

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2012	Preceding year corresponding quarter 30 September 2011	Current year to date 30 September 2012	Preceding year corresponding period 30 September 2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	7,853	16,611	22,059	16,929
Cost of sales	(2,962)	(6,697)	(14,080)	(7,209)
Operating expenses	<u>(3,350)</u>	<u>(4,452)</u>	<u>(10,857)</u>	<u>(4,452)</u>
<b>Earnings /(Loss) before amortisation, depreciation and finance cost</b>	1,541	5,462	(2,878)	5,268
Depreciation and amortisation	(719)	(668)	(2,032)	(830)
Finance cost	(394)	(93)	(1,432)	(93)
Other Income	<u>(397)</u>	<u>78</u>	<u>87</u>	<u>109</u>
<b>Profit before tax/(Loss before tax)</b>	31	4,779	(6,255)	4,454
Taxation	<u>-</u>	<u>(1,249)</u>	<u>-</u>	<u>(1,249)</u>
<b>Profit after tax/(Loss after tax)</b>	31	3,530	(6,255)	3,205
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>31</u>	<u>3,530</u>	<u>(6,255)</u>	<u>3,205</u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	<u>31</u>	<u>3,530</u>	<u>(6,255)</u>	<u>3,205</u>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the Company	<u>31</u>	<u>3,530</u>	<u>(6,255)</u>	<u>3,205</u>
Weighted average no. of ordinary shares in issue ('000)	878,966	878,966	878,966	369,294
Earnings per share (sen):-				
a) Basic	0.00	0.40	(0.71)	0.87

Notes :

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2012**

	As at 30 September 2012 (Unaudited) RM'000	As at 31 December 2011 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,982	18,015
Intangible Assets - Goodwill on consolidation	49,724	49,724
Intangible Assets - Development cost	4,199	3,949
	<u>70,905</u>	<u>71,688</u>
<b>Current assets</b>		
Trade Receivables	25,223	30,615
Other Receivables, Deposits and Prepayments	3,107	4,935
Contract Customers	11,720	15,253
Inventories	2,425	2,167
Fixed Deposits	3,733	3,476
Cash and Cash Equivalents	2,327	849
	<u>48,535</u>	<u>57,295</u>
<b>Total Assets</b>	<u>119,440</u>	<u>128,983</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	87,897	87,897
Share premium	259	4,084
Warrants reserves	3,639	-
(Accumulated loss)/Retained profits	(3,974)	2,281
<b>Shareholders' equity</b>	<u>87,821</u>	<u>94,262</u>
<b>Non-current liabilities</b>		
Borrowings	1,237	2,664
Deferred tax liabilities	567	567
	<u>1,804</u>	<u>3,231</u>
<b>Current liabilities</b>		
Trade Payables	3,065	4,211
Other Payables and Accruals	3,959	1,413
Director	195	203
Borrowings	19,804	21,585
Provision for taxation	2,792	4,078
	<u>29,815</u>	<u>31,490</u>
<b>Total liabilities</b>	<u>31,619</u>	<u>34,721</u>
<b>Total equity and liabilities</b>	<u>119,440</u>	<u>128,983</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.10</u>	<u>0.11</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

**R&A TELECOMMUNICATION GROUP BERHAD (645677-D)****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	Current year to date 30 September 2012 (Unaudited) RM'000	Preceding year corresponding period 30 September 2011 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	(6,255)	4,454
Adjustments for Non-cash items	<u>3,465</u>	<u>4,568</u>
<b>Operating profit before working capital changes</b>	(2,791)	9,022
Changes in working capital		
Directors	(8)	-
Contract customers	3,533	-
Inventories	(258)	(144)
Trade and other receivables	7,220	(4,936)
Trade and other payables	<u>1,400</u>	<u>(5,415)</u>
<b>Cash generated from operations</b>	9,097	(1,473)
Tax paid	(1,286)	-
Interest paid	<u>(1,432)</u>	<u>(58)</u>
<b>Net cash generated from operating activities</b>	<u>6,379</u>	<u>(1,531)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development cost incurred	(250)	(1,228)
Purchase of plant and equipment	<u>(1,000)</u>	<u>(2,856)</u>
<b>Net cash used in investing activities</b>	<u>(1,250)</u>	<u>(4,084)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	12,960
Listing expenses	(186)	(1,987)
Borrowings	(3,208)	(4,810)
Withdrawal / (Placement) of fixed deposits	<u>(257)</u>	<u>(446)</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(3,651)</u>	<u>5,717</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,478	102
<b>Cash and Cash Equivalents at beginning of the period</b>	849	2,723
<b>Cash and Cash Equivalents at end of the period</b>	<u>2,327</u>	<u>2,825</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 2011 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	<----- Non-distributable ----->				<-Distributable->		
	Share Capital RM '000	Share Premium RM '000	Warrants reserve RM '000	Merger deficit reserve RM '000	ESOS reserve RM '000	Retained Profits RM '000	<b>Total Equity RM '000</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>
Profit for the period	-	-	-	-	-	(6,255)	<b>(6,255)</b>
<b>Balance as at 30 September 2012</b>	<b>87,897</b>	<b>259</b>	<b>3,639</b>	<b>-</b>	<b>-</b>	<b>(3,974)</b>	<b>87,821</b>

**As at preceding year corresponding quarter 30 September 2011**

Balance as at 1 January 2011	6,528	3,279	-	(1,350)	579	(4,385)	<b>4,651</b>
Issue of shares pursuant to acquisition of RASB	69,800	-	-	-	-	-	<b>69,800</b>
Issue of shares pursuant to ESOS	669	732	-	-	(579)	-	<b>822</b>
Issuance of shares under private placement	10,900	2,060	-	-	-	-	<b>12,960</b>
Listing expenses	-	(1,987)	-	-	-	-	<b>(1,987)</b>
Loss for the period	-	-	-	1,350	-	1,816	<b>3,166</b>
<b>Balance as at 30 September 2011</b>	<b>87,897</b>	<b>4,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,569)</b>	<b>89,412</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 2011 and the accompanying explanatory notes attached to the interim financial report.

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

### **NOTES TO THE QUARTERLY REPORT**

#### **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

##### **A1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes attached to the interim report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group for the financial period 1 January 2012 to 30 September 2012.

The accounting policies and methods of computation adopted by 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.

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

The accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the FYE 31 December 2011, except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2012:-

FRSs, Amendment to FRSs, and IC Interpretations		Effective for annual periods beginning on or after
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguish Financial Liabilities with Equity Instruments	1 July 2011
FRS 124	Related Party Disclosures (revised)	1 January 2012

FRSs, Amendment to FRSs, and IC Interpretations		Effective for annual periods beginning on or after
Amendments to FRS7	Financial Instruments: Disclosures - Transfer of Financial Assets	1 January 2012
Amendments to FRS112	Income Taxes - Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS101	Presentation of Financial Statement - Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9	Financial Instruments (2009)	1 January 2013
FRS 9	Financial Instruments (2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Agreements	1 January 2013
FRS12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits (2011)	1 January 2013
FRS 127	Separate Financial Statements (2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (2011)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

On 19 November 2011, the MASB announced the adoption of the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS framework is effective from 1 January 2012 is to facilitate convergence with the International Financial Reporting Standards (IFRS). Following the announcement, the Group and the Company's next set of financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the MFRS framework issued by MASB and IFRS. As a result for the Group and the Company's adoption of the MFRS framework, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

**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 2011.

**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**

Save as disclosed below, there were 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:-

1. Bonus issue of warrants

87,896,600 free warrants were issued on 23 March 2012 on the basis of one (1) free warrant for every ten (10) existing ordinary shares of RM0.10 each in the Company held at 5.00 p.m. on 22 March 2012. Each warrant entitles the holder of the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of RM0.17 per warrant. The warrants will expire on 22 March 2017. As at 30 September 2012, no warrant had been exercised.

**A8. Dividend paid**

There was no dividend paid nor 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”)

Quarter Ended 30 September 2012	CME RM'000	TI RM'000	IBS RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	5,068	3,066	274	(555)	7,853
Cost of sales	(2,170)	(1,265)	(82)	555	(2,962)
<b>Gross Profit</b>	2,898	1,801	192	-	4,891
Profit before taxation					31
Income tax expenses					-
<b>Profit after tax</b>					31
Other comprehensive income					-
<b>Total Comprehensive Income</b>					31

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

**A10. Valuation of property, plant and equipment**

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

**A11. Capital commitments**

There are no material capital commitments in respect of property, plant and equipment as at 30 September 2012.

**A12. Capital Expenditure**

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

	<b>Current Quarter Ended 30 September 2012 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2012 RM'000</b>
Property, plant & equipment: Additions	-	<u>1,000</u>

**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 2011.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 September 2012 that have not been reflected in this interim financial report.

**A16. Significant related party transactions**

There were no related party transactions for the financial year-to-date.

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

**B1. Review of the performance of the Group**

For the current financial quarter ended 30 September 2012, the Group recorded revenue of RM7.853 million. This represents an increase of RM3.477 million as compared to the preceding quarter. The increase was mainly attributable to the increase in work order for the CME segment.

The increase in revenue for the current financial quarter has enabled the Group to achieve a marginal profit before tax of RM0.031 million, an improvement from the preceding quarter results.

Notwithstanding the recent improvement in the Group results, the Group is still being impacted by the delayed in the implementation and roll-out of the 4G Long Term Evolution ("LTE") by the telecommunication providers in Malaysia, which inadvertently slowed down the generation of new work orders by our customers. To mitigate this, the Group is actively seeking to broaden its product and services locally and is also seeking to expand to other countries such as Brunei, Indonesia, Australia and Sri Lanka. As at the date of this report, the Group has tendered for projects amounting to RM600 million.

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

Revenue derived from the CME segment for the third quarter of 2012 and financial year to date were RM5.068 million and RM15.085 million respectively. As compared to previous quarter, CME revenue increased by RM3.868 million as compared to the previous quarter attributable to the increase in work orders from our customers.

Telecommunication equipment installation segment ("TI")

Revenue derived from the TI segment for the third quarter of 2012 and financial year to date were RM3.066 million and RM7.627 million respectively. As compared to previous quarter, TI revenue decreased marginally by RM0.240 million.

In-building system ("IBS")

Revenue derived from the IBS segment for the third quarter of 2012 and financial year to date were RM0.274 million and RM0.848 million respectively. As compared to previous quarter, IBS revenue decreased slightly by RM0.109 million due to lesser IBS sites completed.

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

	<b>Current Quarter 30 September 2012 RM'000</b>	<b>Preceding Quarter 30 June 2012 RM'000</b>
Revenue	7,853	4,376
Profit / (Loss) before tax	31	(6,380)

For the current financial quarter ended 30 September 2012, the Group recorded revenue of RM7.853 million. The higher revenue recorded for the current financial quarter was sufficient to cover the fixed and variable overheads of the Group, which resulted in the profit after tax of RM0.031 million. The increase in revenue was mainly attributable to the increase in work order for the CME segment.

## **B3. Prospects for 2012**

Telecommunication companies ("Telcos") in Malaysia are looking at 4G LTE or the 2.6G spectrum and have began overhauling the entire network to cater for this new era of data. The assignment of the spectrum will take place on Jan 1, 2013. A report quoting Infonetics Research says the capital expenditure ("CAPEX") of Telcos in Malaysia is expected to rise an average 6% per year up to 2014 globally. In Malaysia, Telcos spend anything from RM700mil to RM1bil in CAPEX every year.

The Malaysian Government has identified nine players for the LTE spectrum. It is a known fact that LTE is great for data as it allows for networks to carry more data than 3G but there is a need to have fibre optics at the back haul including the cellular base stations. Today, the backhaul network is under an increasing amount of stress and the main factor contributing to that is data-centric services that have a much greater impact on the network than the voice services it was originally intended to handle.

(Source : The Star, 28 January 2012)

**B4. Profit forecast and profit estimate**

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

**B5. Profit before tax**

	<b>Current Quarter 30 September 2012 RM'000</b>	<b>Cumulative Year-to-date 30 September 2012 RM'000</b>
Profit before tax is arrived at after charging / (crediting):		
- Interest income	-	-
- Other income including investment income	-	-
- Interest expense	394	1,432
- Depreciation and amortisation	719	2,032
- Write off of property, plant and equipment	-	-
- Write off of receivables	-	-
- Impairment of investment in subsidiary	-	-
- Gain on disposal of subsidiary	-	-
- Loss on disposal of property, plant and equipment	-	-

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

**B6. Taxation**

	<b>Current Quarter Ended 30 September 2012 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2012 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. Sale of unquoted investment and/ or property**

There was no sale of unquoted investment and/ or property in the current financial quarter under review and financial year-to-date.

**B8. Purchase and disposal of quoted security**

The Company does not hold any quoted security nor was there any purchase or disposal of quoted security in the current financial quarter under review and financial year-to-date.

**B9. Status of corporate proposals**

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

**B10. Status of utilisation of proceeds**

The status of utilisation of the gross proceeds of RM12.9 million from the private placement by the Group as at 30 September 2012 are as follows:-

<b>Purposes</b>	<b>Proposed Amount RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Deviation RM'000</b>	<b>%</b>	<b>Timeframe for Utilisation</b>	<b>Explanation</b>
Working capital	11,460	10,973	-	487	4.25	Within 24 months from date of listing	Being the additional listing expenses of RM487,930 incurred
Estimated expenses	1,500	1,987	-	(487)	32.47	Upon completion of the acquisition of RASB and other related proposals	
<b>Total</b>	<b>12,960</b>	<b>12,960</b>	<b>-</b>	<b>-</b>			

**B11. Realised and Unrealised Profits**

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 September 2012 and preceding year corresponding quarter ended 30 September 2011, is as follows :-

	<b>Group Quarter Ended 30 September 2012 RM'000</b>	<b>Group Quarter Ended 30 September 2011 RM'000</b>
Total retained profits of the Group:		
- Realised	11,107	12,967
- Unrealised (in respect of deferred tax recognized in the income statement)	(566)	(498)
	10,541	12,469
(Less) / Add : Consolidation adjustments	(14,515)	(15,038)
Total Group accumulated losses as per consolidated accounts	(3,974)	(2,569)

	<b>Company Quarter Ended 30 September 2012 RM'000</b>	<b>Company Quarter Ended 30 September 2011 RM'000</b>
Total accumulated losses of the Company :		
- Realised	(6,411)	(6,169)
- Unrealised (in respect of deferred tax recognized in the income statement)	-	-
Total Company's accumulated losses as per accounts	(6,411)	(4,300)

## **B12. Group borrowings and debt securities**

The Group's borrowings as at 30 September 2012 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Hire Purchases	2,550	1,237
Term Loan	1,678	-
Bank Over Drafts/Project Revolving Loans	15,576	-
Banker's Acceptance	-	-
	19,804	1,237

## **B13. Material Litigation**

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

**B14. Dividends**

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

**B15. Earnings per share**

## (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Loss Per Share	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Profit /(Loss) attributable to the equity holders of the Company (RM'000)	31	3,530	(6,255)	3,205
Weighted average number of shares in issue ('000)	878,966	878,966	878,966	369,294
Basic profit/(loss) per share (sen)	0.00	0.40	(0.71)	0.87

## (b) Diluted earnings per share

Diluted earnings per share is not applicable for the financial period as the unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants.

By Order of the Board

Laang Jhe How (MIA 25193)  
(Company Secretary)

Date: 30 November 2012