

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

(Incorporated in Malaysia)

Date : 15 December 2016

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016

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REDTONE INTERNATIONAL BERHAD
(Company No.: 596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED As at 31 October 2016 RM'000	AUDITED As at 30 April 2016 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		25,162	26,770
Investment properties		1,101	550
Deferred tax assets		5,581	5,612
Available-for-sale investments	A18	50	50
Goodwill		423	423
Intangible assets		37,814	37,839
Development costs		2,848	2,263
		<u>72,979</u>	<u>73,507</u>
Current Assets			
Inventories		1,115	572
Trade receivables	A19	112,712	86,546
Other receivables, deposits and prepayment		21,882	11,750
Tax recoverable		5,665	4,831
Cash and bank balances		43,577	43,031
		<u>184,951</u>	<u>146,730</u>
Assets of disposal group classified as held for sale		-	31,808
		<u>184,951</u>	<u>178,538</u>
TOTAL ASSETS		<u>257,930</u>	<u>252,045</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		75,736	75,728
Treasury shares		(5,653)	(5,631)
Reserves		64,427	65,074
Equity Attributable to Owners of the Company		<u>134,510</u>	<u>135,171</u>
Non-controlling interests		4,077	10,525
Total Equity		<u>138,587</u>	<u>145,696</u>
Non-current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		465	525
Loans and borrowings	A20	2,926	3,631
Deferred tax liabilities		995	995
		<u>4,386</u>	<u>5,151</u>
Current Liabilities			
Trade payables	A21	56,988	42,470
Other payables and accruals	A21	20,475	17,692
Loans and borrowings	A20	37,349	18,693
Provision for taxation		145	76
		<u>114,957</u>	<u>78,931</u>
Liabilities of disposal group classified as held for sale		-	22,267
		<u>114,957</u>	<u>101,198</u>
Total Liabilities		<u>119,343</u>	<u>106,349</u>
TOTAL EQUITY AND LIABILITIES		<u>257,930</u>	<u>252,045</u>
Net assets per share (sen)		<u>17.99</u>	<u>18.05</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

The annexed notes form an integral part of this interim financial report.

REDTONE INTERNATIONAL BERHAD

(Company No.: 596364-U)

The Directors are pleased to announce the unaudited Interim Financial Report for the second quarter ended 31 October 2016

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	3 months ended		6 months ended	
		31/10/16 RM'000	31/10/15 RM'000	31/10/16 RM'000	31/10/15 RM'000
GROUP REVENUE	A13 (B)	39,257	35,064	77,703	N/A
Less: Revenue from discontinued operations		(2,842)	(5,251)	(5,982)	N/A
Revenue from continuing operations		<u>36,415</u>	<u>29,813</u>	<u>71,721</u>	<u>N/A</u>
Continuing Operations					
(LOSS)/PROFIT FROM OPERATIONS		(8,094)	1,851	(8,841)	N/A
Investment related income	A13 (A)	6,457	89	6,611	N/A
Finance costs	A14	(572)	(383)	(1,265)	N/A
(LOSS)/PROFIT BEFORE TAX	A15	(2,209)	1,557	(3,495)	N/A
INCOME TAX EXPENSE	A16	(169)	(1,408)	(184)	N/A
(LOSS)/PROFIT AFTER TAX FROM CONTINUING OPERATIONS		(2,378)	149	(3,679)	N/A
Discontinued Operations					
LOSS AFTER TAX FROM DISCONTINUED OPERATIONS		(959)	(637)	(1,390)	N/A
LOSS AFTER TAX		<u>(3,337)</u>	<u>(487)</u>	<u>(5,069)</u>	<u>N/A</u>
Other comprehensive items, net of tax					
<u>Items that may be reclassified subsequently to profit or loss:</u>					
- Foreign currency translation		801	1,043	885	N/A
- Foreign currency translation arising from disposal of subsidiary companies		2,228	-	2,228	N/A
- Revaluation of investment property		-	-	234	N/A
Total comprehensive income for the financial period		<u>(308)</u>	<u>556</u>	<u>(1,722)</u>	<u>N/A</u>
<u>(Loss)/profit attributable to:-</u>					
Owners of the Company					
- From continuing operations		(1,726)	889	(2,698)	N/A
- From discontinued operations		(908)	(492)	(1,093)	N/A
		<u>(2,634)</u>	<u>398</u>	<u>(3,791)</u>	<u>N/A</u>
Non-controlling interests		(703)	(885)	(1,278)	N/A
		<u>(3,337)</u>	<u>(487)</u>	<u>(5,069)</u>	<u>N/A</u>
<u>Total comprehensive income attributable to :-</u>					
Owners of the Company		2,035	2,574	(639)	N/A
Non-controlling interests		(2,343)	(2,018)	(1,083)	N/A
		<u>(308)</u>	<u>556</u>	<u>(1,722)</u>	<u>N/A</u>
<u>(Loss)/Earnings per share (sen)</u>					
	A17				
- Basic, for the period from continuing operations		(0.22)	0.12	(0.34)	N/A
- Basic, for the period from discontinued operations		(0.12)	(0.07)	(0.14)	N/A
- Basic, for the period		<u>(0.34)</u>	<u>0.05</u>	<u>(0.48)</u>	<u>N/A</u>

N/A denotes Not Applicable

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

As announced on 7 August 2015, the financial year end has been changed from 31 May to 30 April to be coterminous with the ultimate parent company's financial year end. As such, no comparative figures are presented due to the change of financial year end.

The annexed notes form an integral part of this interim financial report.

REDTONE INTERNATIONAL BERHAD
(Company No.: 596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----NON-DISTRIBUTABLE----->									
	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE RESERVE	REVALUATION RESERVE	ACCUMULATED LOSSES	TOTAL	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
At 1 May 2016	75,728	(5,631)	2,513	71,572	(3,580)	418	(5,849)	135,171	10,525	145,696
Loss after taxation	-	-	-	-	-	-	(3,791)	(3,791)	(1,278)	(5,069)
Other comprehensive income, net of tax										
- Foreign currency translation	-	-	-	-	690	-	-	690	195	885
- Foreign currency translation arising from disposal of subsidiary companies	-	-	-	-	2,228	-	-	2,228	-	2,228
- Revaluation of investment property	-	-	-	-	-	234	-	234	-	234
Total comprehensive income	-	-	-	-	2,918	234	(3,791)	(639)	(1,083)	(1,722)
Transactions with owners										
Treasury shares acquired	-	(22)	-	-	-	-	-	(22)	-	(22)
Issuance of shares										
pursuant to conversion of ICULS	8	-	(8)	-	-	-	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	10	10
Arising from disposal of subsidiary companies	-	-	-	-	-	-	-	-	(5,375)	(5,375)
Total transactions with owners	8	(22)	(8)	-	-	-	-	(22)	(5,365)	(5,387)
At 31 October 2016	75,736	(5,653)	2,505	71,572	(662)	652	(9,640)	134,510	4,077	138,587

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

As announced on 7 August 2015, the financial year end has been changed from 31 May to 30 April to be coterminous with the ultimate parent company's financial year end. As such, no comparative figures are presented due to the change of financial year end.

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REDTONE INTERNATIONAL BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended	
		31/10/16 RM'000	31/10/15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		43,544	N/A
Payment for operating expenses (including taxes)		(92,415)	N/A
Other receipts		6,489	N/A
Net cash used in operating activities		<u>(42,382)</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of investment in subsidiary companies		18,034	N/A
Acquisition of property, plant and equipment		(1,365)	N/A
Purchase of intangible assets		(767)	N/A
Interest received		574	N/A
Net cash flow generated from investing activities		<u>16,476</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital to non-controlling interest of subsidiary company		10	N/A
Drawdown of bank and other borrowings		38,426	N/A
Repayment of borrowings and loan		(20,230)	N/A
Repayment of hire purchase/lease liabilities		(245)	N/A
Interest paid		(1,265)	N/A
Purchase of treasury shares		(22)	N/A
Net cash flow generated from financing activities		<u>16,674</u>	<u>N/A</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(9,232)	N/A
EFFECT OF EXCHANGE RATE CHANGES		(660)	N/A
OPENING CASH AND CASH EQUIVALENTS		4,658	N/A
CLOSING CASH AND CASH EQUIVALENTS		<u>(5,234)</u>	<u>N/A</u>
Cash and cash equivalent comprise of:			
- Cash on hands and at banks		1,564	N/A
- Deposits with licensed banks		42,013	N/A
Total cash and bank balances		<u>43,577</u>	<u>N/A</u>
Less:			
- Deposits pledged		(42,013)	N/A
- Bank overdrafts		(6,798)	N/A
Total cash and cash equivalents		<u>(5,234)</u>	<u>N/A</u>

N/A denotes Not Applicable

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

As announced on 7 August 2015, the financial year end has been changed from 31 May to 30 April to be coterminous with the ultimate parent company's financial year end. As such, no comparative figures are presented due to the change of financial year end.

The annexed notes form an integral part of this interim financial report.

REDTONE INTERNATIONAL BERHAD
(Company No.: 596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2016

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 issued by the Malaysian Accounting Standards Board ("MASB") and ACE Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

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 early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2016.

The initial application of the FRSs, Amendments to FRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A3. Qualification of financial statements

The auditors' report of the Company's most recent annual audited financial statements did not contain any qualification.

A4. Nature and amount of unusual items

There were no unusual items during the quarter under review except for the following:

Recognised directly in statement of profit or loss and other comprehensive income

	3 months ended	6 months ended
	31/10/16	31/10/16
	RM'000	RM'000
Gain on disposal of subsidiary companies	6,369	6,369

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 31 October 2016.

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 were no other changes in the composition of the Group during the quarter under review, except for the following:

- (a) On 28 October 2016, the Company announced the completion of the disposal of its entire 92.31% stake in Redtone Asia Inc. ("RTAS") with the total sales consideration of RM22,158,908.
- (b) REDtone had on 3 August 2016, incorporated a new wholly owned subsidiary company under the name of Ansar Mobile Sdn Bhd ("AMSB") with an issued and paid-up share capital of RM10.

A8. Seasonality or cyclicity of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

A9. Debt and equity securities

There were no issuances and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares for the quarter ended 31 October 2016 except for the following:

(a) Share capital

	Ordinary shares of RM0.10 each No. of shares	RM
Share capital - issued and fully paid up as at 1 May 2016	757,279,392	75,727,939
Arising from conversion of ICULS	84,000	8,400
Share capital as at 31 October 2016	<u>757,363,392</u>	<u>75,736,339</u>

(b) Share buy-back

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
May 2016	0.52	0.53	0.528	40,000	21
July 2016	0.40	0.40	0.400	1,000	1
			0.526	41,000	22

(c) The number of treasury shares held in hand as at 31 October 2016 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 1 May 2016	0.595	9,460,000	5,631
Increase in treasury shares	0.526	41,000	22
Total treasury shares as at 31 October 2016	0.595	9,501,000	5,653

As at 31 October 2016, the number of outstanding shares in issue and fully paid up with voting rights was 747,862,392 (30 April 2016: 747,819,392) ordinary shares of RM0.10 each.

A10. Contingent liability

Bank guarantees of the Group are as follows:

	As at 31 October 2016 RM'000	As at 30 April 2016 RM'000
Performance bonds in favour of various customers	<u>25,728</u>	<u>25,705</u>

A11. Dividends

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

A12. Material events subsequent to the end of the reporting period

There were no other material transactions or events subsequent to the quarter ended 31 October 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A13. Segment information

A) The segment information for the reportable segments by country for the 6 months ended 31 October 2016 are as follows:-

	<u>Continuing Operations</u>		<u>Discontinued Operations</u>	<u>Total</u> RM'000
	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>The People's Republic Of</u> <u>China</u> RM'000	
For the 6 months ended 31 October 2016				
Revenue	71,721	-	5,982	77,703
Cost of sales	(55,568)	-	(4,016)	(59,584)
Gross profit	<u>16,153</u>	<u>-</u>	<u>1,966</u>	<u>18,119</u>
Finance income	559	-	14	573
Investment related income	6,611	-	(36)	6,575
General and administrative expenses	(22,720)	(25)	(2,522)	(25,267)
Profit/(Loss) before interest, tax, depreciation and amortisation	<u>603</u>	<u>(25)</u>	<u>(578)</u>	<u>-</u>
Finance costs	(1,265)	-	-	(1,265)
Depreciation and amortisation	(2,808)	-	(638)	(3,446)
Loss before tax	<u>(3,470)</u>	<u>(25)</u>	<u>(1,216)</u>	<u>(4,711)</u>
Income tax expense	(184)	-	(174)	(358)
Loss after tax	<u>(3,654)</u>	<u>(25)</u>	<u>(1,390)</u>	<u>(5,069)</u>

B) The segment information for the reportable segments by line of business for the 6 months ended 31 October 2016 are as follows:-

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>31/10/16</u> RM'000	<u>31/10/15</u> RM'000	<u>31/10/16</u> RM'000	<u>31/10/15</u> RM'000
<u>Revenue by line of business:-</u>				
Telecommunication services	22,431	22,349	44,365	N/A
Managed telecommunication network services	16,783	12,530	32,725	N/A
Industry digital services	43	186	613	N/A
	<u>39,257</u>	<u>35,065</u>	<u>77,703</u>	<u>N/A</u>
Less: Revenue from discontinued operations	(2,842)	(5,252)	(5,982)	N/A
Revenue from continuing operations	<u>36,415</u>	<u>29,813</u>	<u>71,721</u>	<u>N/A</u>
<u>Gross profit by line of business:-</u>				
Telecommunication services	13,755	7,680	19,232	N/A
Managed telecommunication network services	(6,359)	4,898	(1,029)	N/A
Industry digital services	(234)	161	(84)	N/A
	<u>7,162</u>	<u>12,739</u>	<u>18,119</u>	<u>N/A</u>
Less: Gross profit from discontinued operations	(653)	(1,451)	(1,966)	N/A
Gross profit from continuing operations	<u>6,509</u>	<u>11,288</u>	<u>16,153</u>	<u>N/A</u>

A14. Finance costs

	3 months ended		6 months ended	
	31/10/16 RM'000	31/10/15 RM'000	31/10/16 RM'000	31/10/15 RM'000
Interest expense on:				
- bank overdrafts	85	42	90	N/A
- bankers' acceptance	52	25	68	N/A
- finance lease	5	5	10	N/A
- ICULS	43	(1)	86	N/A
- term loans	109	203	321	N/A
- short term financing	162	-	490	N/A
Others	117	109	200	N/A
	<u>572</u>	<u>383</u>	<u>1,265</u>	<u>N/A</u>

A15. (Loss)/profit before tax

	3 months ended		6 months ended	
	31/10/16 RM'000	31/10/15 RM'000	31/10/16 RM'000	31/10/15 RM'000
(Loss)/profit before tax is arrived at after charging/(crediting):-				
Audit fee - Statutory audit	129	56	200	N/A
- continuing operations	100	23	157	N/A
- discontinued operations	29	33	43	N/A
Audit fee - Other services	60	15	60	N/A
- continuing operations	60	15	60	N/A
- discontinued operations	-	-	-	N/A
Amortisation of development cost	267	326	524	N/A
- continuing operations	106	190	207	N/A
- discontinued operations	161	136	317	N/A
Depreciation of property, plant and equipment	1,471	1,511	2,922	N/A
- continuing operations	1,326	1,194	2,601	N/A
- discontinued operations	145	317	321	N/A
Loss/(gain) on foreign exchange:				
- realised	3,595	(26)	3,107	N/A
- continuing operations	3,594	(26)	3,106	N/A
- discontinued operations	1	-	1	N/A
- unrealised	(438)	23	48	N/A
- continuing operations	(438)	23	48	N/A
- discontinued operations	-	-	-	N/A
Impairment of trade receivables	(84)	4	39	N/A
- continuing operations	(84)	4	39	N/A
- discontinued operations	-	-	-	N/A
Rental of computer	120	77	215	N/A
- continuing operations	120	77	215	N/A
- discontinued operations	-	-	-	N/A
Rental of office	143	494	534	N/A
- continuing operations	216	342	411	N/A
- discontinued operations	(73)	152	123	N/A
Staff cost:				
- Salaries, bonus, wages and allowances	6,364	4,960	11,399	N/A
- continuing operations	6,013	4,483	10,684	N/A
- discontinued operations	351	477	715	N/A
- Defined contribution plan	872	819	1,514	N/A
- continuing operations	796	710	1,374	N/A
- discontinued operations	76	109	140	N/A
Interest income	(366)	299	(573)	N/A
- continuing operations	(353)	252	(559)	N/A
- discontinued operations	(13)	47	(14)	N/A

A16. Income tax expense

	3 months ended		6 months ended	
	31/10/16 RM'000	31/10/15 RM'000	31/10/16 RM'000	31/10/15 RM'000
Current income tax:				
Provision in current period				
- Malaysian income tax from continuing operations	(144)	1,423	(152)	N/A
- Foreign income tax	(169)	230	(174)	N/A
- continuing operations	-	-	-	N/A
- discontinued operations	(169)	230	(174)	N/A
	(169)	1,653	(326)	N/A
Deferred tax				
- Origination and reversal of temporary differences	(25)	180	(32)	N/A
- continuing operations	(25)	(15)	(32)	N/A
- discontinued operations	-	195	-	N/A
	(194)	1,833	(358)	N/A

A17. (Loss)/Earnings per share

Basic (loss)/earnings per share is calculated as follows:

	3 months ended		6 months ended	
	31/10/16 RM'000	31/10/15 RM'000	31/10/16 RM'000	31/10/15 RM'000
(Loss)/profit attributable to owners of the Company from continuing operations	(1,726)	889	(2,698)	N/A
Impact on income statement upon conversion of ICULS	43	(1)	86	N/A
	(1,683)	888	(2,612)	N/A
Loss attributable to owners of the Company from discontinued operations	(908)	(492)	(1,093)	N/A
Adjusted net (loss)/profit attributable to owners of the Company	(2,591)	396	(3,705)	N/A
Weighted average number of ordinary shares in issue with voting rights ('000)	747,850	727,947	747,850	N/A
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	25,104	25,377	25,104	N/A
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	772,954	753,324	772,954	N/A
Basic (loss)/earnings per share (sen)				
- From continuing operations	(0.22)	0.12	(0.34)	N/A
- From discontinued operations	(0.12)	(0.07)	(0.14)	N/A
	(0.34)	0.05	(0.48)	N/A

There are no potential ordinary shares outstanding as at 31 October 2016. As such, the fully diluted (loss)/earnings per share of the Group is equivalent to the basic (loss)/earnings per share.

A18. Available-for-sale investments

	As at 31 October 2016 RM'000	As at 30 April 2016 RM'000
At Cost:		
Non-current		
Unquoted shares in Malaysia	50	50

A19. Trade receivables

Trade receivables are mainly due from progress billings for major government projects under Managed Telecommunications Network Services as well as corporate voice and data services.

A20. Loans and borrowings

Loans and borrowings of the Group were as follows:

	As at 31 October 2016 RM'000	As at 30 April 2016 RM'000
Current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,756	1,756
Term loan facility, which is denominated in US dollar	-	10,560
- Foreign currency amount: Nil (30 April 2016: USD 2,716,000)		
Trade financing, which are denominated in Ringgit Malaysia	28,525	4,700
Bank overdrafts, which are denominated in Ringgit Malaysia	6,798	1,191
<u>Unsecured</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	243	486
Hire purchase, which is denominated in Ringgit Malaysia	27	-
	37,349	18,693
Non current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	2,378	3,216
<u>Unsecured</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	415	415
Hire purchase, which is denominated in Ringgit Malaysia	133	-
	2,926	3,631
Total	40,275	22,324

A21. Trade and other payables

Payables of the Group are as follows:

	As at 31 October 2016 RM'000	As at 30 April 2016 RM'000
Trade payables	56,988	42,470
Sundry payables	3,481	2,509
Provision for Universal Service Fund Contribution ("USOF")	6,290	5,972
Accruals	6,436	4,896
Deposits payable	2,049	1,805
Deferred income	2,219	2,510
Other payables and accruals	20,475	17,692
Total	77,463	60,162

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD (ACE MARKET) LISTING REQUIREMENTS

B1. Review of group performance for the second quarter ended 31 October 2016

Following the completion of the conditional take over by Berjaya Corporation Berhad on 8 May 2015, the Board of Directors of REDtone International Berhad ("the Company") has approved the change of the Company's financial year end from 31 May to 30 April to be coterminous with the ultimate parent company's financial year end and to comply with Section 168(1) of the Companies Act, 1965. As a result, the performance for the period ended 31 October 2015 which consisted of only 5 months results, was not comparable.

For the quarter ended 31 October 2016

The group has reported a higher revenue of RM39.3 million (comprised of RM36.5 million from continuing operations and RM2.8 million from discontinued operations) for the current quarter under review as compared to revenue of RM35.1 million (comprised of RM29.8 million from continuing operations and RM5.3 million from discontinued operations) was registered in the previous year corresponding quarter (Q2 FY 2016), the slight improvement for the current quarter was mainly derived from Telecommunication Services and Managed Telecommunication Network Services ("MTNS"), which contributed 99% of the group revenue.

The Group registered a higher loss after tax for the current quarter under review of RM3.34 million (comprised of RM2.38 million loss from continuing operations and RM0.96 million loss from discontinued operations) as compared to RM0.49 million in the previous year corresponding quarter (comprised of RM0.15 million gain from continuing operations and RM0.64 million loss from discontinued operations). The higher losses registered for the current quarter was mainly due to higher costs for certain projects and realisation of foreign exchange losses after settlement of outstanding balances owing to foreign subsidiaries. The gain on disposal of RTAS group has mitigated the losses in the current quarter.

B2. Material changes in (loss)/profit before tax compared to the preceding quarter

For the quarter under review, the Group reported a higher loss before tax of RM3 million (comprised of RM2.21 million loss from continuing operations and RM0.79 million loss from discontinued operations) as compared to loss before tax of RM1.71 million (comprised of RM1.28 million loss from continuing operations and RM0.43 million loss from discontinued operations) in the preceding quarter. The higher loss before tax in the current quarter was mainly due to higher costs for certain projects mentioned in B1.

B3. Prospects and business outlook

Given the macro-economic outlook and the prevailing market environment, the Board of Directors is of the view that the operating environment for the remaining quarters will continue to be challenging for the Group.

B4. Profit forecast

No profit forecast was announced.

B5. Corporate proposals

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

B6. Realised and unrealised profits/(loss)

Breakdown of the Group's realised and unrealised profits/(loss) are as follows:

	As at 31 October 2016 RM'000	As at 30 April 2016 RM'000
Total retained profits/(loss) of the Company and its subsidiaries:		
Realised	(51,714)	(34,383)
Unrealised	4,542	4,590
	(47,172)	(29,793)
<u>Total share of retained profits of associates:</u>		
Realised	-	-
Unrealised	-	-
	-	-
	(47,172)	(29,793)
Less: Consolidation adjustments	37,532	23,944
	(9,640)	(5,849)