

R&A TELECOMMUNICATION GROUP BERHAD (645677-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2013	Preceding year corresponding quarter 30 September 2012	Current year to date 30 September 2013	Preceding year corresponding period 30 September 2012
	RM'000	RM'000	RM'000	RM'000
Revenue	6,990	7,853	18,835	22,059
Cost of sales	(2,567)	(2,962)	(8,118)	(14,080)
Operating expenses	<u>(3,167)</u>	<u>(3,350)</u>	<u>(10,482)</u>	<u>(10,857)</u>
Earnings/ (Loss) before amortisation, depreciation and finance cost	1,256	1,541	235	(2,878)
Depreciation and amortisation	(728)	(719)	(2,224)	(2,032)
Finance cost	(566)	(394)	(770)	(1,432)
Other Income	<u>810</u>	<u>(397)</u>	<u>1,363</u>	<u>87</u>
Profit/ (Loss) before tax	772	31	(1,396)	(6,255)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/ (Loss) after tax	772	31	(1,396)	(6,255)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u><u>772</u></u>	<u><u>31</u></u>	<u><u>(1,396)</u></u>	<u><u>(6,255)</u></u>
Profit/ (Loss) attributable to :				
Equity holders of the Company	<u><u>772</u></u>	<u><u>31</u></u>	<u><u>(1,396)</u></u>	<u><u>(6,255)</u></u>
Total comprehensive income/ (loss) attributable to :				
Equity holders of the Company	<u><u>772</u></u>	<u><u>31</u></u>	<u><u>(1,396)</u></u>	<u><u>(6,255)</u></u>
Weighted average no. of ordinary shares in issue ('000)	878,966	878,966	878,966	878,966
Earnings per share (sen):-				
a) Basic	0.09	0.00	(0.16)	(0.71)

Notes :

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the 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)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	As at 30 September 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,817	16,538
Goodwill	49,724	49,724
Development expenditure	3,949	3,949
	<u>68,490</u>	<u>70,211</u>
Current assets		
Inventories	2,105	1,717
Contract customers	22,608	8,453
Trade receivables	19,828	27,421
Other receivables	2,573	2,937
Fixed deposits with licensed banks	4,617	4,368
Cash and cash equivalents	460	560
	<u>52,192</u>	<u>45,455</u>
Total Assets	<u>120,682</u>	<u>115,666</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	87,897	87,897
Share premium	259	259
Warrants reserves	3,639	3,639
Accumulated losses	(6,344)	(4,948)
Shareholders' equity	<u>85,450</u>	<u>86,847</u>
Non-current liabilities		
Borrowings	702	1,105
	<u>702</u>	<u>1,105</u>
Current liabilities		
Trade payables	2,506	2,886
Other payables and accruals	2,228	2,285
Amount owing to a director	191	203
Borrowings	13,120	10,169
Bank overdrafts	14,099	9,108
Current tax liabilities	2,386	3,064
	<u>34,529</u>	<u>27,715</u>
Total liabilities	35,231	28,819
Total equity and liabilities	<u>120,682</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 THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	Current year to date 30 September 2013 (Unaudited) RM'000	Preceding year corresponding period 30 September 2012 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss Before Taxation	(1,396)	(6,255)
Adjustments for Non-cash items	<u>2,452</u>	<u>3,465</u>
Operating profit/ (loss) before working capital changes	1,056	(2,791)
Changes in working capital		
Directors	(12)	(8)
Contract customers	(14,156)	3,533
Inventories	(388)	(258)
Trade and other receivables	7,956	7,220
Trade and other payables	<u>(8,252)</u>	<u>1,400</u>
Cash (used in)/ generated from operations	(13,795)	9,097
Tax paid	(678)	(1,286)
Interest paid	<u>(770)</u>	<u>(1,432)</u>
Net cash (used in)/ generated from operating activities	<u>(15,244)</u>	<u>6,379</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Development cost incurred	-	(250)
Purchase of property, plant and equipment	(843)	(1,000)
Proceeds from disposal of property, plant and equipment	363	-
Placement of fixed deposits	<u>(203)</u>	<u>(257)</u>
Net cash used in investing activities	<u>(683)</u>	<u>(1,507)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	1,728	(13,533)
Expenses for bonus issues	-	(186)
Net cash used in financing activities	<u>1,728</u>	<u>(13,719)</u>
Net Change in Cash and Cash Equivalents	(14,199)	(8,847)
Cash and Cash Equivalents at beginning of the period	560	849
Cash and Cash Equivalents at end of the period	<u><u>(13,639)</u></u>	<u><u>(7,998)</u></u>
Represented by :-		
Cash and bank balances	460	1,639
Bank overdrafts	<u>(14,099)</u>	<u>(9,637)</u>
	<u><u>(13,639)</u></u>	<u><u>(7,998)</u></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 THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	<----- Non-distributable ----->			<-----Distributable----->	
	Share capital RM '000	Share premium RM '000	Warrants reserve RM '000	Accumulated losses RM '000	Total Equity RM '000
Balance as at 1 January 2013	87,897	259	3,639	(4,948)	86,847
Loss for the period	-	-	-	(1,396)	(1,396)
Balance as at 30 September 2013	87,897	259	3,639	(6,344)	85,450
As at preceding year corresponding quarter 30 September 2012					
Balance as at 1 January 2012	87,897	4,084	-	2,281	94,262
Bonus issue of warrants		(3,639)	3,639	-	-
Listing expenses for the bonus issue	-	(186)	-	-	(186)
Loss for the period	-	-	-	(6,255)	(6,255)
Balance as at 30 September 2012	87,897	259	3,639	(3,974)	87,821

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 MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 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”)**

A9. Segmental information (cont'd)

Quarter Ended 30 September 2013	CME RM'000	TI RM'000	IBS RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	6,154	1,049	79	(293)	6,990
Cost of sales	(1,998)	(806)	(56)	293	(2,567)
Gross Profit	4,156	243	23	-	4,423
Profit before taxation					772
Income tax expenses					-
Profit after tax					772
Other comprehensive income					-
Total Comprehensive Income					772

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 September 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:-

A12. Capital expenditure (cont'd)

	Current Quarter Ended 30 September 2013 RM'000	Cumulative Year-to-Date 30 September 2013 RM'000
Property, plant & equipment: Additions	124	843

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

Save as disclosed below, there were no material events subsequent to the end of the current quarter under review.

- (a) On 26 November 2013, the Group propose to undertake the following :
- (i) proposed reduction of the issued and paid-up share capital of the Group pursuant to Section 64 of the Companies Act, 1965 involving the cancellation of RM0.05 of the par value of each existing ordinary share of RM0.10 in the Group ("Proposed Par Value Reduction");
 - (ii) proposed amendment to the Memorandum and Articles of Associates of the Group to facilitate the Proposed Par Value Reduction; and
 - (iii) proposed private placement of up to 96,686,260 new ordinary shares of RM0.05 each in the Group, representing up to ten percent (10%) of the issued and paid-up share capital of the Group, to be issued to investor(s) to be identified at an issue price to be determined and announced later after the implementation of the Proposed Par Value Reduction.

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

The Group's revenue for the current quarter stood at RM6.99 million or approximately 9% lower than RM7.65 million recorded in the preceding quarter. In terms of profitability, the Group's profit before taxation has decreased to RM0.77 million as compared to RM0.93 million in the preceding quarter, representing a decrease of 17%.

Civil, mechanical and electrical works segment (“CME”)

Revenue derived from the CME segment for the third quarter of 2013 and financial year to date were RM5.86 million and RM14.96 million respectively after elimination of intercompany transactions. As compared to previous quarter, CME revenue increased by RM0.22 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 third quarter of 2013 and financial year to date were RM1.05 million and RM3.41 million respectively. The results for this segment decreased by RM0.95 million due to lower number of TI related sites being completed and billed during the current financial quarter as compared to the preceding financial quarter.

In-building system (“IBS”)

Revenue derived from the IBS segment for the third quarter of 2013 and financial year to date were RM0.08 million and RM0.47 million respectively. The results for this segment increased by RM0.06 million compared to the previous financial quarter due to additional work orders received, completed and built in the current quarter.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 September 2013 RM'000	Preceding Quarter 30 June 2013 RM'000
Revenue	6,990	7,653
Profit before tax	772	930

For the current financial quarter ended 30 September 2013, the Group recorded revenue of RM6.990 million. The lower revenue recorded for the current financial quarter was sufficient to cover the fixed and variable overheads of the Group, which resulted in the profit before tax of RM0.772 million.

B3. Prospects for 2013

At the tabling of the Budget 2014, Dato' Seri Najib stated the Government will implement the second phase of HSBB project in collaboration with the private sector involving an investment of RM1.8bil to expand coverage in major towns. The initiative is expected to provide additional coverage and facilities mainly in urban areas, benefiting 2.8 million households nationwide. The HSBB network will be expanded to suburban areas with an Internet access speed increasing to between 4 and 10 Mbps, which will benefit 2 million consumers at a cost of RM1.6bil. To increase Internet coverage in rural areas, 1,000 telecommunication transmission towers will be built over the next three years, with an investment of RM1.5bil.

(Source : The Star, 25 October 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/ (Loss) before tax

	Current Quarter 30 September 2013 RM'000	Cumulative Year-to-date 30 September 2013 RM'000
Profit before tax is arrived at after charging / (crediting):		
- Interest income	(3)	(46)
- Interest expense	566	770
- Depreciation and amortisation	728	2,224
- Gain on disposal of property, plant and equipment	(19)	(23)

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

B6. Taxation

	Current Quarter Ended 30 September 2013 RM'000	Cumulative Year-to-Date 30 September 2013 RM'000
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

Save as disclosed in Note A15, as at 29 November 2013 there were no corporate proposals announced but not yet completed.

B8. Status of utilisation of proceeds

As at the date of this report, the Company has fully utilised 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 September 2013 and preceding year corresponding quarter ended 30 September 2012, is as follows :-

	Group Quarter Ended 30 September 2013 RM'000	Group Quarter Ended 30 September 2012 RM'000
Total retained profits of the Group:		
- Realised	15,712	11,107
- Unrealised (in respect of deferred tax recognised in the income statement)	-	(566)
	<hr/> 15,712	<hr/> 10,541
Less : Consolidation adjustments	(22,056)	(14,515)
Total Group accumulated losses as per consolidated accounts	<hr/> <hr/> (6,344)	<hr/> <hr/> (3,974)

	Company Quarter Ended 30 September 2013 RM'000	Company Quarter Ended 30 September 2012 RM'000
Total accumulated losses of the Company :		
- Realised	(6,841)	(6,411)
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's accumulated losses as per accounts	<hr/> <hr/> (6,841)	<hr/> <hr/> (6,411)

B10. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Hire Purchases	1,403	702	2,105
Bank Over Drafts/Project			
Revolving Loans	14,099	-	14,099
Banker's Acceptance	11,717	-	11,717
	27,219	702	27,921

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.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Profit/ (Loss) Per Share	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Profit/(Loss) attributable to the equity holders of the Company (RM'000)	772	31	(1,396)	(6,255)
Weighted average number of shares in issue ('000)	878,966	878,966	878,966	878,966
Basic profit/ (loss) per share (sen)	0.09	0.00	(0.16)	(0.71)

B13. Earnings per share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue and issuable during the period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Diluted Profit/ (Loss) Per Share	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Profit /(Loss) attributable to the equity holders of the Company (RM'000)	772	31	(1,396)	(6,255)
Weighted average number of shares ('000)	878,966	878,966	878,966	878,966
Effects of dilution in outstanding warrants ('000)	87,897	87,897	87,897	87,897
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	966,863	966,863	966,863	966,863
Diluted profit per share (sen)	0.08	0.00	**	**

Note:

** Anti-dilutive in nature due to loss attributable to the equity holders of the Company

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 29 November 2013