

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2012

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the third quarter ended 29 February 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2012**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
		1 Dec 11 to 29 Feb 12 CURRENT QUARTER RM'000	1 Dec 10 to 28 Feb 11 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jun 11 to 29 Feb 12 CURRENT YEAR TO DATE RM'000	1 Jun 10 to 28 Feb 11 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	23,578	20,955	84,240	66,427
Cost of sales		<u>(17,382)</u>	<u>(14,466)</u>	<u>(59,475)</u>	<u>(44,149)</u>
Gross profit		6,196	6,489	24,765	22,278
Other income	A15	3,336	986	4,645	2,198
General and administrative expenses		(6,098)	(7,414)	(21,206)	(20,487)
Provisions for bad debts and USP		(130)	(200)	(705)	(758)
(Loss)/gain on foreign exchange		(198)	410	(140)	307
Earnings Before Interest, Tax, Depreciation & Amortisation		3,106	271	7,359	3,538
Interest (expenses)/income (net)	A16	(160)	(309)	(598)	(556)
Depreciation and amortisation		(2,058)	(1,560)	(6,431)	(5,495)
Profit/(loss) before taxation	A17	<u>888</u>	<u>(1,598)</u>	<u>330</u>	<u>(2,513)</u>
Taxation	A18	<u>(453)</u>	<u>(261)</u>	<u>(988)</u>	<u>(1,132)</u>
Profit/(loss) for the period		435	(1,859)	(658)	(3,645)
Other comprehensive expenses, net of tax - Foreign currency translation		<u>(1,273)</u>	<u>(648)</u>	<u>(9)</u>	<u>(1,774)</u>
Total comprehensive expenses for the financial period		<u>(838)</u>	<u>(2,507)</u>	<u>(667)</u>	<u>(5,419)</u>
<u>Profit/(loss) for the period attributable to:</u>					
Equity holders of the company		427	(1,928)	(324)	(3,707)
Non-controlling interests		8	69	(334)	62
		<u>435</u>	<u>(1,859)</u>	<u>(658)</u>	<u>(3,645)</u>
<u>Total comprehensive expenses attributable to :</u>					
Equity holders of the company		(846)	(2,576)	(394)	(5,481)
Non-controlling interests		8	69	(273)	62
		<u>(838)</u>	<u>(2,507)</u>	<u>(667)</u>	<u>(5,419)</u>
Basic Profit/(loss) per share (sen)	A19	<u>0.10</u>	<u>(0.48)</u>	<u>(0.08)</u>	<u>(0.31)</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2012

	Note	UNAUDITED AS AT 29 Feb 2012 RM'000	AUDITED AS AT 31 May 2011 RM'000
ASSETS			
Non-Current Assets			
Investment in associates - quasi Loan		19,103	16,502
Property, plant and equipment		35,677	34,279
Investment properties		1,039	1,039
Deferred tax assets		3,998	4,668
Other investment	A20	50	10
Goodwill		8,691	9,020
Development costs		13,187	15,752
		<u>81,745</u>	<u>81,270</u>
Current Assets			
Inventories		1,914	2,308
Trade receivables		11,169	17,448
Other receivables, deposits and prepayments		13,498	4,292
Tax recoverable		-	386
Other investment	A20	958	934
Deposit with licensed banks		10,063	10,041
Cash and bank balances		11,659	17,886
		<u>49,261</u>	<u>53,295</u>
TOTAL ASSETS		131,006	134,565
EQUITY AND LIABILITIES			
Equity			
Share capital		47,402	44,778
Treasury shares		(349)	(311)
Reserves		28,122	29,933
Total Equity Attributable To Owners Of The Company		<u>75,175</u>	<u>74,400</u>
Non-controlling interests		6,740	7,013
Total Equity		<u>81,915</u>	<u>81,413</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		3,839	4,555
Finance lease payables		-	574
Hire purchase payable		49	69
Term loans		1,784	1,865
Deferred taxations		88	148
		<u>5,760</u>	<u>7,211</u>
Current Liabilities			
Deferred income		8,209	7,968
Trade payables		14,066	16,493
Other payables and accruals		16,180	15,552
Finance lease payables		515	1,955
Hire purchase payable		27	27
Term loans		109	109
Current tax payables		1,239	614
Bank overdraft		2,986	3,223
		<u>43,331</u>	<u>45,941</u>
Total Liabilities		<u>49,091</u>	<u>53,152</u>
TOTAL EQUITY AND LIABILITIES		131,006	134,565
Net assets per share (sen)		<u>17.28</u>	<u>18.18</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2012

	9 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 11 to 29 Feb 12 RM'000	9 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 10 to 28 Feb 11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	330	(2,513)
Adjustments for:		
Non cash items	4,274	3,017
Non operating items	421	(266)
Operating profit before working capital changes	5,025	238
Net changes in current assets	(6,059)	1,214
Net changes in current liabilities	3,104	(10,270)
	2,070	(8,818)
Tax paid	(782)	(193)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,288	(9,011)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	410	592
Net proceeds from disposal of subsidiaries, net of cash and cash equivalent	(84)	-
Proceeds from unliftment of structural fund investment	-	9
Purchase of other investments	(64)	-
Purchase of property, plant and equipment	(5,613)	(3,023)
Expenditure of intangible assets	(651)	(1,996)
NET CASH USED IN INVESTING ACTIVITIES	(6,002)	(4,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(38)	(90)
Repayment of finance lease payables	(2,273)	(2,583)
Repayment of term loans	(118)	(118)
Repayment of hire purchase obligations	(23)	(20)
Proceeds from exercise of employee's share options	1,207	-
NET CASH USED IN FINANCING ACTIVITIES	(1,245)	(2,811)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,959)	(16,240)
EFFECTS OF EXCHANGE RATE CHANGES	(9)	(1,774)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,704	48,945
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18,736	30,931
Cash and cash equivalents comprise of:		
Cash and bank balances	11,659	12,541
Deposits with licensed banks	10,063	19,083
	21,722	31,624
Bank overdraft	(2,986)	(693)
Total cash and cash equivalents	18,736	30,931

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2012

<-----NON DISTRIBUTABLE----->

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVES	CAPITAL RESERVE	WARRANTS RESERVE	ESOS RESERVE	ACCUMULATED LOSSES	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2011	44,778	(311)	12,007	9,404	(1,878)	343	19,331	1,721	(10,995)	74,400	7,013	81,413
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	(70)	-	-	-	-	(70)	61	(9)
Loss for the period	-	-	-	-	-	-	-	-	(324)	(324)	(334)	(658)
Total comprehensive loss for the period	-	-	-	-	(70)	-	-	-	(324)	(394)	(273)	(667)
Treasury shares acquired	-	(38)	-	-	-	-	-	-	-	(38)	-	(38)
Issuance of ordinary shares, pursuant to conversion of ICULS	1,855	-	(1,925)	70	-	-	-	-	-	-	-	-
Issuance of ordinary shares, pursuant to exercise of ESOS	769	-	-	1,581	-	-	-	(1,143)	-	1,207	-	1,207
At 29 Feb 2012	47,402	(349)	10,082	11,055	(1,948)	343	19,331	578	(11,319)	75,175	6,740	81,915

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2011 (AUDITED)

	-----NON DISTRIBUTABLE----->											
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVES RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ESOS RESERVE RM'000	ACCUMULATED LOSSES RM'000	ATTRIBUTABLE TO OWNER OF THE THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2010	43,181	(92)	13,666	9,342	(484)	343	19,331	-	7,525	92,812	475	93,287
Effect of dilution arising from investment in subsidiaries	-	-	-	-	(41)	-	-	-	(6,806)	(6,847)	6,847	-
	43,181	(92)	13,666	9,342	(525)	343	19,331	-	719	85,965	7,322	93,287
Foreign currency translation, net expense recognised directly in equity Loss for the period	-	-	-	-	(1,353)	-	-	-	-	(1,353)	(641)	(1,994)
	-	-	-	-	-	-	-	-	(11,714)	(11,714)	332	(11,382)
Total comprehensive loss for the period	-	-	-	-	(1,353)	-	-	-	(11,714)	(13,067)	(309)	(13,376)
Treasury shares acquired	-	(219)	-	-	-	-	-	-	-	(219)	-	(219)
Share options granted under ESOS, recognised in the income statement	-	-	-	-	-	-	1,721	-	-	1,721	-	1,721
Issuance of ordinary shares, pursuant to conversion of ICULS	1,597	-	(1,659)	62	-	-	-	-	-	-	-	-
At 31 May 2011	44,778	(311)	12,007	9,404	(1,878)	343	19,331	1,721	(10,995)	74,400	7,013	81,413

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2012

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and ACE Listing Requirements of the BMSB.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2011.

The following notes 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.

A2. Changes in accounting policies

The Group has applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

(a) FRS 3 (revised) "Business Combinations"

FRS 3 (revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

(b) FRS 127 (revised) "Consolidated and Separate Financial Statements"

FRS 127 (revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the non-controlling interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

FRS 124 (revised)	Related Party Disclosures
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 15 Agreements for the Construction of Real Estate	
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

A3. Qualification of financial statements

There were no audit qualification on the audited financial statements for Company and the subsidiaries for the financial year ended 31 May 2011.

A4. Nature and amount of exceptional and extraordinary items

There were no exceptional or extraordinary items during the current quarter under review.

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 29 February 2012.

A6. Property, plant and equipment

During the quarter under review, the Group did not revalue any of its property, plant and equipment.

A7. Changes in the composition of the group

There are no changes in the composition of the Group during the quarter except for the following:

On 30 December 2011, REDtone Technology Sdn Bhd ("RT") entered into a Share Sale Agreement and Shareholders Agreement with Mr. Teh Beng Hock and Mr. Tee Yew Yaw ("Purchaser") for the divestment of 202,500 ordinary shares of RM1.00 each, representing 40.5% of the paid up capital of REDtone Mobile Sdn Bhd ("RM") for a total cash consideration of RM1.00. Simultaneous with this, the issued and paid up share capital of RM was increased to Ringgit Malaysia Eight Hundred and Fifty Thousand (RM850,000) only and the Purchasers subscribed for three hundred and fifty thousand (350,000) ordinary shares of RM1.00 each ("Divestment"). Pursuant to the Divestment, RM is a 35% associate company of RT.

On 10 January 2012, REDtone International Bhd disposed its entire shareholding in its wholly owned subsidiary, REDtone Software Sdn Bhd ("RS"), to Zalini Binti Zainul Abidin, Mohamad Zazrian bin Zakaria and Syed Binyamin Alsagoff for a total cash consideration of RM3.00 ("Disposal"). Pursuant to the Disposal, RS ceased to be a subsidiary of REDtone.

A8. Seasonality or cyclical of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors during the period under review.

A9. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares for the quarter ended 29 February 2012 except for the following:

(a) Share capital

	Ordinary share of RM0.10 each	
	No of shares	RM
Share capital - issued and fully paid up as at 1.12.2011	466,424,925	46,642,493
Arising from conversion of ICULS	3,436,140	343,614
Arising from exercise of ESOS	4,158,500	415,850
Share capital as at 29.2.2012	<u>474,019,565</u>	<u>47,401,957</u>

(b) Share buy-back

During the quarter ended 29 February 2012, the Company purchased a total of 10,000 share under the share buyback scheme at an average cost of RM 0.34 per ordinary share for a total cash consideration of RM3,445 which includes transaction costs, and was financed by Company's internally generated funds. Shares purchased to date totalling 1,654,900 ordinary shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and stated at cost.

A10. Contingent liabilities

Contingent Liabilities of the Group comprise the following:-

	RM'000
<u>Secured</u>	
Bank guarantee given to third parties for infrastructure works	<u>1,368</u>

A11. Off balance sheet financial instruments

There is no off balance sheet financial instruments as at the date of this report.

A12. Dividends

There were no dividends declared or paid by the company for the current quarter under review.

A13. Material events subsequent to the end of the reporting period

There were no material transactions or events subsequent to the current quarter ended 29 February 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:

- (i) On 14 March 2012, the Company announced that its wholly-owned subsidiary, REDtone Marketing Sdn Bhd had entered into a High Speed Broadband Collaboration Agreement with Telekom Malaysia.

Under the agreement, TM will be providing the HSBB (Access) and HSBB (Transmission) services to REDtone whereby REDtone will have access to all 1.3 million premises covered by the HSBB services nationwide. The HSBB access will provide REDtone the opportunity to widen its service offerings to the small and medium enterprise (SME) segment.

A13. Material events subsequent to the end of the reporting period (Cont'd)

- (ii) On 20 April 2012, the Company announced that it had entered into a Share Sales Agreement and Shareholders Agreement with Swift Bell Consolidated Sdn. Bhd. ("SBCSB") for the divestment of 80 ordinary shares of RM1.00 each, representing 80% of the total paid-up capital of its wholly owned subsidiary, REDtone Multimedia Sdn. Bhd., to SBCSB for a total cash consideration of RM1.00.

Upon completion of the Divestment, RMSB will be a 20% associate company of the Company.

- (iii) On 23 April 2022, the Company announced the appointment of a new independent non-executive director, namely Dato' Mohd Zaini Hassan.

A14. Segment information

- A) The segment information for the reportable segments by country for the nine months ended 29 February 2012 and its comparative figures are as follows:-

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 9 months ended 29 February 2012				
External revenue	64,269	7	19,964	84,240
Cost of sales	(47,418)	(10)	(12,047)	(59,475)
Gross profit	16,851	(3)	7,917	24,765
Expenses	(16,725)	(155)	(5,171)	(22,051)
Other income	4,313	-	332	4,645
EBITDA	4,439	(158)	3,078	7,359
Interest (expense)/Income, net	(797)	-	199	(598)
Depreciation and amortisation	(5,287)	-	(1,144)	(6,431)
(Loss)/profit before tax	(1,645)	(158)	2,133	330
Income tax expenses	(233)	(5)	(750)	(988)
(Loss)/profit after taxation	(1,878)	(163)	1,383	(658)

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 9 months ended 28 February 2011				
External revenue	54,410	61	11,956	66,427
Cost of sales	(38,729)	(34)	(5,386)	(44,149)
Gross profit	15,681	27	6,570	22,278
Expenses	(17,869)	160	(3,229)	(20,938)
Other income	1,469	-	729	2,198
EBITDA	(719)	187	4,070	3,538
Interest (expense)/Income, net	(789)	-	233	(556)
Depreciation and amortisation	(4,756)	-	(739)	(5,495)
(Loss)/profit before tax	(6,264)	187	3,564	(2,513)
Income tax expenses	(262)	-	(870)	(1,132)
(Loss)/profit after taxation	(6,526)	187	2,694	(3,645)

- B) The segment information for the reportable segments by line of business for the nine months ended 29 February 2012 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	
	1 Dec 11 to 29 Feb 12 RM'000	1 Dec 10 to 28 Feb 11 RM'000	1 Jun 11 to 29 Feb 12 RM'000	1 Jun 11 to 28 Feb 11 RM'000
<u>Revenue by line of business-</u>				
Communication services	20,854	19,729	68,301	62,529
Computer-telephony and other related products and services	2,553	975	15,763	3,567
Digital television services	171	251	176	331
	<u>23,578</u>	<u>20,955</u>	<u>84,240</u>	<u>66,427</u>
<u>Profit/(loss) before tax:-</u>				
Communication services	1,522	130	3,277	1,008
Computer-telephony and other related products and services	267	5	756	58
Digital television services	(901)	(1,733)	(3,703)	(3,579)
	<u>888</u>	<u>(1,598)</u>	<u>330</u>	<u>(2,513)</u>

A15 Other income

	UNAUDITED		UNAUDITED	
	Individual Quarter		Cumulative Quarter	
	1 Dec 11 to	1 Dec 10 to	1 Jun 11 to	1 Jun 11 to
	29 Feb 12	28 Feb 11	29 Feb 12	28 Feb 11
	RM'000	RM'000	RM'000	RM'000
Net gain on disposal of subsidiary companies	2,442	-	2,442	-
Net income from investment in trust fund	109	-	143	2
Net loss on measurement and dilution	-	-	-	(185)
Net gain on conversion and amortisation of irredeemable convertible unsecured loan stock	162	141	753	649
Miscellaneous income	623	845	1,307	1,732
	<u>3,336</u>	<u>986</u>	<u>4,645</u>	<u>2,198</u>

A16 Finance (expenses)/income (net)

	UNAUDITED		UNAUDITED	
	Individual Quarter		Cumulative Quarter	
	1 Dec 11 to	1 Dec 10 to	1 Jun 11 to	1 Jun 11 to
	29 Feb 12	28 Feb 11	29 Feb 12	28 Feb 11
	RM'000	RM'000	RM'000	RM'000
Breakdown:				
Finance income	126	195	410	592
Finance expense :				
Interest charges	(115)	(281)	(435)	(474)
Term loan interest	(12)	(12)	(36)	(36)
Hire purchase interest	(1)	(1)	(3)	(3)
ICULS liability component interest	(158)	(211)	(534)	(635)
	<u>(286)</u>	<u>(504)</u>	<u>(1,008)</u>	<u>(1,148)</u>
	<u>(160)</u>	<u>(309)</u>	<u>(598)</u>	<u>(556)</u>

A17 Profit/(loss) before tax

	UNAUDITED		UNAUDITED	
	Individual Quarter		Cumulative Quarter	
	1 Dec 11 to	1 Dec 10 to	1 Jun 11 to	1 Jun 11 to
	29 Feb 12	28 Feb 11	29 Feb 12	28 Feb 11
	RM'000	RM'000	RM'000	RM'000
Audit fee	109	144	564	690
Amortisation of development cost	718	733	2,447	2,214
Bad debts (write back)/written off	-	7	41	12
Depreciation of property, plant and equipment	1,339	827	3,984	3,281
Gain/(loss) on foreign exchange				
-realised	(3)	(12)	72	64
-unrealised	201	(397)	68	(370)
(Write back)/Impairment loss on trade receivables	(7)	(11)	200	77
Licence fee	25	64	159	209
Rental of computer	104	58	274	166
Rental of office	210	171	672	481
Salaries, wages and allowances	3,182	3,538	10,333	8,863

A18 Taxation

	UNAUDITED		UNAUDITED	
	Individual Quarter		Cumulative Quarter	
	1 Dec 11 to	1 Dec 10 to	1 Jun 11 to	1 Jun 11 to
	29 Feb 12	28 Feb 11	29 Feb 12	28 Feb 11
	RM'000	RM'000	RM'000	RM'000
Current period provision	453	261	988	1,132

Current quarter tax was mainly due to the tax provision relating to subsidiary companies operating in China.

A19. Profit/(loss) per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	
	1 Dec 11 to 29 Feb 12	1 Dec 10 to 28 Feb 11	1 Jun 11 to 29 Feb 12	1 Jun 11 to 28 Feb 11
Basic loss per share				
Profit/(loss) attributable to equity holders of the company	427	(1,928)	(324)	(3,707)
Weighted average number of ordinary shares in issue ('000)	462,766	402,263	462,766	1,204,723
Basic profit/(loss) per share (sen)	<u>0.10</u>	<u>(0.48)</u>	<u>(0.08)</u>	<u>(0.31)</u>

A20. Other investments

	RM'000
Unquoted in Malaysia	
Investment in unquoted shares, at cost	50
Unquoted outside Malaysia	
Investment in trust fund, at cost	958
Total other investments as at 29 February 2012	<u>1,008</u>

A21. Group Borrowings

As at 29 February 2012, total borrowings of the Group are as follows:

	29 Feb 12 RM'000	31 May 11 RM'000
<u>Total Secured Borrowings:-</u>		
Leasing facility from IBM Malaysia Sdn. Bhd. which are denominated in Ringgit Malaysia	515	2,531
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,893	1,972
Hire purchase facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	76	96
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	2,986	3,223
	<u>5,470</u>	<u>7,822</u>

REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of group performance for third quarter ended 29 February 2012

For the quarter under review, the Group reported a revenue of RM23.58 million, representing an increase of RM2.62 million compared to preceding year's corresponding quarter. The increase of approximately 13% is mainly due to revenue contribution from consumer business carried out by China's operation.

The Group profit before taxation for Q3 FYE 2012 was RM0.89 million as compared to loss before taxation of RM1.60 million for the preceding year's corresponding quarter. The improvement in the profit before tax is mainly due to gain on de-consolidation arising from our divestment of 65% shareholding in REDtone Mobile Sdn Bhd of approximately RM2.3million .

B2. Prospects and business outlook

The Board of directors is pleased to announce that the Group's repositioning from primarily a voice business into data and broadband has shown encouraging results since Q2 FYE 2012.

For the 9 months ended 29 February 2012, the Group's data and broadband contributed to approximately 25% of the Group's total revenue. The Group has continue to work closely with the Government to bid for broadband and special projects for provisioning of network and Wifi hotspot solutions in Malaysia. The Group will grow its data revenue from Government projects from existing 30% to 50% of the Group's data and broadband revenue.

In addition to Government projects, the Group also offers data and broadband services to corporate, SME and consumers. Currently, the Group has a total of 4,500 Wifi Hotspot that are either established or about to be built.

The Group has also implemented rationalisation plans whereby the Group has divested two (2) of its non-core and loss-making businesses ie REDtone Mobile Sdn Bhd and REDtone Software Sdn Bhd as disclosed in Note A7.

Subject to a favourable outcome of the measures and strategies outline above, the Group expects good improvement in its financial performance and sees growth in its business in the current financial year.

B3. Material changes in profit before taxation compared to the preceding quarter

	3rd Quarter 29 Feb 12 RM'000	2nd Quarter 30 Nov 11 RM'000
Revenue	23,578	35,959
Profit before taxation and non-controlling interest	888	131

For Q3 FYE 2012, the Group registered a turnover of RM23.58 million compared to RM35.96 million for the quarter ended 30 November 2011 ("Q2 FYE 2012"). The decrease of approximately 34% is mainly due to higher revenue contributed by consumer business in China in Q2 FYE 2012.

The Group recorded a profit before tax of RM0.89 million for Q3 FYE 2012 as compared to RM0.13 million for Q2 FYE 2012. The improvement in profit before tax of approximately 578% is mainly due to gain on deconsolidation arising from the divestment of 65% of REDtone Mobile Sdn Bhd.

B4. Profit forecast

No profit forecast was announced.

B5. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the current quarter and financial year to date.

B6. Material litigation

On 30 August 2010, the Company announced that Redtone Technology Sdn Bhd ("RT") and Redtone Telecommunications Sdn Bhd ("RTC") lodged a Notice of Dispute to the Singapore International Arbitration Centre following the default of payment of the purchase consideration by Quantum Global Network Inc ("Quantum") for the acquisition of Redtone Telecommunications (Pakistan) Pte Ltd.

A sole arbitrator was appointed on 1 March 2011 for the above-mentioned arbitration. RT and RTC have filed a statement of claim on 25 May 2011 and Quantum has filed a counterclaim against RT and RTC on 6 September 2011. RT and RTC is in the process of filing their response and defence to the counterclaim.

B7. Corporate proposals

There are no corporate developments for the current quarter under review.

B8. Utilisation of rights proceeds

On 23 August 2010, the Company announced that there will be a revision to the utilisation of proceeds from the renounceable rights issue of RM40,611,633 nominal value of 10-year 2.75% irredeemable convertible unsecured loan stocks .("Rights Issue").

The proceeds raised from the Rights Issue which was allocated for the capital expenditure for wireless infrastructure shall now be utilised for the working capital of the broadband for office and IPTV operations of the Group.

As at 29 February 2012, the status of the utilisation of proceeds from the Rights Issue is as follows:

Details of Utilisation	Approved	Revised	Actual	Intended Timeframe for	Deviation	%
	RM'000	RM'000	RM'000		RM'000	
Capital Expenditure	38,210	23,210	21,073	Within 3 years	-	N/A
Working Capital	1,802	16,802	15,288	Within 1 year	-	N/A
Estimated expenses for the Rights Issue	600	600	596	Within 1 year	-	N/A
Total	40,612	40,612	36,957		-	