

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2016	Preceding year corresponding quarter 30 June 2015	Current year to date 30 June 2016	Preceding year corresponding period 30 June 2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	6	1,428	52	3,617
Cost of sales	-	(2,604)	-	(4,684)
Operating expenses	<u>(507)</u>	<u>(3,393)</u>	<u>(2,121)</u>	<u>(5,600)</u>
<b>Loss before depreciation and finance cost</b>	(501)	(4,569)	(2,069)	(6,667)
Depreciation	(131)	(446)	(287)	(917)
Finance cost	(203)	(852)	(602)	(1,373)
Other income	<u>252</u>	<u>160</u>	<u>300</u>	<u>183</u>
<b>Loss before tax</b>	(583)	(5,707)	(2,658)	(8,774)
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss after tax</b>	(583)	(5,707)	(2,658)	(8,774)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<u><u>(583)</u></u>	<u><u>(5,707)</u></u>	<u><u>(2,658)</u></u>	<u><u>(8,774)</u></u>
<b>Loss attributable to :</b>				
Equity holders of the Company	<u><u>(583)</u></u>	<u><u>(5,707)</u></u>	<u><u>(2,658)</u></u>	<u><u>(8,774)</u></u>
<b>Total comprehensive loss attributable to :</b>				
Equity holders of the Company	<u><u>(583)</u></u>	<u><u>(5,707)</u></u>	<u><u>(2,658)</u></u>	<u><u>(8,774)</u></u>
Loss per share (sen):-				
a) Basic	(0.06)	(0.59)	(0.27)	(0.91)

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 2015 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 JUNE 2016**

	As at 30 June 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	453	836
	<u>453</u>	<u>836</u>
<b>Current assets</b>		
Work-in-progress	13	13
Trade receivables	10	1,574
Other receivables	400	490
Cash and bank balances	131	682
	<u>554</u>	<u>2,759</u>
Non-current assets held for sales	9,035	9,448
<b>Total assets</b>	<u><u>10,042</u></u>	<u><u>13,043</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	48,343	48,343
Reserves	42,665	42,665
Accumulated losses	(118,701)	(116,043)
<b>Total equity</b>	<u>(27,693)</u>	<u>(25,035)</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	228	228
Finance lease liabilities	275	319
	<u>503</u>	<u>547</u>
<b>Current liabilities</b>		
Trade payables	2,909	2,921
Other payables	1,791	2,362
Amount due to a Director	85	53
Bank borrowings	32,219	31,910
Finance lease liabilities	228	285
	<u>37,232</u>	<u>37,531</u>
<b>Total liabilities</b>	37,735	38,078
<b>Total equity and liabilities</b>	<u><u>10,042</u></u>	<u><u>13,043</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>(0.0286)</u>	<u>(0.0259)</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 2015 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 2016**

	Current year to date 30 June 2016 RM'000	Preceding year corresponding period 30 June 2015 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(2,658)	(8,774)
Adjustments for non-cash items	1,913	3,884
<b>Operating loss before working capital changes</b>	<b>(745)</b>	<b>(4,890)</b>
Changes in working capital:-		
Inventories	-	(506)
Accrued billings	-	2,299
Customer	-	(151)
Receivables	661	6,243
Payables	(550)	317
<b>Cash (used in)/ from operations</b>	<b>(634)</b>	<b>3,312</b>
Interest paid	(602)	(1,373)
<b>Net cash (used in)/ from operating activities</b>	<b>(1,236)</b>	<b>1,939</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	-	74
Proceeds from disposal of property, plant and equipment	478	86
<b>Net cash from investing activities</b>	<b>478</b>	<b>160</b>
<b>FINANCING ACTIVITIES</b>		
Payment of finance lease liabilities	(101)	(165)
Drawdown from borrowings	-	26
Repayment of borrowings	-	(9,783)
<b>Net cash used in financing activities</b>	<b>(101)</b>	<b>(9,922)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(859)</b>	<b>(7,823)</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>(31,229)</b>	<b>(21,815)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>(32,088)</b>	<b>(29,638)</b>
Represented by :-		
Fixed deposits with licensed banks	-	731
Bank overdrafts	(32,219)	(30,738)
Cash and bank balances	131	369
	<b>(32,088)</b>	<b>(29,638)</b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2015 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 2016**

	----- 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	<b>Total RM '000</b>
Balance as at 1 January 2016	48,343	3,638	34,705	4,322	(116,043)	<b>(25,035)</b>
Loss for the financial period	-	-	-	-	(2,658)	<b>(2,658)</b>
<b>Balance as at 30 June 2016</b>	<b>48,343</b>	<b>3,638</b>	<b>34,705</b>	<b>4,322</b>	<b>(118,701)</b>	<b>(27,693)</b>

**As at preceding year corresponding quarter 30 June 2015**

Balance as at 1 January 2015	48,343	3,638	34,705	4,322	(25,621)	<b>65,387</b>
Loss for the financial period	-	-	-	-	(8,774)	<b>(8,774)</b>
<b>Balance as at 30 June 2015</b>	<b>48,343</b>	<b>3,638</b>	<b>34,705</b>	<b>4,322</b>	<b>(34,395)</b>	<b>56,613</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 2015 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 R&A Telecommunication Group Berhad (“R&A” or the “Company”) and its subsidiaries (“Group”) for the Financial Year Ended (“FYE”) 31 December 2015 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 2015.

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. As such, 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 their report for the Company’s Audited Financial Statements for the FYE 31 December 2014 that was announced on 30 April 2015.

##### **A4. Seasonal or cyclical factors**

The business operations of R&A 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 during the current financial quarter under review.

**A8. Dividend paid**

There was no dividend paid or declared during 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)**

<b>Current Year Quarter Ended 30 June 2016</b>	<b><u>CME</u> RM'000</b>	<b><u>TI</u> RM'000</b>	<b><u>IBS</u> RM'000</b>	<b><u>Eliminations</u> RM'000</b>	<b><u>Total</u> RM'000</b>
<b>Revenue</b>					
External customers	6	-	-	-	6
Inter-segment	-	-	-	-	-
Total revenue	6	-	-	-	6
<b>Result:</b>					
Interest income					-
Interest expense					(203)
Depreciation					(131)
Other non cash expenses					146
Segment loss					(583)
<b>Assets:</b>					
Segment assets					10,042
<b>Liabilities:</b>					
Segment liabilities					37,735

<b>Preceding Year Corresponding Quarter Ended 30 June 2015</b>	<b><u>CME</u> RM'000</b>	<b><u>TI</u> RM'000</b>	<b><u>IBS</u> RM'000</b>	<b><u>Eliminations</u> RM'000</b>	<b><u>Total</u> RM'000</b>
<b>Revenue</b>					
External customers	(311)	1,674	65	-	1,428
Inter-segment	52	-	-	(52)	-
Total revenue	(259)	1,674	65	(52)	1,428
<b>Result:</b>					
Interest income					69
Interest expense					(852)
Depreciation					(446)
Other non cash expenses					8
Segment loss					(5,707)
<b>Assets:</b>					
Segment assets					96,356
<b>Liabilities:</b>					
Segment liabilities					39,743

**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 30 June 2016.

**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 30 June 2016.

	<b>RM'000</b>
<u>Contingent Liabilities :</u>	
Corporate guarantees given by our Company to financial institutions for credit facilities granted to our subsidiary companies	32,624
Potential litigation and claim from utility service providers	1,057



**A15. Subsequent material events**

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

On behalf of the Board of Directors of the Company, M&A Securities Sdn Bhd had on 28 July 2016 submitted an application to Bursa Malaysia Securities Berhad for a further extension of time up to 30 September 2016 to make the Requisite Announcement and to submit the regularisation plan to the authorities by 31 October 2016.

**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 30 June 2016, the Group recorded revenue of RM0.01 million and loss before tax of RM0.58 million.

When compared to the preceding year corresponding financial quarter, the Group recorded a decrease of RM1.42 million in revenue. The decrease in revenue was primarily attributable to difficulties in securing new projects and work orders due to the Company's GN3 classification. The decrease in loss before tax of RM5.12 million was mainly attributable to continuous cost cutting measures undertaken by the Group during the current financial quarter.

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

Revenue derived from the CME segment for the current financial quarter ended 30 June 2016 and financial year to date were RM0.01 million and RM0.05 million respectively. This revenue was derived from work orders invoiced during the quarter.

Telecommunication equipment installation segment ("TI")

No revenue was derived from the TI segment for the current financial quarter ended 30 June 2016 and financial year to date.

In-building system ("IBS")

No revenue was derived from the IBS segment for the current financial quarter ended 30 June 2016 and financial year to date.

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

	<b>Current Quarter 30 June 2016 RM'000</b>	<b>Preceding Quarter 31 March 2016 RM'000</b>
Revenue	6	46
Loss before tax	(583)	(2,075)

For the current financial quarter ended 30 June 2016, the Group recorded revenue of RM0.01 million as compared to revenue of RM0.05 million recorded in the preceding financial quarter ended 31 March 2016. The loss during the current quarter was mainly due to high fixed overhead costs despite low revenue.

### **B3. Prospects for 2016**

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

Currently, the Group has entered into a non-binding term sheet with Semua International Sdn Bhd in relation to the proposed acquisition of 100% equity interest in Semua Shipping Sdn Bhd by the Company for a purchase consideration of RM150 million to be satisfied via the issuance of new ordinary shares of RM0.10 each in R&A at an issue price of RM0.10 per R&A Share.

### **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 30 June 2016 RM'000</b>	<b>Cumulative Year-to-date 30 June 2016 RM'000</b>
Profit before tax is arrived at after charging / (crediting):		
- Depreciation	131	287
- Impairment loss on receivables	-	1,175
- Interest expenses	203	602
- Loss on disposal of property, plant and equipment	36	113
- Reversal of impairment loss on receivables	(182)	(182)
- Reversal of impairment on non-current assets held for sales	-	(82)

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

### **B6. Taxation**

There is no tax charge for the current quarter..

### **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 30 June 2016 and preceding year corresponding quarter ended 30 June 2015, is as follows:-

	<b>Group Quarter Ended 30 June 2016 RM'000</b>	<b>Group Quarter Ended 30 June 2015 RM'000</b>
Total accumulated losses of the Group:		
- Realised	(124,335)	(12,269)
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
	<hr/>	<hr/>
	(124,335)	(12,269)
Less : Consolidation adjustments	5,634	(22,126)
Total Group accumulated losses as per consolidated accounts	<hr/> <hr/> (118,701)	<hr/> <hr/> (34,395)

	<b>Company Quarter Ended 30 June 2016 RM'000</b>	<b>Company Quarter Ended 30 June 2015 RM'000</b>
Total accumulated losses of the Company :		
- Realised	(77,923)	(802)
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's accumulated losses as per accounts	<hr/> <hr/> (77,923)	<hr/> <hr/> (802)

## B10. Group borrowings and debt securities

The Group's borrowings as at 30 June 2016 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>			
Finance lease liabilities	228	275	503
Bank overdrafts	32,219	-	32,219
	<hr/> <hr/> 32,447	<hr/> <hr/> 275	<hr/> <hr/> 32,722

## **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 May 2016, the Employees’ Provident Fund (“**EPF**”) Board (“**EPF Board**”) had via its solicitors demanded from RASB and its directors the following;
  - (i) the sum of RM41,055 being the accrued dividend together with accrued interest in respect of the EPF contributions of RASB’s employees (“**Contributions**”) for the months of May 2013 to July 2013. Upon proposal for settlement made by RASB, the EPF Board has agreed for such sum to be settled by first instalment of RM10,266 on/before 20 May 2016 and the remaining balance to be settled in three (3) monthly instalments of RM10,263 each commencing from June until August 2016. As at the date of this report, RASB had forwarded post-dated cheques for the aforesaid sum;
  - (ii) the sum of RM36,784 being the accrued dividend together with accrued interest in respect of the Contributions for the months of August 2013 to October 2013. Upon proposal for settlement made by RASB, the EPF Board has agreed for such sum to be settled by first instalment of RM9,196 on/ before 9 September 2016 and the remaining balance to be settled in three (3) monthly instalments of RM9,196 each commencing from October until December 2016. As at the date of this report, RASB had forwarded post-dated cheques for the aforesaid sum;
  - (iii) the sum of RM20,420 being the accrued dividend together with accrued interest in respect of the Contributions for the months of November 2013 to December 2013. Upon proposal for settlement made by RASB, the EPF Board has agreed for such sum to be settled by first instalment of RM10,210 on/ before 9 January 2017 and second instalment of RM10,210, cheque dated 9 February 2017. As at the date of this report, RASB had forwarded post-dated cheques for the aforesaid sum;

## **B11. Material litigation (cont'd)**

- (iv) the accrued Contributions for the sum of RM306,148 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**”). As at the date of this report, RASB has fully settled the aforesaid sum save for interest and dividend thereon of RM47,014 and RM40,635 respectively;
- (v) the sum of RM53,135 being the accrued dividend together with accrued interest in respect of the Contributions for the months of April 2014 to June 2014. RASB had via a letter dated 17 March 2016 proposed a settlement to the EPF Board to consider a settlement of the accrued dividend by way of three (3) instalments to be paid via post-dated cheques starting December 2016 and requested for waiver of the accrued interest. As at the date of this report, RASB is still awaiting for the approval from the EPF Board in respect of the aforesaid proposal;
- (vi) 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
- (vii) the sum of RM420,509 being the outstanding Contributions for the months of January 2015 to May 2015. The EPF Board has agreed for such sum to be settled by way of five (5) monthly instalments commencing from 30 June 2016 to 30 October 2016. As at the date of this report, RASB had forwarded post-dated cheques 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.

## **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**” or the “**Plaintiff**”) 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)**

On 17 March 2016, the Company announced that RASB has been served a sealed order for the said civil suit from the solicitors acting for Maybank Islamic (“**Sealed Order**”). Based on the Sealed Order, the Shah Alam High Court has allowed Maybank Islamic’s application to dispose of all the properties held under HS(D) No. 102253, PT No. 16067, Mukim Damansara, Daerah Petaling, Selangor (“**the Properties**”) via a public auction to fully settle the amount owing to Maybank Islamic as at 4 February 2016 amounting to RM31,236,121.05 together with further profit and ta’widh or Late Payment Charge on the amount owing at the respective rates set out in the Sealed Order. The auction will be conducted at the Shah Alam High Court on 5 May 2016 at 9:00 a.m. or at any other time as may be deemed suitable.

On 29 March 2016, the Company announced that RASB has been served a sealed notice of application dated 15 March 2016 from the solicitors acting for Maybank Islamic in relation to the appointment of a Licensed Auctioneer to dispose of the Properties. The appeal was fixed for hearing on 18 April 2016.

On 18 May 2016, the Company announced that RASB has been served a sealed order dated 18 April 2016 from the solicitors acting for Maybank Islamic, in relation to the appointment of a Licensed Auctioneer to dispose of the Properties. Based on the Sealed Order, the auction will be conducted at the Shah Alam High Court on 24 May 2016 at 10:30 a.m. or at any other time as may be deemed suitable.

On 21 June 2016, the Company announced that RASB has been served a sealed notice of application dated 7 June 2016 from the solicitors acting for Maybank Islamic in relation to the fixing of a new auction date and appointment of a Licensed Auctioneer to dispose of the Properties. Based on the Sealed Notice of Application, the Properties were not sold at the public auction conducted on 24 May 2016 due to the absence of bidders. The appeal was fixed for hearing on 25 July 2016 at the Shah Alam High Court.

On 1 August 2016, RASB had received a Notice pursuant to Section 218(2)(a) of the Companies Act, 1965 from solicitors acting on behalf of Maybank Islamic demanding for:-

- (i) the sum of RM30,543,050.52;
- (ii) Profit and ta’widh or Late Payment Charge at the respective rates set out below from 1 August 2015 until the date of full payment :-



**B11. Material litigation (cont'd)**

Amount owing and due as at 31 July 2015 (RM)	Profit on principal amount from 1 August 2015	Ta'widh or Late Payment Charge from 1 August 2015
<p>11,811,689.26</p> <p>Principal amount owing and due as at 31 July 2015 :-</p> <p>11,811,689.26</p>	<p>Base Financing Rate (BFR) + 1.5% per annum calculated based on daily rest rate until full settlement or when it has achieved the bank selling price of RM21,595,000, whichever is earlier.</p>	<p>1% per annum on the principal amount until the date of judgement or the end of tenure of the facilities (5 January 2020), whichever is earlier. Subsequently, based on daily overnight rate of the Islamic Interbank Money Market until full settlement.</p>
<p>10,118,355.74</p> <p>Principal amount owing and due as at 31 July 2015 :-</p> <p>10,118,355.74</p>	<p>BFR + 1.25% per annum calculated based on daily rest rate until full settlement or when it has achieved the bank selling price of RM20,052,500, whichever is earlier.</p>	<p>1% per annum on the principal amount until the date of judgement or the end of tenure of the facilities (5 January 2020), whichever is earlier. Subsequently, based on daily overnight rate of the Islamic Interbank Money Market until full settlement.</p>
<p>3,085,000.00</p> <p>Principal amount owing and due as at 31 July 2015 :-</p> <p>3,085,000.00</p>		<p>1% per annum on the principal amount until the date of judgement or the end of tenure of the facilities (5 January 2020), whichever is earlier. Subsequently, based on daily overnight rate of the Islamic Interbank Money Market until full settlement.</p>
<p>5,528,005.52</p> <p>Principal amount owing and due as at 31 July 2015 :-</p> <p>5,510,441.88</p>		<p>Daily overnight rate of the Islamic Interbank Money Market until full settlement.</p>

## **B11. Material litigation (cont'd)**

- (ii) costs of RM1,500.00,

being the amount due and owing by RASB to Maybank Islamic pursuant to the judgement dated 28 October 2015 obtained by Maybank against RASB in respect of Shah Alam High Court Suit No. 22M-19-09/2015.

Pursuant thereto, RASB has been given three (3) weeks from the receipt of the Notice to make payment for the above-mentioned sum failing which, RASB would be deemed to be unable to pay the debt within the meaning of Section 218 of the Companies Act, 1965.

- (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.

On 19 July 2016, the Company announced that RASB has been served a sealed notice of application dated 14 July 2016 from the solicitors acting for KVC in relation to the fixing of hearing date. The above matter has been fixed for hearing on 28 July 2016 at the Magistrate’s Court at No. MMS1 at Aras 3, Sayap Kiri, Kompleks Mahkamah Kuala Lumpur, Jalan Duta, 50592 Kuala Lumpur at 9.00 a.m..

- (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 notice of demand was 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.

## **B11. Material litigation (cont'd)**

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.

On 5 April 2016, the Company and RASB were served a Writ of Summons together with Statement of Claim dated 31 March 2016 by UOBM via its solicitors, demanding the following:-

- (i) the sum of RM776,529.95 as at 31 December 2015 together with interest thereon at a rate of 3.50% per annum above UOBM's Base Lending Rate ("BLR") on monthly rest basis from 1 January 2016 until the date of full payment;
- (ii) costs on an indemnity basis; and
- (ii) such other reliefs as the Court may deem fit.

The serving of the Writ of Summons and Statement of Claim was due to RASB failing to settle the outstanding amount of RM776,529.95 for credit facilities granted by UOBM to RASB. The case management matter has been fixed on 28 April 2016 at Kuala Lumpur Sessions Court.

On 29 April 2016, the Company and RASB were served a sealed Judgement dated 25 April 2016 by solicitors acting on behalf of UOBM, wherein the Company and RASB were directed to pay to the UOBM:-

- (i) the sum of RM776,529.95 together with interest thereon at a rate of 3.50% per annum above UOBM's Base Lending Rate on monthly rest basis from 1 January 2016 until the date of full settlement; and
- (ii) cost of action of RM1,052.00.

On 3 August 2016, Company and RASB had received a Notice dated 3 August 2016 pursuant to Section 218 of the Companies Act, 1965 from solicitors acting on behalf of UOBM demanding the Company and RASB to pay UOBM RM826,628.00, being the judgement sum payable pursuant to Judgement in Default of Appearance dated 25 April 2016, particulars of which are as follows:-

- (i) the sum of RM776,529.95 together with interest at the rate of 3.50% per annum above UOB's Base Lending Rate calculated on monthly rests basis ("the Interest") from 1 January 2016 until 3 August 2016; and
- (ii) cost in sum of RM1,052.00;

together with all other sums of the interest calculating from 4 August 2016 until date of full settlement.

## **B11. Material litigation (cont'd)**

The Company and RASB have been given 21 days from the receipt of the Notice to make payment for the above-mentioned sum failing which, the Company and RASB would be deemed to be unable to pay the debt within the meaning of Section 218(1)(e) of the Companies Act, 1965 and winding-up proceedings shall thereafter be instituted against the Company and RASB.

- (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 (“**Tecsys**”) 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.

On 13 April 2016, RASB had been served a sealed Judgement dated 9 March 2016 by solicitors acting on behalf of Tecsys, wherein RASB were directed to pay to the Tecsys:-

- (i) the sum of RM93,370.00;
- (ii) late payment interest of RM7,432.05 (calculated at a rate of 1.5% per month from 14 July 2014 to 31 August 2015) and further interest accrued thereon until the date of full settlement; and
- (iii) cost of action of RM1,282.00.

On 6 May 2016, RASB had received a notice of statutory demand pursuant to Section 218 of the Companies Act, 1965 dated 3 May 2016 from solicitors acting on behalf of Tecsys (“**Notice**”) demanding for:-

- (i) the sum of RM93,370.00 together with interest at the rate of 1.5% per month (amounting to RM7,432.05 for the period from 14 July 2014 till 31 August 2015) from 14 July 2014 till full settlement; and
- (ii) costs of RM1,282.00,

within twenty-one (21) days from the date of receipt of the Notice, failing which RASB shall be deemed to be unable to pay its debts and appropriate Court proceedings will be taken for the winding-up of RASB.

## **B11. Material litigation (cont'd)**

On 11 July 2016, RASB received a winding-up petition dated 27 June 2016 by solicitors acting on behalf of Tecsys. The winding-up petition against RASB was presented to the Kuala Lumpur High Court by Tecsys on 27 June 2016 and a copy was served on RASB on 11 July 2016. The case management is fixed for 19 July 2016. The particulars of the claim under the winding-up petition are as follows:-

- (i) that RASB may be wound up by the Court under provisions of the Companies Act, 1965;
- (ii) that an Official Receiver of the States of Malaya be appointed as the Liquidator of RASB;
- (iii) that the costs of this Petition be paid out of the assets of RASB; and
- (iv) that such other order as may be made in the premises as shall be just.

RASB was indebted to Tecsys the following:-

- (i) the sum of RM93,370.00 together with interest at the rate of 1.5% per month (amounting to RM7,432.05 for the period from 14 July 2014 till 31 August 2015) from 14 July 2014 till full settlement; and; and
- (ii) cost of RM1,282.00.

- (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 Kuala Lumpur High 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 Kuala Lumpur High Court under provisions of the Companies Act, 1965;
- (ii) that an Official Receiver may be appointed as the Liquidator of RMSB;

## **B11. Material litigation (cont'd)**

- (iii) that YHFS be allowed its costs of and incidental to the winding-up to be taxed by the proper officer of the Kuala Lumpur High 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 Kuala Lumpur High Court shall deem fit and just.

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.

On 17 March 2016, RMSB had been served a sealed winding-up order dated 10 March 2016 by Messrs. Balraj and Goh, the solicitors acting for YHFS (“**the Order**”). The particulars of the Order are as follows:-

- (i) that RMSB may be wound up by the Kuala Lumpur High Court under the provisions of the Companies Act, 1965;
- (ii) that the official receiver be appointed as liquidator of RMSB; and
- (iii) that the Petitioner be allowed his costs of and incidental to the winding up to be taxed by the proper officer of the Kuala Lumpur High Court and paid by the Liquidator out of the assets of RMSB.

The circumstances leading to the Order against RMSB was due to default of outstanding payment of RM70,893.51 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
- (iv) cost of RM1,377.80.

### **B11. Material litigation (cont'd)**

On 3 May 2016, the Company received a notice pursuant to Section 218 of the Companies Act, 1965 (“Act”) dated 3 May 2016 from Messrs. K L Wong, being the solicitors for Orix (“Notice”) demanding for:-

- (i) the balance sum of RM208,020.27 as at 18 September 2015 together with interest at the rate of 0.065% per day on the sum of RM195,385.18 from 19 September 2015 till full settlement; and
- (ii) costs of RM1,377.80,

being the sum due and payable in respect of a Judgment in Default dated 3 February 2016 obtained at the Kuala Lumpur Sessions Court, within 21 days from the date of receipt of the Notice, failing which winding-up proceedings shall be instituted against the Company.

- (j) On 1 August 2016, RASB was served a Writ of Summons and Statement of Claim dated 20 July 2016 by solicitors acting on behalf of Telekom Malaysia Berhad (“Telekom”) demanding for:-
  - (i) The sum of RM47,987.90 as compensation to Telekom;
  - (ii) Interest at the rate of 5% per annum on the amount of RM47,987.90 stated above and calculated from the date of filing of the Writ and Statement of Claim until the date of full settlement;
  - (iii) Cost incurred for this Writ and Statement of Claim; and
  - (iv) Any other orders, relief or instruction(s) deemed relevant and suitable as the Court may deem fit.

And the amount of RM600/- (or any fixed amount) for cost and, in the event Telekom managed to obtain ruling for substituted service, an additional amount of RM300/- (or any fixed amount).

The filing of the Writ and Statement of Claim was a result of RASB failing to settle the compensation amount for the repair cost of the damaged Cables and any additional cost incurred due to RASB’s negligence and/or RASB’s failure to fulfill its responsibilities.

### **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.

**B13. Loss per share (cont'd)**

	<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>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Loss attributable to the equity holders of the Company (RM'000)	(583)	(5,707)	(2,658)	(8,774)
Weighted average number of shares in issue ('000)	966,862	966,862	966,862	966,862
Basic loss per share (sen)	(0.06)	(0.59)	(0.27)	(0.91)

(b) Diluted loss per share

Not applicable