

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 AUGUST 2014**

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the first quarter ended 31 August 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 AUGUST 2014**

	Note	UNAUDITED INDIVIDUAL QUARTER	AUDITED	UNAUDITED CUMULATIVE QUARTER	AUDITED
		1 Jun 2014 to 31 Aug 2014	1 Jun 2013 to 31 Aug 2013	1 Jun 2014 to 31 Aug 2014	1 Jun 2013 to 31 Aug 2013
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	34,171	36,110	34,171	36,110
Cost of sales		<u>(20,823)</u>	<u>(22,985)</u>	<u>(20,823)</u>	<u>(22,985)</u>
Gross profit		13,348	13,125	13,348	13,125
Other income	A15	3,689	780	3,689	780
General and administrative expenses		(9,819)	(7,189)	(9,819)	(7,189)
Provisions		(173)	(83)	(173)	(83)
Loss on foreign exchange		<u>(72)</u>	<u>(21)</u>	<u>(72)</u>	<u>(21)</u>
Earnings Before Interest, Tax, Depreciation And Amortisation		6,973	6,612	6,973	6,612
Interest expenses (net)	A16	(75)	(36)	(75)	(36)
Depreciation and amortisation		<u>(1,886)</u>	<u>(1,920)</u>	<u>(1,886)</u>	<u>(1,920)</u>
Profit before taxation	A17	5,012	4,656	5,012	4,656
Taxation	A18	<u>(547)</u>	<u>(498)</u>	<u>(547)</u>	<u>(498)</u>
Profit for the period		4,465	4,158	4,465	4,158
Other comprehensive (expenses)/income, net of tax - Foreign currency translation		<u>(343)</u>	<u>2,716</u>	<u>(343)</u>	<u>2,716</u>
Total comprehensive income for the financial period		<u>4,122</u>	<u>6,874</u>	<u>4,122</u>	<u>6,874</u>
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		4,430	3,649	4,430	3,649
Non-controlling interests		<u>35</u>	<u>509</u>	<u>35</u>	<u>509</u>
		<u>4,465</u>	<u>4,158</u>	<u>4,465</u>	<u>4,158</u>
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		4,047	6,200	4,047	6,200
Non-controlling interests		<u>75</u>	<u>674</u>	<u>75</u>	<u>674</u>
		<u>4,122</u>	<u>6,874</u>	<u>4,122</u>	<u>6,874</u>
Basic Profit per share (sen)	A19	<u>0.88</u>	<u>0.74</u>	<u>0.88</u>	<u>0.74</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2014

	Note	UNAUDITED AS AT 31 Aug 2014 RM'000	AUDITED AS AT 31 May 2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		29,910	30,285
Investment properties		1,275	1,274
Deferred tax assets		1,608	1,631
Other investments	A20	50	50
Goodwill		4,694	6,758
Intangible asset		35,215	35,110
Development costs		10,753	11,151
Other receivables		16,960	16,960
		<u>100,465</u>	<u>103,219</u>
Current Assets			
Inventories		462	841
Trade receivables	A22	60,457	54,134
Other receivables, deposits and prepayments		14,861	13,310
Tax recoverable		563	530
Other investments	A20	7	8
Deposits with licensed banks		36,606	25,054
Cash and bank balances		6,258	12,652
		<u>119,214</u>	<u>106,529</u>
TOTAL ASSETS		<u>219,679</u>	<u>209,748</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		51,390	50,822
Treasury shares		(1,741)	(1,741)
Reserves		87,503	77,806
Total Equity Attributable To Owners Of The Company		<u>137,152</u>	<u>126,887</u>
Non-controlling interests		10,329	10,004
Total Equity		<u>147,481</u>	<u>136,891</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		2,331	2,424
Finance lease payables		171	197
Term loans		1,809	1,825
Deferred tax liabilities		470	482
		<u>4,781</u>	<u>4,928</u>
Current Liabilities			
Deferred income		6,226	6,194
Trade payables		32,596	34,296
Other payables and accruals	A23	21,913	22,878
Finance lease payables		103	103
Term loans		65	65
Provision for taxation		2,529	2,757
Bank overdraft		3,985	1,636
		<u>67,417</u>	<u>67,929</u>
Total Liabilities		<u>72,198</u>	<u>72,857</u>
TOTAL EQUITY AND LIABILITIES		<u>219,679</u>	<u>209,748</u>
Net assets per share (sen)		<u>28.70</u>	<u>26.94</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 AUGUST 2014

	3 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2014 to 31 Aug 2014 RM'000	3 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2013 to 31 Aug 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,012	4,656
Adjustments for:		
Non cash items	(804)	2,343
Non operating items	75	(10)
Operating profit before working capital changes	<u>4,283</u>	<u>6,989</u>
Net changes in current assets	(2,812)	(22,664)
Net changes in current liabilities	<u>(2,655)</u>	<u>15,068</u>
	(1,184)	(607)
Interest paid	(262)	(201)
Tax refunded	-	2
Tax paid	<u>(645)</u>	<u>(757)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,091)</u>	<u>(1,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	187	211
Acquisition of subsidiaries, net of cash and cash acquired equivalents acquired	-	(591)
Disposal of subsidiary, net of cash and cash equivalents disposed	5,051	-
Purchase of property, plant and equipment	(1,075)	(690)
Purchase of intangible assets	(105)	-
Development costs paid	<u>(348)</u>	<u>(925)</u>
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	<u>3,710</u>	<u>(1,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	-	(8)
Proceeds from disposed of treasury shares	-	3,938
Repayment of finance lease payables	(26)	(26)
Repayment of term loans	(16)	(27)
Proceeds from exercise of employees' share options	314	364
Proceeds from exercise of warrants	<u>1,011</u>	<u>363</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>1,283</u>	<u>4,604</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,902	1,046
EFFECTS OF EXCHANGE RATE CHANGES	(93)	1,110
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>36,070</u>	<u>33,305</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>38,879</u>	<u>35,461</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	6,258	9,523
Deposits with licensed banks	<u>36,606</u>	<u>29,285</u>
	42,864	38,808
Bank overdraft	<u>(3,985)</u>	<u>(3,347)</u>
Total cash and cash equivalents	<u>38,879</u>	<u>35,461</u>

The unaudited Condensed Consolidated Cash Flow Statement of the Financial position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2014.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 AUGUST 2014

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

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVE	REVALUATION RESERVE	WARRANTS RESERVE	EMPLOYEE SHARE OPTION RESERVE	DISTRIBUTABLE RETAINED PROFIT	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 2014	50,822	(1,741)	8,438	16,767	(680)	418	18,663	3,369	30,831	126,887	10,004	136,891
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	(383)	-	-	-	-	(383)	40	(343)
Profit for the period	-	-	-	-	-	-	-	-	4,430	4,430	35	4,465
Total comprehensive income for the period	-	-	-	-	(383)	-	-	-	4,430	4,047	75	4,122
Exercise of warrants	404	-	-	1,087	-	-	(481)	-	-	1,010	-	1,010
Dilution of equity interest in a subsidiary	-	-	-	4,750	-	-	-	-	-	4,750	250	5,000
Issuance of ordinary shares, pursuant to conversion of ICULS	44	-	(44)	-	-	-	-	-	-	-	-	-
Employee share options:-												
- Granted	-	-	-	-	-	-	-	144	-	144	-	144
- Exercised	120	-	-	368	-	-	-	(174)	-	314	-	314
Total transactions with owners	568	-	(44)	6,205	-	-	(481)	(30)	-	6,218	250	6,468
At 31 Aug 2014	51,390	(1,741)	8,394	22,972	(1,063)	418	18,182	3,339	35,261	137,152	10,329	147,481

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2014 (AUDITED)

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

	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	WARRANTS RESERVE RM'000	EMPLOYEE SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNER OF THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2013	48,298	(1,950)	9,696	11,765	(1,427)	418	19,331	3,291	16,244	105,666	7,394	113,060
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	22,174	22,174	1,114	23,288
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation	-	-	-	-	747	-	-	-	-	747	668	1,415
Total comprehensive income for the period	-	-	-	-	747	-	-	-	22,174	22,921	1,782	24,703
Dividend paid	-	-	-	-	-	-	-	-	(7,587)	(7,587)	-	(7,587)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	828	828
Treasury shares:												
- Acquired	-	(1,741)	-	-	-	-	-	-	-	(1,741)	-	(1,741)
- Disposed of	-	1,950	-	1,988	-	-	-	-	-	3,938	-	3,938
Issuance of ordinary shares, pursuant to conversion of ICULS	1,259	-	(1,258)	(1)	-	-	-	-	-	-	-	-
Exercise of warrants	560	-	-	1,507	-	-	(668)	-	-	1,399	-	1,399
Employee share options:-												
- Granted	-	-	-	-	-	-	-	1,213	-	1,213	-	1,213
- Exercised	705	-	-	1,508	-	-	-	(1,135)	-	1,078	-	1,078
Total transactions with owners	2,524	209	(1,258)	5,002	-	-	(668)	78	(7,587)	(1,700)	828	(872)
At 31 May 2014	50,822	(1,741)	8,438	16,767	(680)	418	18,663	3,369	30,831	126,887	10,004	136,891

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 AUGUST 2014

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting (previously known as FRS 134) 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 2014.

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 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:

MFRS 9 (2009 & 2010) Financial Instruments
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS7, MFRS9, and MFRS139)
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS9 and MFRS 7: Mandatory Effective Date of MFRS9 and Transition Disclosures
Amendments to MFRS 10, MFRS 12 and MFRS 127(2011) : Investment Entities
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119 : Defined Benefit Plans - Employee Contributions
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

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

A3. Qualification of financial statements

In our submission of the Audited Financial Statements of REDTONE for the financial year ended 31 May 2014, the Company's External Auditors, have expressed a qualified opinion in their report in respect of a debt owing by a third party.

The Board of Directors of REDTONE has deliberated and is confident on the recoverability of the said debt in due course. Accordingly no impairment has been made.

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 31 August 2014.

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:

The Company announced that its indirect subsidiary, REDtone Telecommunications China Limited, had on 25 July 2014 entered into a Share Sale Agreement with Guotai Investment Holdings Limited for the divestment of Shanghai Hongsheng Business Administration Co. Ltd. for a total cash consideration of RMB28,000,000 (equivalent to approximately RM14 million).

A8. Seasonality or cyclicity 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 31 August 2014 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 1.6.14	508,223,265	50,822,327
Arising from conversion of ICULS	436,200	43,620
Arising from exercise of Warrants	4,042,400	404,240
Arising from exercise of ESOS	1,196,500	119,650
Share capital as at 31.8.14	<u>513,898,365</u>	<u>51,389,837</u>

(b) Share buy-back

There was no share buy-back transacted during the quarter ended 31 August 2014.

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>13,920</u>

A11. Off balance sheet financial instruments

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

A12. Dividends

The Board of Directors proposed a single-tier final dividend of 1.10 sen per ordinary share for the financial year ended 31 May 2014.

The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting. The entitlement date and payment date are fixed on 26 January 2015 and 24 February 2015 respectively.

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

There were no material transactions or events subsequent to the current quarter ended 31 August 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following :

On 18 September 2014, the Group announced that its indirect subsidiary, REDtone Telecommunications China Limited, had via its wholly owned subsidiary, Shanghai Huitong Telecommunications Co., Ltd., subscribed for the equity interests in the following new subsidiaries incorporated in The People's Republic of China:

(i) subscription of 49.8% equity interest in Shanghai YuZhong Financial Information Service Co., Ltd for share subscription for RMB398,000 on 11 September 2014; and

(ii) subscription of 20% equity interest in Shanghai YuGuang Automobile Inspection Technology Co., Ltd for share subscription of RMB200,000 on 11 September 2014.

A14. Segment information

A) The segment information for the reportable segments by country for the three months ended 31 August 2014 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 3 months ended 31 August 2014				
Revenue	27,214	-	6,957	34,171
Cost of sales	(15,399)	-	(5,424)	(20,823)
Gross profit	11,815	-	1,533	13,348
Other income	399	-	3,290	3,689
Expenses	(8,432)	(13)	(1,619)	(10,064)
EBITDA	3,782	(13)	3,204	6,973
Interest (expense)/income, net	(128)	-	53	(75)
Depreciation and amortisation	(1,557)	-	(329)	(1,886)
Profit/(loss) before taxation	2,097	(13)	2,928	5,012
Income tax expenses	(559)	-	12	(547)
Profit/(loss) after taxation	1,538	(13)	2,940	4,465

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 3 months ended 31 August 2013				
Revenue	31,310	-	4,800	36,110
Cost of sales	(20,364)	-	(2,621)	(22,985)
Gross profit	10,946	-	2,179	13,125
Other income	780	-	-	780
Expenses	(5,964)	(32)	(1,297)	(7,293)
EBITDA	5,762	(32)	882	6,612
Interest (expenses)/income, net	(172)	-	136	(36)
Depreciation and amortisation	(1,500)	-	(420)	(1,920)
Profit/(loss) before taxation	4,090	(32)	598	4,656
Income tax expenses	(512)	-	14	(498)
Profit after taxation	3,578	(32)	612	4,158

B) The segment information for the reportable segments by line of business for the three months ended 31 August 2014 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013 RM'000
<u>Revenue by line of business:-</u>				
Voice	15,963	13,620	15,963	13,620
Data	14,369	22,436	14,369	22,436
Others	3,839	54	3,839	54
	<u>34,171</u>	<u>36,110</u>	<u>34,171</u>	<u>36,110</u>
<u>Gross profit by line of business:-</u>				
Voice	2,877	3,812	2,877	3,812
Data	6,669	9,282	6,669	9,282
Others	3,801	31	3,801	31
	<u>13,348</u>	<u>13,125</u>	<u>13,348</u>	<u>13,125</u>

A15 Other income

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013 RM'000
Gain on disposal of subsidiary/associate company	3,082	-	3,082	-
Gain on conversion and amortisation of irredeemable convertible unsecured loan stock ("ICULS")	92	308	92	308
Miscellaneous income	515	472	515	472
	<u>3,689</u>	<u>780</u>	<u>3,689</u>	<u>780</u>

A16 Interest expenses (net)

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013 RM'000
Breakdown:				
Finance income	187	211	187	211
Interest charges	(90)	(93)	(90)	(93)
Term loan interest	(23)	(12)	(23)	(12)
Leasing	(5)	-	(5)	-
ICULS interest	(144)	(142)	(144)	(142)
	(262)	(247)	(262)	(247)
	<u>(75)</u>	<u>(36)</u>	<u>(75)</u>	<u>(36)</u>

A17 Profit before taxation

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013 RM'000
Audit fee	55	86	55	86
Amortisation of development cost	511	463	511	463
Depreciation of property, plant and equipment	1,375	1,457	1,375	1,457
Loss on foreign exchange	-	-	-	-
- realised	62	31	62	31
- unrealised	9	270	9	270
Impairment loss on trade receivables	7	-	7	-
Salaries, wages and allowances	4,313	3,201	4,313	3,201
	<u>6,222</u>	<u>5,417</u>	<u>6,222</u>	<u>5,417</u>

A18 Taxation

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013 RM'000
Tax refunded	-	2	-	2
Current period provision	(524)	(423)	(524)	(423)
Deferred taxation	(23)	(77)	(23)	(77)
	<u>(547)</u>	<u>(498)</u>	<u>(547)</u>	<u>(498)</u>

A19. Profit per share

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

	UNAUDITED Individual Quarter 1 Jun 2014 to 31 Aug 2014	AUDITED Individual Quarter 1 Jun 2013 to 31 Aug 2013	UNAUDITED Cumulative Quarter 1 Jun 2014 to 31 Aug 2014	AUDITED Cumulative Quarter 1 Jun 2013 to 31 Aug 2013
Basic profit per share				
Profit attributable to equity holders of the company (RM'000)	4,430	3,649	4,430	3,649
Weighted average number of ordinary shares in issue ('000)	505,577	494,104	505,577	494,104
Basic profit per share (sen)	0.88	0.74	0.88	0.74

A20. Other investments

	UNAUDITED 31 Aug 2014 RM'000	AUDITED 31 May 2014 RM'000
Unquoted in Malaysia		
Investment in unquoted shares, at cost	50	50
Unquoted outside Malaysia		
Investment in trust fund, at cost	7	8
	<u>57</u>	<u>58</u>

A21. Group Borrowings

Total borrowings of the Group are as follows:

	UNAUDITED 31 Aug 2014 RM'000	AUDITED 31 May 2014 RM'000
<u>Total Secured Borrowings:-</u>		
Leasing facility from Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	274	300
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,874	1,890
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	3,985	1,636
	<u>6,133</u>	<u>3,826</u>

A22. Trade receivables

Receivables mainly due from progressive billings for major government projects as well as data projects.

A23. Other payables and accruals

Other payables and accruals of the Group are as follows:

	UNAUDITED 31 Aug 2014 RM'000	AUDITED 31 May 2014 RM'000
Other payables	5,216	5,707
Accruals	4,344	4,983
USP fund	6,835	6,670
Advances for projects	5,518	5,518
	<u>21,913</u>	<u>22,878</u>

The advances for projects comprise receipts for future projects which, on completion of those projects, will be recognised as revenue.

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 first quarter ended 31 August 2014

For the quarter under review, the Group 's revenue decreased by RM1.94 million to RM34.17 million as compared to Q1 FYE 2014 due to the delays in billings in the data projects. The Group's profit before taxation for Q1 FYE 2015 increased by RM0.35 million compared to the preceding year's corresponding quarter due to the disposal of a China subsidiary.

B2. Prospects and business outlook

Data, broadband and managed services continue to support the Group's earnings potential. Our corporate data services and government data projects continue to grow steadily, strengthening our position as a value-added services, integrated telecom solutions provider.

We expect positive contributions in the future from our managed value-added services sector, namely teleradiology and healthcare solutions initiatives under REDtone MEX Sdn. Bhd.

The traditional voice business segment will continue to contribute to the Group's cashflow. However, we seek to maintain the revenue contribution from this sector.

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

	1st Quarter 31 Aug 2014 RM'000	Audited 4th Quarter 31 May 2014 RM'000
Revenue	<u>34,171</u>	<u>34,274</u>
Profit before taxation and non-controlling interest	<u>5,012</u>	<u>9,304</u>

The Group recorded a profit before tax of RM5.01 million for Q1 FYE 2015 as compared to profit before tax of RM9.3 million for Q4 FYE 2014. The decrease in profit of RM4.30 million was mainly due to lower data project revenue.

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. Corporate proposals

There are no corporate developments for the current quarter under review, except for the following:

The Company announced that its indirect subsidiary, REDtone Telecommunications China Limited, had on 25 July 2014 entered into a Share Sale Agreement with Guotai Investment Holdings Limited for the divestment of Shanghai Hongsheng Business Administration Co. Ltd. for a total cash consideration of RMB28,000,000 (equivalent to approximately RM14 million).