

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 2015

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2015	Preceding year corresponding quarter 31 December 2014	Current year to date 31 December 2015	Preceding year corresponding period 31 December 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	(4,004)	7,621	(145)	32,351
Cost of sales	(11,712)	(10,311)	(17,004)	(31,968)
Operating expenses	<u>(13,295)</u>	<u>(8,288)</u>	<u>(69,159)</u>	<u>(22,365)</u>
Loss before depreciation and finance cost	(29,011)	(10,978)	(86,308)	(21,982)
Depreciation	(195)	(247)	(1,430)	(2,631)
Finance cost	(396)	(760)	(2,268)	(3,019)
Other income	<u>337</u>	<u>183</u>	<u>1,557</u>	<u>1,165</u>
Loss before tax	(29,265)	(11,802)	(88,449)	(26,467)
Tax expense	<u>-</u>	<u>-</u>	<u>(1,903)</u>	<u>(194)</u>
Loss after tax	(29,265)	(11,802)	(90,352)	(26,661)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u><u>(29,265)</u></u>	<u><u>(11,802)</u></u>	<u><u>(90,352)</u></u>	<u><u>(26,661)</u></u>
Loss attributable to :				
Equity holders of the Company	<u><u>(29,265)</u></u>	<u><u>(11,802)</u></u>	<u><u>(90,352)</u></u>	<u><u>(26,661)</u></u>
Total comprehensive loss attributable to :				
Equity holders of the Company	<u><u>(29,265)</u></u>	<u><u>(11,802)</u></u>	<u><u>(90,352)</u></u>	<u><u>(26,661)</u></u>
Loss per share (sen):-				
a) Basic	(3.03)	(1.25)	(9.34)	(2.81)

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 2014 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 2015**

	As at 31 December 2015 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,884	11,842
Investment property	482	498
Development costs	-	2,034
Goodwill	-	49,724
Deferred tax assets	-	2,097
	<u>10,366</u>	<u>66,195</u>
Current assets		
Inventories	-	1,058
Accrued billings	-	7,790
Work in progress	13	8,550
Trade receivables	1,614	19,199
Other receivables	416	3,017
Fixed deposits with licensed banks	-	5,422
Cash and bank balances	682	82
	<u>2,725</u>	<u>45,118</u>
Total assets	<u>13,091</u>	<u>111,313</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	48,343	48,343
Reserves	42,665	42,665
Accumulated losses	(115,973)	(25,621)
Total equity	<u>(24,965)</u>	<u>65,387</u>
Non-current liabilities		
Deferred tax liabilities	228	228
Finance lease liabilities	324	439
	<u>552</u>	<u>667</u>
Current liabilities		
Trade payables	3,108	3,048
Other payables	2,177	4,409
Amount due to a Director	29	-
Bank borrowings	31,910	37,076
Finance lease liabilities	280	454
Tax payable	-	272
	<u>37,504</u>	<u>45,259</u>
Total liabilities	38,056	45,926
Total equity and liabilities	<u>13,091</u>	<u>111,313</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>(0.026)</u>	<u>0.068</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 2014 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 2015**

	Current year to date 31 December 2015 RM'000	Preceding year corresponding period 31 December 2014 RM'000
OPERATING ACTIVITIES		
Loss before tax	(88,449)	(26,467)
Adjustments for non-cash items	<u>66,492</u>	<u>16,316</u>
Operating loss before working capital changes	(21,957)	(10,151)
Changes in working capital:-		
Inventories	1,058	5
Accrued billings	7,790	4,097
Customer	8,537	2,177
Receivables	7,942	(3,707)
Payables	<u>(2,147)</u>	<u>382</u>
Cash from/ (used in) operations	1,223	(7,197)
Tax paid	(77)	(1,847)
Interest paid	<u>(2,268)</u>	<u>(2,995)</u>
Net cash used in operating activities	<u>(1,122)</u>	<u>(12,039)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(570)
Interest received	76	169
Proceeds from disposal of property, plant and equipment	<u>1,679</u>	<u>167</u>
Net cash from/ (used in) investing activities	<u>1,755</u>	<u>(234)</u>
FINANCING ACTIVITIES		
Payment of finance lease liabilities	(289)	(1,087)
Drawdown from borrowings	26	26,005
Repayment of borrowings	(9,783)	(24,304)
Proceed from issuance of ordinary shares	-	4,395
Share issuance expenses	<u>-</u>	<u>(260)</u>
Net cash (used in)/ from financing activities	<u>(10,046)</u>	<u>4,749</u>
Net Change in Cash and Cash Equivalents	(9,413)	(7,524)
Cash and Cash Equivalents at beginning of the period	(21,815)	(14,290)
Cash and Cash Equivalents at end of the period	<u>(31,228)</u>	<u>(21,814)</u>
Represented by :-		
Fixed deposits with licensed banks		5,422
Bank overdrafts	(31,910)	(27,318)
Cash and bank balances	<u>682</u>	<u>82</u>
	<u>(31,228)</u>	<u>(21,814)</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 2014 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 2015**

	----- Attributable to owners of th Company ----->					
	----- Non-distributable -----					
	Share capital RM '000	Share premium RM '000	Other reserve RM '000	Revaluation reserve RM '000	Accumulated losses RM '000	Total RM '000
Balance as at 1 January 2015	48,343	3,638	34,705	4,322	(25,621)	65,387
Loss for the financial period	-	-	-	-	(90,352)	(90,352)
Balance as at 31 December 2015	48,343	3,638	34,705	4,322	(115,973)	(24,965)

As at preceding year corresponding quarter 31 December 2014

Balance as at 1 January 2014	87,897	3,898	-	4,322	(8,204)	87,913
Capital reduction	(43,949)	-	34,705	-	9,244	-
Private placement	4,395	(260)	-	-	-	4,135
Loss for the financial period	-	-	-	-	(26,661)	(26,661)
Balance as at 31 December 2014	48,343	3,638	34,705	4,322	(25,621)	65,387

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 2014 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. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“ACE LR”).

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended (“FYE”) 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this quarterly financial statement are consistent with those of the annual financial statements for the year ended 31 December 2014.

The Group has adopted all the new and revised MFRSs and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not impact in significant changes in the accounting policies of the Group.

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

The company has triggered the prescribed criteria pursuant to Rule 8.04(2) and Paragraph 2.1(f) of Guidance Note 3 (“GN3”) under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Hence, as of the date hereof, the company is considered as a GN3 company.

The GN3 criteria was triggered pursuant to Paragraph 2.1(f) of GN3 where the auditors had expressed a disclaimer opinion in the Company’s latest Audited Financial Statements for the FYE 31 December 2014 that was announced on 30 April 2015.

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.

A8. Dividend paid

There was no dividend neither paid nor declared for the current financial quarter under review.

A9. Segmental information

The Group is organised into the following operating segments:-

- a. Civil, mechanical and electrical works (“CME”)**
- b. Telecommunication equipment installation (“TE”)**
- c. In-building system (“IBS”)**

A9. Segmental information (cont'd)

Current Year Quarter Ended 31 December 2015	<u>CME</u> RM'000	<u>TI</u> RM'000	<u>IBS</u> RM'000	<u>Eliminations</u> RM'000	<u>Total</u> RM'000
Revenue					
External customers	(3,759)	(91)	(154)	-	(4,004)
Inter-segment	-	-	-	-	-
Total revenue	(3,759)	(91)	(154)	-	(4,004)
Result:					
Interest income					-
Interest expense					(396)
Depreciation					(196)
Other non cash expenses					(11,796)
Segment loss					(29,265)
Assets:					
Additions to non-current assets					-
Segment assets					13,091
Liabilities:					
Segment liabilities					38,056

Preceding Year Corresponding Quarter Ended 31 December 2014	<u>CME</u> RM'000	<u>TI</u> RM'000	<u>IBS</u> RM'000	<u>Eliminations</u> RM'000	<u>Total</u> RM'000
Revenue					
External customers	3,210	3,957	454	-	7,621
Inter-segment	376	-	-	(376)	-
Total revenue	3,586	3,957	454	(376)	7,621
Result:					
Interest income					144
Interest expense					(827)
Depreciation					(248)
Other non cash expenses					(4,836)
Segment loss					(11,802)
Assets:					
Additions to non-current assets					837
Segment assets					111,313
Liabilities:					
Segment liabilities					45,926

A9. Segmental information (cont'd)

The Group's segmental information by geographical location is not shown as the activities of the Group are conducted in Malaysia.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment during 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 2015.

A12. Capital expenditure

There were no major additions and disposals of property, plant and equipment during the current financial quarter under review and financial year-to-date.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review and financial year-to-date.

A14. Contingent liabilities and contingent assets

Save as disclosed below, the Group does not have any others contingent assets or liabilities as at 31 December 2015.

	RM'000
<u>Contingent Liabilities :</u>	
Corporate guarantees given by our Company to financial institutions for credit facilities granted to our subsidiary companies	30,954
Potential litigation and claim from utility service providers	1,037

A15. Subsequent material events

There were no material events subsequent to the end of the current financial quarter under review.

A16. Significant related party transactions

There were no related party transactions during the current financial quarter under review.

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

B1. Review of the performance of the Group

For the current financial quarter ended 31 December 2015, the Group recorded revenue of negative RM4.00 million and loss before tax of RM29.27 million.

When compared to the preceding year corresponding financial quarter, the Group recorded a decrease of RM11.63 million in revenue. The decrease in revenue was primarily attributable to the reversal of revenue which was over recognised in the preceding financial year. This was in relation to projects undertaken by the Group which were unsatisfied as the work done did not meet the customer's expected quality standards. In turn, this was mainly due to the Group's tight cash flow position and lack of skilled and experienced workers in undertaking the project. The increase in loss before tax of RM17.46 million was mainly attributable to impairment on receivables of RM10.01 million during the current financial quarter.

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

Revenue derived from the CME segment for the current financial quarter ended 31 December 2015 and financial year to date were negative RM3.76 million and negative RM3.60 million respectively after elimination of intercompany transactions. The total revenue for this segment decreased by RM3.96 million as compared to the preceding financial quarter mainly due to revenue reversals in the current quarter.

Telecommunication equipment installation segment (“TI”)

Revenue derived from the TI segment for the current financial quarter ended 31 December 2015 and financial year to date were negative RM0.09 million and RM3.44 million respectively. The total revenue for this segment decreased by RM0.14 million as compared to the preceding financial quarter mainly due to revenue reversals in the current quarter.

In-building system (“IBS”)

Revenue derived from the IBS segment for the current financial quarter ended 31 December 2015 and financial year to date were negative RM0.15 million and RM0.01 million respectively. The total revenue for this segment decreased by RM0.15 million compared to the previous financial quarter due to revenue reversals in the current quarter.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2015 RM'000	Preceding Quarter 30 September 2015 RM'000
Revenue	(4,004)	242
Loss before tax	(29,265)	(50,410)

For the current financial quarter ended 31 December 2015, the Group recorded negative revenue of RM4.00 million as compared to revenue of RM0.24 million recorded in the preceding financial quarter ended 30 September 2015. The decrease in revenue was mainly due to the reversal of revenue which was over recognised in the preceding financial year.

B3. Prospects for 2015

Due to its GN3 classification, prospects for R&A in the Telco industry is limited for the foreseeable future as access to funds are limited. The Group is currently undergoing a process to regularise its accounts.

The Group is actively looking at various options to regularise its GN3 position. The Group is also aggressively in negotiations with various interested parties to help revive its financials and operations.

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

	Current Quarter 31 December 2015 RM'000	Cumulative Year-to-date 31 December 2015 RM'000
Profit before tax is arrived at after charging / (crediting):		
- Bad debts written off	-	1,715
- Depreciation	196	1,431
- Gain on disposal of property, plant and equipment	(251)	(1,133)
- Impairment of investment in subsidiary	-	49,724
- Impairment loss on development cost	2,034	2,034
- Impairment loss on receivables	10,013	10,523
- Interest income	-	(76)
- Interest expenses	396	2,268
- Loss on foreign exchange	-	6

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

	Current Quarter Ended 31 December 2015 RM'000	Cumulative Year-to-Date 31 December 2015 RM'000
Current tax:		
- Over provision in prior year	-	(194)
Deferred tax:		
- Reversal in current financial quarter	-	2,097
	<hr/>	<hr/>
	-	1,903
	<hr/>	<hr/>

B7. Status of corporate proposals

There were no corporate proposals announced as at the date of issuance of this announcement.

B8. Status of utilisation of proceeds

There were no proceeds raised from any proposal during the current financial quarter under review and financial year-to-date.

B9. Realised and unrealised profits

The breakdown of retained profits/ (accumulated losses) of the Group and the Company for the financial quarter ended 31 December 2015 and preceding year corresponding quarter ended 31 December 2014, is as follows:-

	Group Quarter Ended 31 December 2015 RM'000	Group Quarter Ended 31 December 2014 RM'000
Total accumulated losses of the Group:		
- Realised	(93,847)	(5,365)
- Unrealised	-	1,870
(in respect of deferred tax recognised in the income statement)		
	<hr/>	<hr/>
	(93,847)	(3,495)
Less : Consolidation adjustments	(22,126)	(22,126)
Total Group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(115,973)	(25,621)
	<hr/>	<hr/>

B9. Realised and unrealised profits (cont'd)

	Company Quarter Ended 31 December 2015 RM'000	Company Quarter Ended 31 December 2014 RM'000
Total accumulated losses of the Company :		
- Realised	(51,152)	(513)
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's accumulated losses as per accounts	<u>(51,152)</u>	<u>(513)</u>

B10. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Finance lease liabilities	280	324	604
Bank overdrafts	31,910	-	31,910
	<u>32,190</u>	<u>324</u>	<u>32,514</u>

B11. Material litigation

Save as disclosed below, to the best knowledge of the Board, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of our Group:-

- (a) By various letters of demand received by R&A Telecommunication Sdn Bhd ("**RASB**"), a wholly-owned subsidiary of our Company, from August 2014 up to August 2015, the Employees' Provident Fund ("**EPF**") Board ("**EPF Board**") had via its solicitors demanded from RASB and its directors the following;

B11. Material litigation (cont'd)

- (i) the accrued EPF contributions of RASB's employees ("**Contributions**") for the sum of RM305,448 being the outstanding Contributions for the months of January 2014 to March 2014 together with accrued interest and dividend thereon pursuant to Sections 45(3) and 49(1) of the Employees Provident Fund Act 1991 ("**EPF Act**"). Upon proposal for settlement made by RASB, the EPF Board has agreed for such sum to be settled by way of six (6) instalments of RM10,000 each commencing from 10 August 2015 to 20 December 2015 and the remaining balance to be settled in three (3) monthly instalments of RM81,816 each commencing from 20 January 2016 to 20 March 2016 . As at the date of this report, RASB has forwarded post-dated cheques for the aforesaid sum save for the accrued dividend and interest which is still pending confirmation by the EPF Board in respect of the final accrued dividend and interest payable by RASB;
- (ii) the sum of RM209,409 being the outstanding Contributions for the months of April 2014 to June 2014. As at the date of this report, RASB has fully settled the aforesaid sum save for interest and dividend thereon of RM29,323 and RM23,812 respectively;
- (iii) the sum of RM650,897 being the outstanding Contributions for the months of July 2014 to December 2014. As at the date of this report, RASB has fully settled the aforesaid sum save for the accrued dividend and interest which is still pending confirmation by the EPF Board in respect of the final accrued dividend and interest payable by RASB; and
- (iv) the sum of RM265,357 being the outstanding Contributions for the months of January 2015 to March 2015. RASB had, via a letter dated 13 July 2015 proposed a settlement to the EPF Board to consider a settlement by way of three (3) instalments commencing from 30 April 2016 to 31 June 2016. As at the date of this report, RASB is still awaiting for the approval from the EPF Board in respect of the aforesaid proposal.

B11. Material litigation (cont'd)

- (b) By a letter of demand ("**Demand**") dated 9 May 2014, Tenaga Nasional Berhad ("**TNB**") had via its solicitors demanded from RASB the sum of RM568,077.30 being the cost of repair in respect of damage to 33kV electric cables from PMU Air Terjun to PPU Batu Ferringhi and from PPU Tanjung Bungah to PPU Pulau Tikus allegedly caused by RASB or its employees or its agents when carrying out their construction works. By a letter dated 16 May 2014, RASB wrote to TNB's solicitors requesting for further information regarding the Demand in order to conduct an internal investigation. By letter dated 26 September 2014, RASB's solicitors wrote to TNB's solicitors requesting for a copy of all documents sustaining TNB's allegations contained in the Demand. TNB's solicitors responded via letter dated 23 October 2014 that TNB is unable to accede to RASB's request for documents. Notwithstanding the above, RASB maintains an erection-all-risk insurance policy in respect of damage to property during construction works with coverage of up to RM1,000,000.
- (c) By a letter of demand dated 11 August 2015, Maybank Islamic Berhad ("**Maybank Islamic**") had via its solicitors demanded from RASB the sum of RM30,543,050.52 being the amounts due and owing under various Islamic financing facilities granted by Maybank Islamic.

On 13 October 2015, the Company and RASB were served a Writ dated 30 September 2015 together with Statement of Claim dated 29 September 2015 by Maybank Islamic via its solicitors, demanding the following:-

- (i) The total principal amount due and owing to Maybank Islamic as at 31 July 2015 of RM30,525,486.88;
- (ii) Profit and ta'widh or Late Payment Charge at the respective rates set out in the Statement of Claim from 1 August 2015 until the date of full payment;
- (iii) Cost; and
- (iv) Such further and other reliefs as they may deem fit.

On 1 December 2015, the Company announced that Maybank Islamic has obtained Judgments against RASB ("**1st Defendant**"); the Company ("**2nd Defendant**"); and Mr. Francis Tan Hock Leong ("**3rd Defendant**"), for the sum of RM30,543,050.52, being the principal amount due and owing to Maybank Islamic as at 31 July 2015 of RM30,525,486.88 plus profit and ta'widh or late payment charge for July 2015 of RM17,563.64, as well as profit and ta'widh or late payment charges at the respective rates from 1 August 2015 until the date of full payment and costs.

B11. Material litigation (cont'd)

- (d) On 19 November 2015, RASB was served a Writ and Statement of Claim dated 13 November 2015 by solicitors acting on behalf of KVC Industrial Supplies Sdn Bhd (“**KVC**”) demanding for:-
- (i) The sum of RM35,505.49 as at 9 November 2015;
 - (ii) Late payment interest on the amount of RM31,163.00 at a rate of 1.5% per month from 10 November 2015 until the date of full payment;
 - (iii) Cost; and
 - (iv) Any other orders as they may deem fit.

The claim resulted from RASB failing to settle the outstanding amount for goods sold.

On 18 December 2015, RASB received a Judgement in default of appearance dated 3 December 2015 from solicitors acting on behalf of KVC, wherein the Company and RASB were directed to pay to KVC:-

- (i) The sum of RM35,505.49;
 - (ii) Late payment interest on the amount of RM31,163.00 at a rate of 1.5% per month from 10 October 2015 until the date of full payment; and
 - (iii) Cost of RM804.00.
- (e) On 2 December 2015, the Company and RASB received a notice of demand dated 27 November 2015 from solicitors acting on behalf of United Overseas Bank (Malaysia) Bhd (“**UOBM**”). The Notices of Demand were for the sum of RM763,267.58 being the amount in arrears/excess as at 31 October 2015.

The claim is in relation to a performance guarantee issued for a project on the construction of unipoles and advertising panels at petrol stations which did not take off as planned.

On 19 February 2016, the Company and RASB received a notice of recall dated 17 February 2016 from solicitors acting on behalf of UOBM for the sum of RM776,529.95 being the amount in arrears/excess as at 31 December 2015 together with interest thereon at the rate of 3.5% per annum above UOBM’s Base Lending Rate on monthly rests basis from 1 January 2016 to date of final payment.

B11. Material litigation (cont'd)

- (f) On 21 December 2015, RASB was served a Writ of Summons and Statement of Claim dated 9 December 2015 by solicitors acting on behalf of Tecsys Product Sdn Bhd demanding for:-
- (i) The sum of RM93,370.00;
 - (ii) Late payment interest of RM 7,432.05 on the amount of RM93,370.00 at a rate of 1.5% per month from 14 July 2014 to 31 August 2015 until the date of full payment;
 - (iii) Cost of action; and
 - (iv) Such other reliefs as they may deem fit.

The claim resulted from RASB failing to settle the outstanding amount for goods sold.

- (g) On 14 January 2016, R&A Metals Sdn Bhd ("**RMSB**"), a wholly-owned subsidiary of RASB, had received a notice of statutory demand pursuant to Section 218 of the Companies Act, 1965 dated 14 January 2016 from solicitors acting on behalf of Sametech Solutions Sdn Bhd ("**Sametech**") demanding for:-
- (i) RM79,315.82 being the Judgment sum due and owing by RMSB to Sametech under a Judgment dated 19 August 2015 obtained by Sametech in the Kuala Lumpur Magistrate's Court Suit No. A72NCVC-3082-07/2015 together with interest thereon at the rate of 5% per annum from 19 August 2015 until 14 January 2016 which amounts to RM1,618.49; and
 - (ii) cost of RM784.00.

The claim resulted from RMSB failing to settle the outstanding amount for goods sold.

- (h) On 15 January 2016, RMSB received a winding-up petition dated 13 January 2016 by solicitors acting on behalf of Yick Hoe Ferrous Steel Sdn Bhd ("**YHFS**"). The winding-up petition against RMSB was presented to the High Court of Malaya at Kuala Lumpur ("**Court**") by YHFS on 13 January 2016 and a copy was served on RMSB on 15 January 2016. The case management is fixed for 26 January 2016.

The particulars of the claim under the winding-up petition are as follows:-

- (i) That RMSB may be wound up by the Court under provisions of the Companies Act, 1965;
- (ii) That an Official Receiver may be appointed as the Liquidator of RMSB;
- (iii) That YHFS be allowed its costs of and incidental to the winding-up to be taxed by the proper officer of the Court and paid by the Liquidator out of the assets of RMSB; and
- (iv) That such other Order may be made in the premises as to the Court shall deem fit and just.

B11. Material litigation (cont'd)

RMSB was indebted to YHFS the following:-

- (i) The principal sum of RM58,628.11; and
- (ii) The sum of RM12,265.40 being interest as at 31 October 2015 calculated thereon until the date of full settlement.

The aforesaid debt is in respect of an outstanding sum due and owing to YHFS for goods sold and delivered and/or services rendered to RMSB at RMSB's request.

- (i) On 18 January 2016, the Company and RASB were served a Writ of Summons and Statement of Claim dated 4 January 2016 by solicitors acting on behalf of ORIX Credit Malaysia Sdn Bhd (“**Orix**”) demanding the following:-
 - (i) The sum of RM208,020.27 as at 18 September 2015;
 - (ii) Late payment interest at a rate of 0.065% per day on the amount of RM195,385.18 from 19 September 2015 until the date of full payment;
 - (iii) Cost of action; and
 - (iv) Such other reliefs as they may deem fit.

The claim resulted from RASB failing to settle the outstanding amount for the hiring of goods.

On 11 February 2016, the Company and RASB were served a sealed Judgement In Default dated 3 February 2016 by solicitors acting on behalf of Orix, wherein the Company and RASB were directed to pay to the Orix:-

- (i) The sum of RM208,020.27;
- (ii) Late payment interest on the amount of RM195,385.18 at a rate of 0.065% per day from 19 September 2015 until the date of full payment; and
- (iii) Cost of RM1,377.80.

B12. Dividends

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

B13. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss 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
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Loss attributable to the equity holders of the Company (RM'000)	(29,265)	(11,802)	(90,352)	(26,661)
Weighted average number of shares in issue ('000)	966,862	947,597	966,862	947,597
Basic loss per share (sen)	(3.03)	(1.25)	(9.34)	(2.81)

(b) Diluted loss per share

Not applicable