

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2013	Preceding year corresponding quarter 30 June 2012	Current year to date 30 June 2013	Preceding year corresponding period 30 June 2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	7,653	4,376	11,845	14,206
Cost of sales	(2,621)	(5,515)	(5,550)	(11,118)
Operating expenses	<u>(3,552)</u>	<u>(3,774)</u>	<u>(7,315)</u>	<u>(7,507)</u>
<b>Earnings/ (Loss) before amortisation, depreciation and finance cost</b>	1,480	(4,913)	(1,021)	(4,419)
Depreciation and amortisation	(742)	(1,175)	(1,497)	(1,313)
Finance cost	(110)	(570)	(204)	(1,038)
Other Income	<u>302</u>	<u>278</u>	<u>553</u>	<u>484</u>
<b>Profit/ (Loss) before tax</b>	930	(6,380)	(2,168)	(6,286)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit/ (Loss) after tax</b>	930	(6,380)	(2,168)	(6,286)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<u>930</u>	<u>(6,380)</u>	<u>(2,168)</u>	<u>(6,286)</u>
<b>Profit/ (Loss) attributable to :</b>				
Equity holders of the Company	<u>930</u>	<u>(6,380)</u>	<u>(2,168)</u>	<u>(6,286)</u>
<b>Total comprehensive income/ (loss) attributable to :</b>				
Equity holders of the Company	<u>930</u>	<u>(6,380)</u>	<u>(2,168)</u>	<u>(6,286)</u>
Weighted average no. of ordinary shares in issue ('000)	878,966	878,966	878,966	878,966
Earnings per share (sen):-				
a) Basic	0.11	(0.73)	(0.25)	(0.72)

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 2012 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)****AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	As at 30 June 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,438	16,538
Intangible Assets - Goodwill on consolidation	49,724	49,724
Intangible Assets - Development cost	3,949	3,949
	<u>69,112</u>	<u>70,211</u>
<b>Current assets</b>		
Trade Receivables	18,687	27,421
Other Receivables, Deposits and Prepayments	2,756	2,937
Contract Customers	16,710	8,453
Inventories	1,685	1,717
Short term investment	-	-
Fixed Deposits	4,136	4,368
Cash and Cash Equivalents	299	560
	<u>44,273</u>	<u>45,455</u>
<b>Total Assets</b>	<u>113,384</u>	<u>115,666</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	87,897	87,897
Share premium	259	259
Warrants reserves	3,639	3,639
Accumulated loss	(7,116)	(4,948)
<b>Shareholders' equity</b>	<u>84,679</u>	<u>86,847</u>
<b>Non-current liabilities</b>		
Borrowings	943	1,105
Deferred tax liabilities	-	-
	<u>943</u>	<u>1,105</u>
<b>Current liabilities</b>		
Trade Payables	2,341	2,886
Other Payables and Accruals	2,385	2,285
Amount owing to a director	203	203
Borrowings	10,218	10,169
Bank overdrafts	9,865	9,108
Provision for taxation	2,751	3,064
	<u>27,763</u>	<u>27,715</u>
<b>Total liabilities</b>	28,706	28,819
<b>Total equity and liabilities</b>	<u>113,384</u>	<u>115,666</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.10</u>	<u>0.10</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 2012 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	Current year to date 30 June 2013 (Unaudited) RM'000	Preceding year corresponding period 30 June 2012 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Taxation	(2,168)	(6,286)
Adjustments for Non-cash items	<u>2,048</u>	<u>2,351</u>
<b>Operating loss before working capital changes</b>	(120)	(3,935)
Changes in working capital		
Directors	-	2,867
Contract customers	(8,257)	2,422
Inventories	32	(244)
Trade and other receivables	8,915	4,358
Trade and other payables	<u>(445)</u>	<u>(383)</u>
<b>Cash (used in)/ generated from operations</b>	123	5,085
Tax paid	(313)	(813)
Interest paid	<u>(204)</u>	<u>(1,038)</u>
<b>Net cash (used in)/ generated from operating activities</b>	<u>(394)</u>	<u>3,234</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development cost incurred	-	(250)
Purchase of plant and equipment	<u>(719)</u>	<u>(1,000)</u>
<b>Net cash used in investing activities</b>	<u>(719)</u>	<u>(1,250)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(9,246)	(12,695)
Expenses for bonus issues	-	(181)
Withdrawal/ (Placement) of fixed deposits	<u>233</u>	<u>(123)</u>
<b>Net cash generated from/ (used in) financing activities</b>	<u>(9,013)</u>	<u>(12,999)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(10,126)	(11,015)
<b>Cash and Cash Equivalents at beginning of the period</b>	560	849
<b>Cash and Cash Equivalents at end of the period</b>	<u>(9,566)</u>	<u>(10,166)</u>
Represented by :-		
Short term investment	-	1
Cash and bank balances	299	718
Bank overdrafts	<u>(9,865)</u>	<u>(10,885)</u>
	<u>(9,566)</u>	<u>(10,166)</u>

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 2012 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	<----- Non-distributable ----->			<-----Distributable----->	
	Share Capital RM '000	Share Premium RM '000	Warrants reserve RM '000	Retained Profits RM '000	<b>Total Equity RM '000</b>
Balance as at 1 January 2013	87,897	259	3,639	(4,948)	<b>86,847</b>
Loss for the period	-	-	-	(2,168)	<b>(2,168)</b>
<b>Balance as at 30 June 2013</b>	<b>87,897</b>	<b>259</b>	<b>3,639</b>	<b>(7,116)</b>	<b>84,679</b>
<b>As at preceding year corresponding quarter 30 June 2012</b>					
Balance as at 1 January 2012	87,897	4,084	-	2,281	<b>94,262</b>
Bonus issue of warrants		(3,639)	3,639	-	-
Listing expenses for the bonus issue	-	(181)	-	-	<b>(181)</b>
Loss for the period	-	-	-	(6,286)	<b>(6,286)</b>
<b>Balance as at 30 June 2012</b>	<b>87,897</b>	<b>264</b>	<b>3,639</b>	<b>(4,005)</b>	<b>87,795</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 2012 and the accompanying explanatory notes attached to the interim financial report.

## **R&A TELECOMMUNICATION GROUP BERHAD (645677-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 2012 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by R&A Telecommunication Group Berhad (“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 ("MASB").

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

The Group has adopted the Malaysian Financial Reporting Standards framework (“MFRS Framework”) framework issued by Malaysia Accounting Standards Board (“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 Boards.

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 January 2013. The adoption of these new and revised MFRSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

##### **A3. Qualification on the Auditors’ Report of preceding annual financial statements**

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2012.

**A4. Seasonal or cyclical factors**

The business operations within the industry are not affected by seasonal and cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

**A6. Changes in estimates of amounts reported**

There were no 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**

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 or 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 30 June 2013</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	5,870	1,998	15	(230)	7,653
Cost of sales	(1,443)	(1,398)	(10)	230	(2,621)
<b>Gross Profit</b>	<b>4,427</b>	<b>600</b>	<b>5</b>	<b>-</b>	<b>5,032</b>
Profit before taxation					930
Income tax expenses					-
<b>Profit after tax</b>					930
Other comprehensive income					-
<b>Total Comprehensive Income</b>					930

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 2013.

#### **A12. Capital Expenditure**

The major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date were as follows:-

	<b>Current Quarter Ended 30 June 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2013 RM'000</b>
Property, plant & equipment: Additions	20	719

**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 2012.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 June 2013 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 30 June 2013, the Group recorded revenues of RM7.653 million. This represents an increase of RM3.461 million as compared to the preceding quarter. The increase was mainly attributable to the increase in work order for the CME segment.

The increase in revenue for the current financial quarter has enabled the Group to achieve a marginal profit before tax of RM0.930 million, an improvement from the preceding quarter results.

Notwithstanding the recent improvement in the Group results, the Group is still being impacted by the delayed in the implementation and roll-out of the 4G Long Term Evolution ("LTE") by the telecommunication providers in Malaysia, which inadvertently slowed down the generation of new work orders by our customers. To mitigate this, the Group is actively seeking to broaden its product and services locally and is also seeking to expand to other countries such as Brunei, Sri Lanka, Myanmar and Cambodia.

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

Revenue derived from the CME segment for the second quarter of 2013 and financial year to date were RM5.640 million and RM9.099 million respectively after elimination of intercompany transactions. As compared to previous quarter, CME revenue increased by RM2.181 million due to increase in work orders completed and built during the quarter.

#### Telecommunication equipment installation segment ("TI")

Revenue derived from the TI segment for the second quarter of 2013 and financial year to date were RM1.998 million and RM2.361 million respectively. The results for this segment increased by RM1.635 million compared to the previous financial quarter due to additional work orders received, completed and built in the current quarter.

#### In-building system ("IBS")

Revenue derived from the IBS segment for the second quarter of 2013 and financial year to date were RM0.015 million and RM0.386 million respectively. The results for this segment decreased by RM0.356 million compared to the previous financial quarter due to lesser IBS sites completed.

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

	<b>Current Quarter 30 June 2013 RM'000</b>	<b>Preceding Quarter 31 March 2013 RM'000</b>
Revenue	7,653	4,192
Profit / (Loss) before tax	930	(3,098)

For the current financial quarter ended 30 June 2013, the Group recorded revenue of RM7.653 million. The higher revenue recorded for the current financial quarter was sufficient to cover the fixed and variable overheads of the Group, which resulted in the profit after tax of RM0.930 million. The increase in revenue was mainly attributable to the increase in work order for the CME segment.

## **B3. Prospects for 2013**

The telecommunications sector will focus on LTE or 4G in 2013. There is much excitement surrounding the roll-out of 4G, with every player attempting to jump on the 4G bandwagon as soon as possible.

Players and analysts say the industry will continue to be competitive and challenging, with the Internet/data segment driving industry earnings growth. Despite the intense competition, they feel the outlook for 2013 will be positive.

Telekom Malaysia Bhd group Chief Executive Officer Datuk Seri Zamzamzairani Mohd Isa says the local telecommunications industry will continue to record or maintain a stable growth rate at 4% (Compound Annual Growth Rate 2011-2015 as per International Data Corporation forecast). In 2012, industry players battled for the consumer “data dollar” and that will continue in 2013, now that Malaysian Communications And Multimedia Commission has awarded the 2.6GHz spectrum for LTE, according to U Mobile Sdn Bhd Chief Executive Officer Jaffa Sany Ariffin.

“With the roll-out of LTE services, we expect competition to be moderate for the first six months of the year while companies prepare for their respective commercial roll-outs”.

“However, in late 2013 and in 2014, we expect competition to heat up, when the respective telcos would have launched their LTE services, and those services are supported with an extensive choice of LTE devices such as dongles and smartphones,” Jaffa says.

For 2013, the estimated capex spending by the respective telcos are REDtone International Bhd (between RM2bil and RM2.5bil), Celcom (RM1bil), DiGi (RM700mil to RM750mil) and Maxis (under RM1bil).

(Source : The Star, 5 January 2013)

#### **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. Profit before tax**

	<b>Current Quarter 30 June 2013 RM'000</b>	<b>Cumulative Year-to-date 30 June 2013 RM'000</b>
Profit before tax is arrived at after charging / (crediting):		
- Interest income	-	-
- Other income including investment income	-	-
- Interest expense	110	204
- Depreciation and amortisation	742	1,497
- Write off of property, plant and equipment	-	-
- Write off of receivables	-	-
- Impairment of investment in subsidiary	-	-
- Gain on disposal of subsidiary	-	-
- Loss on disposal of property, plant and equipment	-	-

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 30 June 2013 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2013 RM'000</b>
Current tax	-	-
	-	-

The effective tax rate of the Group for the current financial and cumulative quarter is NIL due to the capital allowance claimable against statutory income of the Group.

**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at the date of issuance of this announcement.

**B8. 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.

**B9. Realised and Unrealised Profits**

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 June 2013 and preceding year corresponding quarter ended 30 June 2012, is as follows :-

	<b>Group Quarter Ended 30 June 2013 RM'000</b>	<b>Group Quarter Ended 30 June 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	14,938	11,075
- Unrealised (in respect of deferred tax recognized in the income statement)	-	(566)
	<hr/> 14,938	<hr/> 10,509
Less : Consolidation adjustments	(22,054)	(14,514)
Total Group accumulated losses as per consolidated accounts	<hr/> <hr/> (7,116)	<hr/> <hr/> (4,005)

	<b>Company Quarter Ended 30 June 2013 RM'000</b>	<b>Company Quarter Ended 30 June 2012 RM'000</b>
Total accumulated losses of the Company :		
- Realised	(6,695)	(6,236)
- Unrealised (in respect of deferred tax recognized in the income statement)	-	-
Total Company's accumulated losses as per accounts	<hr/> <hr/> (6,695)	<hr/> <hr/> (6,236)

## B10. Group borrowings and debt securities

The Group's borrowings as at 30 June 2013 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Hire Purchases	1,551	943
Term Loan	191	-
Bank Over Drafts/Project Revolving Loans	9,865	-
Banker's Acceptance	8,476	-
	<u>20,083</u>	<u>943</u>

## B11. Material Litigation

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

## B12. Dividends

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

## 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 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 Loss Per Share</b>	<b>30 June 2013</b>	<b>30 June 2012</b>	<b>30 June 2013</b>	<b>30 June 2012</b>
Profit/(Loss) attributable to the equity holders of the Company (RM'000)	930	(6,380)	(2,168)	(6,286)
Weighted average number of shares in issue ('000)	878,966	878,966	878,966	878,966

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
<b>Basic Loss Per Share</b>	<b>30 June 2013</b>	<b>30 June 2012</b>	<b>30 June 2013</b>	<b>30 June 2012</b>
Basic profit/(loss) per share (sen)	0.11	(0.73)	(0.25)	(0.72)

(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: 30 August 2013