

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the second quarter ended 30 November 2013.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2013**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Sep 2013 to 30 Nov 2013	1 Sep 2012 to 30 Nov 2012	CUMULATIVE QUARTER	
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jun 2013 to 30 Nov 2013 CURRENT YEAR TO DATE RM'000	1 Jun 2012 to 30 Nov 2012 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	30,454	26,681	66,564	57,351
Cost of sales		(18,887)	(14,146)	(41,872)	(34,609)
Gross profit		11,567	12,535	24,692	22,742
Other income	A15	5,506	421	6,286	838
General and administrative expenses		(8,284)	(5,499)	(15,473)	(11,784)
Provisions		(86)	(1,608)	(169)	(1,712)
Gain/(loss) on foreign exchange		23	329	2	(83)
Earnings Before Interest, Tax, Depreciation And Amortisation		8,726	6,178	15,338	10,001
Interest income/(expenses) (net)	A16	230	(158)	194	(289)
Depreciation and amortisation		(1,901)	(1,810)	(3,821)	(3,617)
Profit before taxation	A17	7,055	4,210	11,711	6,095
Taxation	A18	(1,157)	(259)	(1,655)	(140)
Profit for the period		5,898	3,951	10,056	5,955
Other comprehensive (expenses)/income, net of tax - Foreign currency translation		(373)	(578)	2,343	(469)
Total comprehensive income for the financial period		5,525	3,373	12,399	5,486
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		6,044	3,974	9,693	5,982
Non-controlling interests		(146)	(23)	363	(27)
		<u>5,898</u>	<u>3,951</u>	<u>10,056</u>	<u>5,955</u>
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		5,687	3,425	11,887	5,558
Non-controlling interests		(162)	(52)	512	(72)
		<u>5,525</u>	<u>3,373</u>	<u>12,399</u>	<u>5,486</u>
Basic Profit per share (sen)	A19	1.20	0.84	1.92	1.25

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 May 2013.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2013

	Note	UNAUDITED AS AT 30 Nov 2013 RM'000	AUDITED AS AT 31 May 2013 RM'000
ASSETS			
Non-Current Assets			
Investment in associates - quasi Loan		-	22,958
Property, plant and equipment		31,108	29,307
Investment property		1,138	1,138
Deferred tax assets		2,924	3,060
Other investment	A20	50	50
Goodwill		7,486	6,756
Intangible asset		25,407	-
Development costs		9,635	9,478
Other receivables		14,174	14,174
		<u>91,922</u>	<u>86,921</u>
Current Assets			
Inventories		1,418	1,076
Trade receivables	A22	61,553	65,278
Other receivables, deposits and prepayments		35,240	13,037
Tax recoverable		-	10
Other investment	A20	1	1
Deposits with licensed banks		34,285	31,513
Cash and bank balances		7,911	5,085
		<u>140,408</u>	<u>116,000</u>
TOTAL ASSETS		<u>232,330</u>	<u>202,921</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		50,675	48,298
Treasury shares		(139)	(1,950)
Reserves		65,271	59,318
Total Equity Attributable To Owners Of The Company		<u>115,807</u>	<u>105,666</u>
Non-controlling interests		10,162	7,394
Total Equity		<u>125,969</u>	<u>113,060</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		2,584	3,128
Finance lease payables		249	300
Term loans		1,859	1,890
Deferred taxation		41	61
		<u>4,733</u>	<u>5,379</u>
Current Liabilities			
Deferred income		7,269	6,450
Trade payables		45,583	25,943
Other payables and accruals	A23	41,313	42,876
Finance lease payables		103	103
Term loans		62	62
Provision for taxation		6,120	5,755
Bank overdraft		1,178	3,293
		<u>101,628</u>	<u>84,482</u>
Total Liabilities		<u>106,361</u>	<u>89,861</u>
TOTAL EQUITY AND LIABILITIES		<u>232,330</u>	<u>202,921</u>
Net assets per share (sen)		<u>24.86</u>	<u>23.41</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2013.

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2013

	6 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2013 to 30 Nov 2013 RM'000	6 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2012 to 30 Nov 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,711	6,095
Adjustments for:		
Non cash items	(439)	5,391
Non operating items	(286)	253
Operating profit before working capital changes	<u>10,986</u>	<u>11,739</u>
Net changes in current assets	(12,315)	(16,962)
Net changes in current liabilities	<u>14,003</u>	<u>3,919</u>
	12,674	(1,304)
Interest paid	(402)	(533)
Tax refunded	2	-
Tax paid	(1,514)	(287)
Dividend paid	<u>(7,587)</u>	<u>-</u>
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>3,173</u>	<u>(2,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	688	280
Acquisition of subsidiaries, net of cash acquired	(591)	-
Purchase of treasury shares	(54)	-
Proceed from disposal of other investments	-	19
Purchase of property, plant and equipment	(1,776)	(234)
Expenditure of intangible assets	<u>(1,089)</u>	<u>(518)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,822)</u>	<u>(453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	(4)
Proceeds from disposed of treasury shares	3,938	172
Repayment of finance lease payables	(51)	(368)
Repayment of term loans	(31)	(54)
Repayment of hire purchase payables	-	(13)
Proceeds from exercise of employee share options	1,050	227
Proceeds from exercise of warrants	<u>1,134</u>	<u>-</u>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>6,040</u>	<u>(40)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,391	(2,617)
EFFECTS OF EXCHANGE RATE CHANGES	1,322	(369)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>33,305</u>	<u>19,148</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>41,018</u>	<u>16,162</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	7,911	3,204
Deposits with licensed banks	<u>34,285</u>	<u>17,963</u>
	42,196	21,167
Bank overdraft	<u>(1,178)</u>	<u>(5,005)</u>
Total cash and cash equivalents	<u>41,018</u>	<u>16,162</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 2013.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2013

	←-----NON DISTRIBUTABLE----->								DISTRIBUTABLE RETAINED PROFIT	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	FOREIGN EXCHANGE				WARRANTS RESERVE	ESOS RESERVE	REVALUATION RESERVE	SHARE PREMIUM				
	SHARE CAPITAL	TREASURY SHARES	ICULS	TRANSLATION RESERVE								
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 2013	48,298	(1,950)	9,696	11,765	(1,427)	418	19,331	3,290	16,245	105,666	7,394	113,060
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	1,322	-	-	-	-	1,322	1,021	2,343
Profit for the period	-	-	-	-	-	-	-	-	9,693	9,693	(509)	9,184
Total comprehensive income for the period	-	-	-	-	1,322	-	-	-	9,693	11,015	512	11,527
Dividend for the financial year ended -31 May 2013	-	-	-	-	-	-	-	-	(7,587)	(7,587)	-	(7,587)
Treasury shares acquired	-	(54)	-	-	-	-	-	-	-	(54)	-	(54)
Resale of treasury shares	-	1,865	-	2,073	-	-	-	-	-	3,938	-	3,938
Exercise of warrants	453	-	-	1,226	-	-	(546)	-	-	1,133	-	1,133
Acquisition of remaining equity in subsidiaries from minority interest	-	-	-	223	-	-	-	-	-	223	2,256	2,479
Issuance of ordinary shares, pursuant to conversion of ICULS	1,237	-	(1,234)	(3)	-	-	-	-	-	-	-	-
Employee share options:-												
- Granted	-	-	-	-	-	-	-	425	-	425	-	425
- Exercised	687	-	-	1,467	-	-	-	(1,106)	-	1,048	-	1,048
At 30 Nov 2013	50,675	(139)	8,462	16,751	(105)	418	18,785	2,609	18,351	115,807	10,162	125,969

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2013 (AUDITED)

	<-----NON DISTRIBUTABLE----->								(ACCUMULATED LOSSES)/ DISTRIBUTABLE	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	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	ESOS RESERVE RM'000				
At 1 June 2012	47,564	(349)	10,080	10,962	(1,056)	-	19,331	2,417	(8,847)	80,102	7,817	87,919
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	25,092	25,092	70	25,162
Other comprehensive income for the financial year, net of tax:-												
- Revaluation of investment properties	-	-	-	-	-	418	-	-	-	418	-	418
- Foreign currency translation	-	-	-	-	(371)	-	-	-	-	(371)	(20)	(391)
Total comprehensive income for the period	-	-	-	-	(371)	418	-	-	25,092	25,139	50	25,189
Treasury shares:												
- Acquired	-	(1,706)	-	-	-	-	-	-	-	(1,706)	-	(1,706)
- Disposed of	-	105	-	85	-	-	-	-	-	190	-	190
Issuance of ordinary shares, pursuant to conversion of ICULS	385	-	(384)	(1)	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	1	-	-	-	-	-	1	-	1
Employee share options:-												
- Granted	-	-	-	-	-	-	1,412	-	-	1,412	-	1,412
- Exercised	349	-	-	718	-	-	(539)	-	-	528	-	528
Accrediton arising from disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(473)	(473)
At 31 May 2013	48,298	(1,950)	9,696	11,765	(1,427)	418	19,331	3,290	16,245	105,666	7,394	113,060

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2013

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 2013.

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	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurements
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 9: Mandatory Effective Date of MFRS9 and Transition Disclosures	
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	
Annual Improvements to MFRSs 2009 - 2011 Cycle	

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 2013.

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 30 November 2013.

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 1 November 2013, the Company incorporated a 70%-owned subsidiary in Malaysia, namely REDtone Data Center Sdn Bhd ("RDCSB"). RDCSB's principal activity is the provision of telecommunication services and to carry out research and development work on all types of technology based products.

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 30 November 2013 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 1.9.2013	494,103,945	49,410,395
Arising from conversion of ICULS	5,213,880	521,388
Arising from exercise of Warrants	3,185,000	318,500
Arising from exercise of ESOS	4,250,000	425,000
Share capital as at 30.11.13	<u>506,752,825</u>	<u>50,675,283</u>

(b) Share buy-back

During the quarter ended 30 November 2013, the Company purchased to total of 65,000 shares under the share buyback scheme at an average cost of RM0.70 per ordinary share for a total cash consideration of RM45,857 which includes transaction costs, and was financed by Company's internally generated funds. They are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and stated at cost. At as the end of the quarter under review, a total 75,000 shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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>13,795</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 30 November 2013 (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 3 December 2013, the Group announced disposal of the remaining 35% shareholding in REDtone Mobile Sdn Bhd to Theo Networks Sdn Bhd for a cash consideration RM5 million only.

A14. Segment information

A) The segment information for the reportable segments by country for the six months ended 30 November 2013 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 6 months ended 30 November 2013				
Revenue	57,214	10	9,340	66,564
Cost of sales	(37,910)	-	(3,962)	(41,872)
Gross profit	19,304	10	5,378	24,692
Other income	6,180	-	106	6,286
Expenses	(13,241)	(57)	(2,342)	(15,640)
EBITDA	12,243	(47)	3,142	15,338
Interest (expense)/income, net	(170)	-	364	194
Depreciation and amortisation	(2,984)	-	(837)	(3,821)
Profit/(loss) before taxation	9,089	(47)	2,669	11,711
Income tax expenses	(1,425)	-	(230)	(1,655)
Profit/(loss) after taxation	7,664	(47)	2,439	10,056

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 6 months ended 30 November 2012				
Revenue	46,082	2	11,267	57,351
Cost of sales	(27,098)	-	(7,511)	(34,609)
Gross profit	18,984	2	3,756	22,742
Other income	735	-	103	838
Expenses	(10,756)	(52)	(2,771)	(13,579)
EBITDA	8,963	(50)	1,088	10,001
Interest (expenses)/income, net	(430)	-	141	(289)
Depreciation and amortisation	(2,832)	-	(785)	(3,617)
Profit/(loss) before taxation	5,701	(50)	444	6,095
Income tax expenses	137	-	(277)	(140)
Profit/(loss) after taxation	5,838	(50)	167	5,955

B) The segment information for the reportable segments by line of business for the six months ended 30 November 2013 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012 RM'000
<u>Revenue by line of business:-</u>				
Voice	13,220	15,053	26,840	33,204
Data	17,107	10,056	39,543	21,427
Others	127	1,572	181	2,720
	30,454	26,681	66,564	57,351
<u>Gross profit by line of business:-</u>				
Voice	5,434	5,128	9,246	9,007
Data	6,006	5,902	15,288	11,117
Others	127	1,505	158	2,618
	11,567	12,535	24,692	22,742

A15 Other income

	UNAUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012 RM'000
Net gain from disposal of associate company	5,000	-	5,000	-
Net gain on conversation and amortisation of irredeemable convertible unsecured loan stock ("ICULS")	236	110	544	247
Loss on disposal of fixed asset	-	(18)	-	(18)
Miscellaneous income	270	329	742	609
	<u>5,506</u>	<u>421</u>	<u>6,286</u>	<u>838</u>

A16 Interest expenses (net)

	UNAUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012 RM'000
Breakdown:				
Finance income	477	125	688	280
Interest charges	(83)	(104)	(176)	(209)
Term loan interest	(36)	(12)	(48)	(24)
Hire purchase interest	-	(1)	-	(2)
ICUL	(128)	(166)	(270)	(334)
	(247)	(283)	(494)	(569)
	<u>230</u>	<u>(158)</u>	<u>194</u>	<u>(289)</u>

A17 Profit before taxation

	UNAUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012 RM'000
Audit fee	106	170	192	300
Amortisation of development cost	469	505	933	999
Bad debts write back	-	(1)	-	(4)
Depreciation of property, plant and equipment	1,431	1,305	2,888	2,618
Loss on foreign exchange				
- realised	4	29	35	49
- unrealised	(26)	(357)	(37)	35
Write back on impairment loss of trade receivables	-	(29)	-	(73)
Impairment loss on other receivables	-	1,500	-	1,500
Salaries, wages and allowances	3,403	2,637	6,604	5,376
	<u></u>	<u></u>	<u></u>	<u></u>

A18 Taxation

	UNAUDITED Individual Quarter 1 Sep 2013 to 30 Nov 2013 RM'000	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012 RM'000
Tax refunded	-	-	2	199
Current period provision	(1,157)	(259)	(1,657)	(339)
	<u>(1,157)</u>	<u>(259)</u>	<u>(1,655)</u>	<u>(140)</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 Sep 2013 to 30 Nov 2013	AUDITED Individual Quarter 1 Sep 2012 to 30 Nov 2012	UNAUDITED Cumulative Quarter 1 Jun 2013 to 30 Nov 2013	AUDITED Cumulative Quarter 1 Jun 2012 to 30 Nov 2012
Basic profit per share				
Profit attributable to equity holders of the company (RM'000)	6,044	3,974	9,693	5,982
Weighted average number of ordinary shares in issue ('000)	506,753	478,720	506,753	478,720
Basic profit per share (sen)	1.20	0.84	1.92	1.25

A20. Other investments

	UNAUDITED 30 Nov 2013 RM'000	AUDITED 31 May 2013 RM'000
Unquoted in Malaysia Investment in unquoted shares, at cost	50	50
Unquoted outside Malaysia Investment in trust fund, at cost	1	1
Total other investments as at 30 November 2013	51	51

A21. Group Borrowings

Total borrowings of the Group are as follows:

	UNAUDITED 30 Nov 2013 RM'000	AUDITED 31 May 2013 RM'000
<u>Total Secured Borrowings:-</u>		
Leasing facility from Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	352	403
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,921	1,952
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	1,178	3,293
	3,451	5,648

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 30 Nov 2013 RM'000	AUDITED 31 May 2013 RM'000
Other payables	4,138	4,408
Accruals	4,268	5,683
USP fund	8,157	8,035
Advances for projects	24,750	24,750
	41,313	42,876

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 second quarter ended 30 November 2013

For the quarter under review, the Group reported a revenue of RM30.45 million, representing an increase of RM3.77 million as compared to preceding year's corresponding quarter, mainly due to the increase in data revenue in Q2 FYE 2014.

The Group's profit before taxation for Q2 FYE 2014 was RM7.06 million as compared to profit before taxation of RM4.21 million for the preceding year's corresponding quarter. It represents an increase in profit before tax of RM2.85 million. The improvement in profit was mainly due to the higher data revenue as well as gain from disposal of 35% shareholding in associate company, REDtone Mobile Sdn Bhd.

B2. Prospects and business outlook

The Group achieved remarkable performance in FYE2013 through its success in the data and broadband business. Data and broadband services, which includes the Group's WiFi hotspots, is expected to be the main contributor again to the Group's profit for FYE 2014, while the voice business segment will continue to be the Group's cash cow.

The Group intends to continue to build its success as a data and broadband solutions provider by actively tendering projects from the government sectors and telco industry, as well as securing more small and medium enterprise (SME) customers.

The Group's profit will be strengthened by collaboration with Maxis Broadband Sdn Bhd on its Network Sharing and Alliance Agreement and is expected to contribute positively to the Group's earnings for the next 10 years. Its collaboration with Telekom Malaysia on its High-Speed Broadband services is also expected to yield positive results.

The Group expects limited growth prospects from the discounted voice call business and distribution of prepaid and reload services in China. Nevertheless, this segment continues to generate solid cash flow to the Group.

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

	2nd Quarter 30 Nov 13 RM'000	1st Quarter 31 Aug 13 RM'000
Revenue	<u>30,454</u>	<u>36,110</u>
Profit before taxation and non-controlling interest	<u>7,055</u>	<u>4,656</u>

In Q2 FYE 2014, the Group registered a turnover of RM30.45 million compared to RM36.11 million for the quarter ended 31 August 2013 ("Q1 FYE 2014"). The decrease in turnover of approximately 15.67% is mainly due to the lower revenue derived from data projects in Q2 FYE 2014.

The Group recorded a profit before tax of RM7.06 million for Q2 FYE 2014 as compared to profit before tax of RM4.66 million for Q1 FYE 2014. The increase in profit of RM2.4million was mainly due to gain from disposal of 35% shareholding in associate company, 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. Corporate proposals

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