of computation adopted by R&A 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.

##### **A2. Adoption of new and revised accounting policies**

The accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the FYE 31 December 2010, except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2011:-

FRSs, Amendments to FRSs, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
FRS 1	First-Time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters	1 January 2011

FRSs, Amendments to FRSs, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Company Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3	Business Combinations	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2011
Amendments to FRS 101	Presentation of Financial Statements	1 January 2011
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
Amendments to FRS 128	Investments in Associates	1 January 2011
Amendments to FRS 131	Interests in Joint Ventures	1 January 2011
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2011
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2011
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010

FRSs, Amendments to FRSs, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2011
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
TR 3	Guidance on Disclosures of Transition to IFRSs	1 January 2011
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

The Group and the Company plans to adopt the above FRSs, Amendments to FRSs, IC Interpretations, TR and SOP in the respective annual periods based on their effective dates and applicability.

The initial application of the above FRSs, Amendments to FRSs, IC Interpretations, TR and SOP are not expected to have any material impact on the financial statements of the Company.

**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 2010.

**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 material changes in estimates of amounts reported in prior financial years that have 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:-

<b>Date of allotment</b>	<b>No. of shares</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Total (RM)</b>
21.06.2011	6,500,000	0.10	Cash (ESOS)	650,000
21.06.2011	698,000,000	0.10	Acquisition of R&A Telecommunication Sdn Bhd ("RASB")	69,800,000
21.06.2011	109,000,000	0.10	Cash (Private Placement)	10,900,000
22.06.2011	186,000	0.10	Cash (ESOS)	18,600

**A8. Dividend paid**

There was no dividend paid nor declared during the financial year-to-date.



## 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. In-building system (IBS)

<b>Quarter Ended 31 December 2011</b>	<b>CME RM'000</b>	<b>TI RM'000</b>	<b>IBS RM'000</b>	<b>Elimi- nations RM'000</b>	<b>Consoli- dated RM'000</b>
Revenue from external customers	19,797	2,786	1,202	(553)	23,232
Cost of sales	(11,036)	(1,545)	(582)	553	(12,610)
<b>Gross Profit</b>	8,761	1,241	620	-	10,622
Profit before taxation					6,623
Income tax expenses					(1,712)
<b>Profit after tax</b>					4,911
Other comprehensive income					-
<b>Total Comprehensive Income</b>					4,911

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 2011.

## **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 2011 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2011 RM'000</b>
Property, plant & equipment: Additions	1,611	4,467

## **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 arising since the last audited financial statements of the Group for the financial year ended 31 December 2010.

## **A15. Subsequent material events**

There are no material events subsequent to the financial period ended 31 December 2011 that have not been reflected in this interim financial report.

## **A16. Significant related party transactions**

There were no related party transactions for the financial year-to-date.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of the performance of the Group**

For the current financial quarter ended 31 December 2011, the Group recorded revenues of RM23.23 million and profit after tax of RM4.91 million. The revenue of the Group was derived from the full turnkey design and engineering solutions for telecommunication networks, fabrication and installation of telecommunications infrastructure.

As the acquisition of RASB was completed on 27 June 2011, the revenue and expenses of RASB was consolidated as part of the Group's results with effect from 27 June 2011. Thus, for the current financial year-to-date, only the post acquisition results of RASB for the third and fourth quarter was consolidated.

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

Revenue derived from the civil, mechanical and electrical works ("CME") segment for the fourth quarter and financial year ended 31 December 2011 were RM19.80 million and RM34.32 million respectively. Revenue derived from this segment for the third quarter is RM14.53 million. This represents an increase of 36.27% as compared to the previous quarter.

The improvement in revenue for the CME segment is mainly due to increase in work orders completed and built during the quarter.

Telecommunication equipment installation segment ("TI")

Revenue derived from the telecommunication equipment installation ("TI") segment for the fourth quarter and financial year ended 31 December 2011 were RM2.79 million and RM3.87 million respectively. Revenue derived from this segment for the previous quarter is RM1.08 million. This represents an increase of 158.33% as compared to the previous quarter.

The increase in revenue in the TI segment is mainly due to additional work orders received, completed and built in the current quarter.

In-building system ("IBS")

Revenue derived from the in-building system ("IBS") segment for the fourth quarter and financial year ended 31 December 2011 were RM1.20 million and RM2.71 million respectively. Revenue derived from this segment for the previous quarter is RM1.51 million, thus resulted in a decrease of 20.53% as compared to the previous quarter.

The decrease in revenue in the IBS segment is mainly due to decrease in work orders received and change of management focus to the CME and TI segments.

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

	<b>Current Quarter 31 December 2011 RM'000</b>	<b>Preceding Quarter 30 September 2011 RM'000</b>
Revenue	23,232	16,611
Profit / (Loss) after tax	4,911	3,530

For the current financial quarter ended 31 December 2011, the Group recorded revenues of RM23.23 million and profit after tax of RM4.91 million. The increase in revenue and profit after tax as compared to the preceding quarter is mainly due to the increase in work orders received and completed during the current financial quarter.

**B3. Prospects for 2012**

Telecommunication companies ("Telcos") in Malaysia are looking at 4G Long Term Evolution ("LTE") or the 2.6G spectrum and have begun overhauling the entire network to cater for this new era of data. The assignment of the spectrum will take place on Jan 1, 2013. A report quoting Infonetics Research says the capital expenditure ("CAPEX") of Telcos in Malaysia is expected to rise an average 6% per year up to 2014 globally. In Malaysia, Telcos spend anything from RM700mil to RM1bil in CAPEX every year.

The Malaysian Government has identified nine players for the LTE spectrum. It is a known fact that LTE is great for data as it allows for networks to carry more data than 3G but there is a need to have fibre optics at the back haul including the cellular base stations. Today, the backhaul network is under an increasing amount of stress and the main factor contributing to that is data-centric services that have a much greater impact on the network than the voice services it was originally intended to handle.

(Source : The Star, 28 January 2012)

**B4. Profit forecast and profit estimate**

The Vendors have provided a profit guarantee that the forecast audited profit after tax of RASB shall not be less than RM8.8 million for the financial year ended 31 December 2011. As at 31 December 2011, RASB recorded revenues of RM63.57 million and profit after tax of RM9.01 million, thus surpassing

the said profit guarantee. The variance of actual profit after tax and the forecast profit after tax of RASB is approximately 2.39%.

**B5. Profit before tax**

	<b>Current Quarter 31 December 2011 RM'000</b>	<b>Cumulative Year-to-date 31 December 2011 RM'000</b>
Profit before tax is arrived at after charging / (crediting):		
- Interest income	-	(35)
- Other income including investment income	(388)	(462)
- Interest expense	275	368
- Depreciation and amortisation	483	1,313
- Write off of property, plant and equipment	-	8
- Write off of receivables	-	2
- Impairment of investment in subsidiary	-	7
- Gain on disposal of subsidiary	-	(33)
- Loss on disposal of property, plant and equipment	18	18

Other disclosure items pursuant to Paragraph 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

**B6. Taxation**

	<b>Current Quarter Ended 31 December 2011 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2011 RM'000</b>
Current tax	1,712	2,961
	<u>1,712</u>	<u>2,961</u>

The effective tax rate of the Group is equivalent to the statutory tax rate of 25%.

**B7. Sale of unquoted investment and/ or property**

On 15 July 2011, the Company entered into a Share Sale and Purchase Agreement with Ng Boon Sing, Chow Wei Hoon and Chan Seong Sun (collectively referred to as the "Purchasers") for the disposal of 60,000 ordinary shares of RM1.00 each in Kaizenhr Sdn Bhd ("Kaizenhr"), representing the entire equity interest in Kaizenhr for a total cash consideration of RM1.00.

The disposal does not have any material impact on the earnings and the EPS of the Group for the current financial quarter under review and financial year-to-date.

#### **B8. Purchase and disposal of quoted security**

The Company does not hold any quoted security nor was there any purchase or disposal of quoted security in the current financial quarter under review and financial year-to-date.

#### **B9. Status of corporate proposals**

An announcement has been made on 20 December 2011 that the Company proposes to undertake the following :-

- i. A bonus issue of 87,896,600 Warrants in R&A Telecommunication Group Berhad (“R&A”) on the basis of one (1) free Warrant for every ten (10) existing ordinary shares of RM0.10 each in R&A (“R&A Shares”) held on an entitlement date to be determined later (“Proposed Bonus Issue of Warrants”);
- ii. An increase in the authorised share capital of R&A from RM100,000,000 comprising 1,000,000,000 R&A Shares to RM150,000,000 comprising 1,500,000,000 R&A Shares; and
- iii. Amendments to the Memorandum and Articles of Association of R&A.

Subsequent to the current financial year, the following announcements were made:-

- The applications pursuant to the above Proposals have been submitted to Bursa Securities and the Controller of Foreign Exchange (via Bank Negara Malaysia) on 16 January 2012.
- On 25 January 2012, Bursa Securities had, vide its letter dated 20 January 2012 (which was received on 25 January 2012), resolved to approve the following:-
  - (i) Admission of the Warrants to the Official List and listing and quotation of 87,896,600 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
  - (ii) Listing and quotation of 87,896,600 new R&A Shares to be issued pursuant to the exercise of the Warrants issued under the Proposed Bonus Issue of Warrants.

The approval by Bursa Securities is subject to the following conditions:-

- (i) R&A and OSK Investment Bank (“OSK”) must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;
  - (ii) R&A and OSK to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
  - (iii) R&A to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and
  - (iv) Payment of additional listing fees. R&A is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants, as at the end of each quarter together with a detailed computation of listing fees payable.
- On 27 January 2012, the Controller of Foreign Exchange (via Bank Negara Malaysia) had, vide its letter dated 26 January 2012 (which was received on 27 January 2012), approved the issuance of the Warrants to the non-resident shareholders of the Company pursuant to the Proposed Bonus Issue of Warrants.
  - The Proposals were duly approved by the shareholders of R&A at an extraordinary general meeting of the Company held on 27 February 2012.

The Proposed Bonus Issue of Warrants is not expected to raise any funds as the Warrants will be issued at no cost to the entitled shareholders of R&A. However, the exact quantum of proceeds that may be raised by R&A pursuant to the exercise of the Warrants would depend upon the actual number of Warrants issued and exercised during the tenure of the Warrants. Assuming full exercise of the Warrants, the maximum proceeds to be raised by the Company is approximately RM13.18 million based on the indicative exercise price of RM0.15 per Warrant.

The proceeds arising from the exercise of the Warrants shall be utilised for the working capital requirements of R&A Group, as and when the Warrants are exercised, within the tenure of the Warrants. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture.

The proceeds to be utilised for working capital will be used to finance the Group's day to day operations. These expenses include, amongst others, purchase of raw materials, salary, repayment of creditors and general expenses such as travelling, utilities, staff training and staff welfare. The proceeds raised is expected to improve the Group's cash flow and to fund its operating expenses.

#### **B10. Status of utilisation of proceeds**

The status of utilisation of the gross proceeds of RM12.9 million from the private placement by the Group as at 31 December 2011 are as follows:-

<b>Purposes</b>	<b>Proposed Amount RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Deviation RM'000</b>	<b>%</b>	<b>Timeframe for Utilisation</b>	<b>Explanation</b>
Working capital	11,460	10,125	848	487	4.25	Within 24 months from date of listing	Being the additional listing expenses of RM487,930 incurred
Estimated expenses	1,500	1,987	-	(487)	32.47	Upon completion of the acquisition of RASB and other related proposals	
<b>Total</b>	<b>12,960</b>	<b>12,112</b>	<b>848</b>	<b>-</b>			

#### **B11. Realised and Unrealised Profits**

The breakdown of retained profits of the Group and the Company for the financial quarter ended 31 December 2011 and preceding year corresponding quarter ended 31 December 2010, is as follows :-



	<b>Group Quarter Ended 31 December 2011 RM'000</b>	<b>Group Quarter Ended 31 December 2010 RM'000</b>
Total retained profits of the Group:		
- Realised	17,877	(6,099)
- Unrealised (in respect of deferred tax recognized in the income statement)	(498)	-
	17,379	(6,099)
(Less) / Add : Consolidation adjustments	(15,031)	1,714
Total Group retained profits as per consolidated accounts	2,348	(4,385)

	<b>Company Quarter Ended 31 December 2011 RM'000</b>	<b>Company Quarter Ended 31 December 2010 RM'000</b>
Total retained profits/(lost) of the Company :		
- Realised	(6,139)	(3,975)
- Unrealised (in respect of deferred tax recognized in the income statement)	-	-
Total Company's retained profits as per accounts	(6,139)	(3,975)

## **B12. Group borrowings and debt securities**

The Group's borrowings as at 31 December 2011 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Hire Purchases	2,263	2,881
Term Loan	4,490	22
Bank Over Drafts/Project Revolving Loans	8,473	-
Banker's Acceptance	6,113	-
	21,339	2,903

## **B13. Material Litigation**

There was no material litigation as at the date of issuance of this announcement.

#### **B14. Dividends**

No interim dividends have been declared during the current financial quarter under review.

#### **B15. 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 financial 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>31 December 2011</b>	<b>31 December 2010</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
Profit attributable to the equity holders of the Company (RM'000)	4,911	(254)	8,116	114
Weighted average number of shares in issue ('000)	878,966	65,280	497,759	65,280
Basic earnings per share (sen)	0.56	(0.39)	1.63	0.18

(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)  
(Company Secretary)

Date: 29 February 2012