

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2013 RM'000	Preceding year corresponding quarter 31 December 2012 (Audited) RM'000	Current year to date 31 December 2013 RM'000	Preceding year corresponding period 31 December 2012 (Audited) RM'000
<b>Revenue</b>	13,395	6,482	32,230	28,541
Cost of sales	(7,362)	(7,423)	(15,479)	(21,502)
Operating expenses	<u>(6,413)</u>	<u>(3,703)</u>	<u>(16,895)</u>	<u>(14,561)</u>
<b>Loss before amortisation, depreciation and finance cost</b>	(380)	(4,644)	(144)	(7,522)
Depreciation and amortisation	(775)	(721)	(3,000)	(2,754)
Finance cost	(393)	(43)	(1,163)	(1,475)
Other income	<u>(5)</u>	<u>4,193</u>	<u>1,358</u>	<u>4,281</u>
<b>Loss before tax</b>	(1,553)	(1,215)	(2,949)	(7,470)
Taxation	<u>-</u>	<u>241</u>	<u>-</u>	<u>241</u>
<b>Loss after tax</b>	(1,553)	(974)	(2,949)	(7,229)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<u>(1,553)</u>	<u>(974)</u>	<u>(2,949)</u>	<u>(7,229)</u>
<b>Loss attributable to :</b>				
Equity holders of the Company	<u>(1,553)</u>	<u>(974)</u>	<u>(2,949)</u>	<u>(7,229)</u>
<b>Total comprehensive loss attributable to :</b>				
Equity holders of the Company	<u>(1,553)</u>	<u>(974)</u>	<u>(2,949)</u>	<u>(7,229)</u>
Weighted average no. of ordinary shares in issue ('000)	878,966	878,966	878,966	878,966
Earnings per share (sen):-				
a) Basic	(0.18)	(0.11)	(0.34)	(0.82)

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 in issue for the quarter and financial period respectively
- (ii) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other 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 31 DECEMBER 2013**

	As at 31 December 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	11,886	16,009
Investment property	513	529
Development expenditure	4,068	3,949
Goodwill on consolidation	49,724	49,724
	<u>66,191</u>	<u>70,211</u>
<b>Current assets</b>		
Inventories	1,141	1,717
Contract customers	22,665	8,453
Trade receivables	23,330	27,421
Other receivables	2,299	2,937
Fixed deposits with licensed banks	5,032	4,368
Cash and cash equivalents	255	560
	<u>54,722</u>	<u>45,456</u>
<b>Total Assets</b>	<u><u>120,913</u></u>	<u><u>115,667</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	87,897	87,897
Share premium	193	259
Warrants reserves	3,639	3,639
Accumulated losses	(7,897)	(4,948)
<b>Shareholders' equity</b>	<u>83,832</u>	<u>86,847</u>
<b>Non-current liability</b>		
Hire purchase payables	633	1,105
	<u>633</u>	<u>1,105</u>
<b>Current liabilities</b>		
Trade payables	2,010	2,886
Other payables	2,928	2,285
Amount owing to a director	188	203
Banker's acceptance	8,057	7,309
Hire purchase payables	1,081	2,232
Term loans	-	630
Bank borrowings	19,577	9,108
Current tax liabilities	2,607	3,064
	<u>36,448</u>	<u>27,715</u>
<b>Total liabilities</b>	37,081	28,820
<b>Total equity and liabilities</b>	<u><u>120,913</u></u>	<u><u>115,667</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.10</u>	<u>0.10</u>

The Unaudited 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 FOURTH QUARTER ENDED 31 DECEMBER 2013**

	Current year to date 31 December 2013 (Unaudited) RM'000	Preceding year corresponding period 31 December 2012 (Audited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Taxation	(2,949)	(7,470)
Adjustments for Non-cash items	<u>5,772</u>	<u>665</u>
<b>Operating profit/ (loss) before working capital changes</b>	<b>2,823</b>	<b>(6,805)</b>
Changes in working capital		
Inventories	575	450
Contract customers	(14,212)	6,800
Trade and other receivables	4,484	5,193
Trade and other payables	1,464	4,132
Directors	(15)	-
<b>Cash (used in)/ generated from operations</b>	<u>(4,881)</u>	<u>9,770</u>
Interest paid	(1,163)	(1,340)
Tax paid	(931)	(1,353)
<b>Net cash (used in)/ generated from operating activities</b>	<u>(6,975)</u>	<u>7,077</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development cost incurred	(119)	-
Purchase of property, plant and equipment	(1,152)	(233)
Proceeds from disposal of property, plant and equipment	370	27
Placement of fixed deposits	(579)	(768)
<b>Net cash used in investing activities</b>	<u>(1,480)</u>	<u>(974)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment to hire purchase payables	(2,671)	(2,957)
Proceeds from hire purchase payables	1,048	-
Repayment of term loan	(630)	(3,883)
Expenses for bonus issues	-	(186)
Expenses for proposed reduction of share capital	(66)	-
<b>Net cash used in financing activities</b>	<u>(2,319)</u>	<u>(7,026)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(10,774)</b>	<b>(923)</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>(8,548)</b>	<b>(7,625)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<u><b>(19,322)</b></u>	<u><b>(8,548)</b></u>
Represented by :-		
Cash and bank balances	255	560
Bank overdrafts	<u>(19,577)</u>	<u>(9,108)</u>
	<u><b>(19,322)</b></u>	<u><b>(8,548)</b></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 FOURTH QUARTER ENDED 31 DECEMBER 2013**

	<----- Non-distributable ----->			<----Distributable---->	
	Share capital RM '000	Share premium RM '000	Warrants reserve RM '000	Accumulated losses 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>
Listing expenses for the proposed reduction of share capital	-	(66)	-	-	<b>(66)</b>
Loss for the financial year	-	-	-	(2,949)	<b>(2,949)</b>
<b>Balance as at 31 December 2013</b>	<b>87,897</b>	<b>193</b>	<b>3,639</b>	<b>(7,897)</b>	<b>83,832</b>
<b>As at preceding year corresponding quarter 31 December 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	-	(186)	-	-	<b>(186)</b>
Loss for the financial year	-	-	-	(7,229)	<b>(7,229)</b>
<b>Balance as at 31 December 2012</b>	<b>87,897</b>	<b>259</b>	<b>3,639</b>	<b>(4,948)</b>	<b>86,847</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 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 Rule 9.22 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”) issued by the MASB. This MFRS Framework was introduced by the MASB in order to fully converge Malaysia’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)**

<b>Quarter Ended 31 December 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	12,280	1,007	440	(332)	13,395
Cost of sales	(6,582)	(912)	(200)	332	(7,362)
<b>Gross Profit</b>	<b>5,698</b>	<b>95</b>	<b>240</b>	<b>-</b>	<b>6,033</b>
Loss before taxation					(1,553)
Income tax expenses					-
<b>Loss after tax</b>					(1,553)
Other comprehensive income					-
<b>Total Comprehensive Income</b>					(1,553)

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 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)**

	<b>Current Quarter Ended 31 December 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 December 2013 RM'000</b>
Property, plant & equipment: Additions	309	1,152

**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 end of the current quarter under review.

**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 quarter ended 31 December 2013, the Group recorded revenue of RM13.40 million as compared to RM6.99 million, an increase of approximately 91.70%, which recorded in the previous quarter ended 30 September 2013. For the year ended 31 December 2013, the Group recorded revenue of RM32.23 million as compared to RM28.54 million, an increase of approximately 12.93% for the year ended 31 December 2012.

The increase in quarter ended 31 December 2013 and year ended 31 December 2013 are to increase in work orders for CME segment.

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

Revenue derived from the CME segment for the fourth quarter of 2013 and financial year to date were RM11.95 million and RM26.90 million respectively after elimination of intercompany transactions. As compared to previous quarter and previous year, CME revenue increased by RM6.09 million and RM8.97 million respectively, due to increase in work orders completed and built.

Telecommunication equipment installation segment (“TI”)

Revenue derived from the TI segment for the fourth quarter of 2013 and financial year to date were RM1.01 million and RM4.42 million respectively. The results for this segment decreased by RM0.04 million in the fourth quarter and by RM4.04 million in the financial year to date, due to lower number of TI work orders.

In-building system (“IBS”)

Revenue derived from the IBS segment for the fourth quarter of 2013 and financial year to date were RM0.44 million and RM0.91 million respectively. The results for this segment increased by RM0.36 million compared to the previous financial quarter and decreased by RM1.24 million compared to the previous financial year to date.

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

	<b>Current Quarter 31 December 2013 RM’000</b>	<b>Preceding Quarter 30 September 2013 RM’000</b>
Revenue	13,395	6,990
(Loss)/ Profit before tax	(1,553)	772

## **B2. Comparison to the results of the immediate preceding quarter (cont'd)**

For the current financial quarter ended 31 December 2013, the Group recorded revenue of RM13.40 million. The higher revenue recorded for the current financial quarter was insufficient to cover the fixed and variable overheads of the Group, which resulted in the loss before tax of RM1.55 million.

## **B3. Prospects for 2014**

We expect 2014 to be a challenging year due to concerns on the economic outlook, especially the rising costs of living. The Group foresees to increase its level of revenue achieved in 2013 as the Group expects to benefit from the implementation of the second phase High-Speed Broadband (“HSBB”) project which was announced by the Malaysian Government in late 2013.

The HSBB is a collaboration between the Malaysian Government 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.

The Group is also looking into opportunities within the region to capitalise on the Group’s expertise.

## **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. Loss before tax**

	<b>Current Quarter 31 December 2013 RM’000</b>	<b>Cumulative Year-to-date 31 December 2013 RM’000</b>
Profit before tax is arrived at after charging / (crediting):		
- Allowance for doubtful debt	246	246
- Depreciation and amortisation	775	3,000
- Gain on disposal of property, plant and equipment	(7)	(29)
- Interest expenses	393	1,163
- Interest income	(39)	(85)
- Realised loss on foreign exchange	1	27
- Waiver of amount owing by other payables	-	(473)
- Written off of property, plant and equipment	1,950	1,950

**B5. Loss before tax (cont'd)**

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

**B6. Taxation**

	<b>Current Quarter Ended 31 December 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 December 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**

Save as disclosed below, there were no corporate proposals announced as at 28 February 2014 but not yet completed.

As at 28 February 2014, the Group proposed 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.

**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 31 December 2013 and preceding year corresponding quarter ended 31 December 2012, is as follows :-

	<b>Group Quarter Ended 31 December 2013 RM'000</b>	<b>Group Quarter Ended 31 December 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	14,160	14,860
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
	<hr/> 14,160	<hr/> 14,860
Less : Consolidation adjustments	(22,057)	(19,808)
Total Group accumulated losses as per consolidated accounts	<hr/> <b>(7,897)</b>	<hr/> <b>(4,948)</b>

	<b>Company Quarter Ended 31 December 2013 RM'000</b>	<b>Company Quarter Ended 31 December 2012 RM'000</b>
Total accumulated losses of the Company :		
- Realised	(8,960)	(6,823)
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's accumulated losses as per accounts	<hr/> <b>(8,960)</b>	<hr/> <b>(6,823)</b>

## B10. Group borrowings and debt securities

The Group's borrowings as at 31 December 2013 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b><u>Secured</u></b>			
Hire Purchases	1,081	633	1,714
Bank OverDrafts/ Project			
Revolving Loans	19,577	-	19,577
Banker's Acceptance	8,057	-	8,057
	<hr/> 28,715	<hr/> 633	<hr/> 29,348

The Group did not have any borrowings in foreign currency as at 31 December 2013.

**B11. Material litigation**

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

**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 Group by the weighted average number of shares in issue as follows:

	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>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Loss attributable to the equity holders of the Company (RM'000)	(1,553)	(974)	(2,949)	(7,229)
Weighted average number of shares in issue ('000)	878,966	878,966	878,966	878,966
Basic loss per share (sen)	(0.18)	(0.11)	(0.34)	(0.82)

## (b) Diluted earnings per share

Not applicable

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)  
(Company Secretary)

Date: 28 February 2014