

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2014**

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the third quarter ended 28 February 2014.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2014**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Dec 2013 to 28 Feb 2014	1 Dec 2012 to 28 Feb 2013	CUMULATIVE QUARTER	
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	1 Jun 2013 to 28 Feb 2014	1 Jun 2012 to 28 Feb 2013
		RM'000	RM'000	RM'000	RM'000
Revenue	A14 (B)	40,920	40,477	107,484	97,828
Cost of sales		(25,315)	(26,874)	(67,187)	(61,483)
Gross profit		15,605	13,603	40,297	36,345
Other income	A15	645	596	6,931	1,434
General and administrative expenses		(7,774)	(5,994)	(23,247)	(17,778)
Provisions		(114)	(268)	(283)	(1,980)
(Loss)/gain on foreign exchange		(36)	65	(34)	(18)
Earnings Before Interest, Tax, Depreciation And Amortisation		8,326	8,002	23,664	18,003
Interest income/(expenses) (net)	A16	140	43	334	(246)
Depreciation and amortisation		(2,064)	(1,804)	(5,885)	(5,421)
Profit before taxation	A17	6,402	6,241	18,113	12,336
Taxation	A18	(1,570)	(2,298)	(3,225)	(2,438)
Profit for the period		4,832	3,943	14,888	9,898
Other comprehensive (expenses)/income, net of tax - Foreign currency translation		(99)	199	2,244	(270)
Total comprehensive income for the financial period		4,733	4,142	17,132	9,628
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		4,987	3,924	14,680	9,906
Non-controlling interests		(155)	19	208	(8)
		4,832	3,943	14,888	9,898
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		4,500	4,102	16,387	9,660
Non-controlling interests		233	40	745	(32)
		4,733	4,142	17,132	9,628
Basic Profit per share (sen)	A19	0.99	0.82	2.90	2.07

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 28 FEBRUARY 2014

	Note	UNAUDITED AS AT 28 February 2014 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		29,969	29,307
Investment property		1,138	1,138
Deferred tax assets		2,906	3,060
Other investment	A20	50	50
Goodwill		7,667	6,756
Intangible asset		25,407	-
Development costs		10,266	9,478
Other receivables		14,174	14,174
		<u>91,577</u>	<u>86,921</u>
Current Assets			
Inventories		1,007	1,076
Trade receivables	A22	77,037	65,278
Other receivables, deposits and prepayments		41,043	13,037
Tax recoverable		-	10
Other investment	A20	34	1
Deposits with licensed banks		29,494	31,513
Cash and bank balances		9,497	5,085
		<u>158,112</u>	<u>116,000</u>
TOTAL ASSETS		<u>249,689</u>	<u>202,921</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		50,712	48,298
Treasury shares		(1,826)	(1,950)
Reserves		70,453	59,318
Total Equity Attributable To Owners Of The Company		<u>119,339</u>	<u>105,666</u>
Non-controlling interests		10,795	7,394
Total Equity		<u>130,134</u>	<u>113,060</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		2,509	3,128
Finance lease payables		223	300
Term loans		1,844	1,890
Deferred taxation		29	61
		<u>4,605</u>	<u>5,379</u>
Current Liabilities			
Deferred income		6,605	6,450
Trade payables		59,098	25,943
Other payables and accruals	A23	41,090	42,876
Finance lease payables		103	103
Term loans		62	62
Provision for taxation		3,856	5,755
Bank overdraft		4,136	3,293
		<u>114,950</u>	<u>84,482</u>
Total Liabilities		<u>119,555</u>	<u>89,861</u>
TOTAL EQUITY AND LIABILITIES		<u>249,689</u>	<u>202,921</u>
Net assets per share (sen)		<u>25.66</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 THIRD QUARTER ENDED 28 FEBRUARY 2014

	9 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2013 to 28 Feb 2014 RM'000	9 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2012 to 28 Feb 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,113	12,336
Adjustments for:		
Non cash items	1,637	7,369
Non operating items	(334)	167
Operating profit before working capital changes	<u>19,416</u>	<u>19,872</u>
Net changes in current assets	(37,537)	(33,035)
Net changes in current liabilities	<u>27,279</u>	<u>31,491</u>
	9,158	18,328
Interest paid	(695)	(768)
Tax refunded	2	232
Tax paid	(5,968)	(569)
Dividend paid	<u>(7,587)</u>	<u>-</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(5,090)</u>	<u>17,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	1,029	601
Acquisition of subsidiaries, net of cash acquired	(1,388)	-
Purchase of treasury shares	(1,741)	-
Proceeds from upliftment of structured fund investment	-	999
Purchase of property, plant and equipment	(2,644)	(1,148)
Expenditure of intangible assets	<u>(1,409)</u>	<u>(877)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,153)</u>	<u>(425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	54
Proceeds from disposed of treasury shares	3,938	(922)
Proceeds from disposed of associate company	5,000	-
Repayment of finance lease payables	(77)	(403)
Repayment of term loans	(46)	(82)
Repayment of hire purchase payables	-	(69)
Proceeds from exercise of employee share options	1,076	379
Proceeds from exercise of warrants	<u>1,169</u>	<u>1</u>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>11,060</u>	<u>(1,042)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(183)	15,756
EFFECTS OF EXCHANGE RATE CHANGES	1,733	(230)
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>34,855</u>	<u>34,674</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	9,497	8,784
Deposits with licensed banks	<u>29,494</u>	<u>26,094</u>
	38,991	34,878
Bank overdraft	<u>(4,136)</u>	<u>(204)</u>
Total cash and cash equivalents	<u>34,855</u>	<u>34,674</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 THIRD QUARTER ENDED 28 FEBRUARY 2014

	←-----NON DISTRIBUTABLE----->								DISTRIBUTABLE RETAINED PROFIT	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVE		REVALUATION RESERVE	WARRANTS 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	-	-	-	-	1,291	-	-	-	-	1,291	953	2,244
Profit for the period	-	-	-	-	-	-	-	-	14,680	14,680	(208)	14,472
Total comprehensive income for the period	-	-	-	-	1,291	-	-	-	14,680	15,971	745	16,716
Dividend for the financial year ended -31 May 2013	-	-	-	-	-	-	-	-	(7,587)	(7,587)	-	(7,587)
Treasury shares acquired	-	(1,741)	-	-	-	-	-	-	-	(1,741)	-	(1,741)
Resale of treasury shares	-	1,865	-	2,073	-	-	-	-	-	3,938	-	3,938
Exercise of warrants	467	-	-	1,265	-	-	(562)	-	-	1,170	-	1,170
Acquisition of remaining equity in subsidiaries from minority interest	-	-	-	223	-	-	-	-	-	223	2,656	2,879
Issuance of ordinary shares, pursuant to conversion of ICULS	1,242	-	(1,236)	(6)	-	-	-	-	-	-	-	-
Employee share options:-												
- Granted	-	-	-	-	-	-	-	621	-	621	-	621
- Exercised	705	-	-	1,508	-	-	-	(1,135)	-	1,078	-	1,078
At 28 February 2014	50,712	(1,826)	8,460	16,828	(136)	418	18,769	2,776	23,338	119,339	10,795	130,134

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	RETAINED PROFITS RM'000	RM'000	RM'000	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 THIRD QUARTER ENDED 28 FEBRUARY 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 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 28 February 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:

1) On 22 January 2014, the Group announced its acquisition of 56% equity interest in Shanghai Xin Chang Information Technology Company Limited ("Shanghai Xin Chang") for a consideration of RMB4.5 million (equivalent to RM2.547million).

Shanghai Xin Chang is a company registered in the People's Republic of China with a registered capital of RMB10 million. The principal activity of Shanghai Xin Chang is marketing and distribution of internet phone call and discounted call services.

2) On 3 December 2013, the Group announced its disposal of the remaining 35% shareholding held in its associate company, REDtone Mobile Sdn Bhd to Theo Networks Sdn. Bhd. for a cash consideration of RM5 million only.

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 28 February 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 1.12.2013	506,752,825	50,675,283
Arising from conversion of ICULS	53,000	5,300
Arising from exercise of Warrants	137,800	13,780
Arising from exercise of ESOS	175,000	17,500
Share capital as at 28.2.14	<u>507,118,625</u>	<u>50,711,863</u>

(b) Share buy-back

During the quarter ended 28 February 2014, the Company purchased to total of 2,558,500 shares under the share buyback scheme at an average cost of RM0.66 per ordinary share for a total cash consideration of RM1,686,399 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 2,633,500 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>12,912</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 28 February 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A14. Segment information

A) The segment information for the reportable segments by country for the nine months ended 28 February 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 9 months ended 28 February 2014				
Revenue	93,317	10	14,157	107,484
Cost of sales	(61,147)	-	(6,040)	(67,187)
Gross profit	32,170	10	8,117	40,297
Other income	6,909	-	22	6,931
Expenses	(19,597)	(36)	(3,931)	(23,564)
EBITDA	19,482	(26)	4,208	23,664
Interest (expense)/income, net	(245)	-	579	334
Depreciation and amortisation	(4,608)	-	(1,277)	(5,885)
Profit/(loss) before taxation	14,629	(26)	3,510	18,113
Income tax expenses	(2,493)	-	(732)	(3,225)
Profit/(loss) after taxation	12,136	(26)	2,778	14,888

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 9 months ended 28 February 2013				
Revenue	80,017	3	17,808	97,828
Cost of sales	(49,397)	(1)	(12,085)	(61,483)
Gross profit	30,620	2	5,723	36,345
Other income	1,312	-	122	1,434
Expenses	(15,804)	(91)	(3,881)	(19,776)
EBITDA	16,128	(89)	1,964	18,003
Interest (expenses)/income, net	(558)	(2)	314	(246)
Depreciation and amortisation	(4,245)	-	(1,176)	(5,421)
Profit/(loss) before taxation	11,325	(91)	1,102	12,336
Income tax expenses	(1,922)	-	(516)	(2,438)
Profit/(loss) after taxation	9,403	(91)	586	9,898

B) The segment information for the reportable segments by line of business for the nine months ended 28 February 2014 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013 RM'000
<u>Revenue by line of business:-</u>				
Voice	13,273	16,040	40,113	49,244
Data	27,617	23,975	67,160	45,402
Others	30	462	211	3,182
	<u>40,920</u>	<u>40,477</u>	<u>107,484</u>	<u>97,828</u>
<u>Gross profit by line of business:-</u>				
Voice	4,836	3,991	14,082	12,998
Data	10,764	9,076	26,052	20,193
Others	5	536	163	3,154
	<u>15,605</u>	<u>13,603</u>	<u>40,297</u>	<u>36,345</u>

A15 Other income

	UNAUDITED Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013 RM'000
Gain on disposal of associate company	-	-	5,000	-
Gain on conversion and amortisation of irredeemable convertible unsecured loan stock ("ICULS")	75	80	619	327
Gain on disposal of fixed asset	-	18	-	-
Miscellaneous income	570	498	1,312	1,107
	<u>645</u>	<u>596</u>	<u>6,931</u>	<u>1,434</u>

A16 Interest income/(expenses) (net)

	UNAUDITED Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013 RM'000
Breakdown:				
Finance income	341	321	1,029	601
Interest charges	(87)	(93)	(253)	(302)
Term loan interest	(24)	(12)	(72)	(36)
Leasing/hire purchase interest	(5)	(5)	(15)	(7)
ICULS interest	(85)	(168)	(355)	(502)
	(201)	(278)	(695)	(847)
	<u>140</u>	<u>43</u>	<u>334</u>	<u>(246)</u>

A17 Profit before taxation

	UNAUDITED Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013 RM'000
Audit fee	193	75	385	375
Amortisation of development cost	491	513	1,425	1,512
Bad debts write back	-	-	-	(4)
Depreciation of property, plant and equipment	1,573	1,291	4,461	3,909
Loss/(Gain) on foreign exchange				
- realised	19	(8)	54	41
- unrealised	17	(58)	(20)	(23)
Impairment loss on trade receivables	-	125	-	52
Impairment loss on other receivables	-	-	-	1,500
Salaries, wages and allowances	3,778	3,041	10,382	8,417
	<u></u>	<u></u>	<u></u>	<u></u>

A18 Taxation

	UNAUDITED Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013 RM'000	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013 RM'000
Tax refunded	-	33	2	232
Current period provision	(1,551)	(2,311)	(3,072)	(2,552)
Deferred taxation	(19)	(20)	(155)	(118)
	<u>(1,570)</u>	<u>(2,298)</u>	<u>(3,225)</u>	<u>(2,438)</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 Dec 2013 to 28 Feb 2014	AUDITED Individual Quarter 1 Dec 2012 to 28 Feb 2013	UNAUDITED Cumulative Quarter 1 Jun 2013 to 28 Feb 2014	AUDITED Cumulative Quarter 1 Jun 2012 to 28 Feb 2013
Basic profit per share				
Profit attributable to equity holders of the company (RM'000)	4,987	3,924	14,680	9,906
Weighted average number of ordinary shares in issue ('000)	507,119	479,151	507,119	479,151
Basic profit per share (sen)	0.99	0.82	2.90	2.07

A20. Other investments

	UNAUDITED 28 Feb 2014 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	34	1
Total other investments as at 28 February 2014	84	51

A21. Group Borrowings

Total borrowings of the Group are as follows:

	UNAUDITED 28 Feb 2014 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	326	403
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,906	1,952
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	4,136	3,293
	6,368	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 28 Feb 2014 RM'000	AUDITED 31 May 2013 RM'000
Other payables	4,831	4,408
Accruals	3,696	5,683
USP fund	7,813	8,035
Advances for projects	24,750	24,750
	41,090	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 third quarter ended 28 February 2014

For the quarter under review, the Group reported a revenue of RM40.92 million, representing an increase of RM0.44 million as compared to preceding year's corresponding quarter, mainly due to the increase in data revenue in Q3 FYE 2014.

The Group's profit before taxation for Q3 FYE 2014 was RM6.40 million as compared to profit before taxation of RM6.24 million for the preceding year's corresponding quarter. It represents an increase in profit before tax of RM0.16 million. The improvement in profit was mainly due to the higher data revenue.

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

	3rd Quarter 28 Feb 14 RM'000	2nd Quarter 30 Nov 13 RM'000
Revenue	<u>40,920</u>	<u>30,454</u>
Profit before taxation and non-controlling interest	<u>6,402</u>	<u>7,055</u>

In Q3 FYE 2014, the Group registered a turnover of RM40.92 million compared to RM30.45 million for the quarter ended 30 November 2013 ("Q2 FYE 2014"). The increase in turnover of approximately 34.38% is mainly due to the higher revenue derived from data projects in Q3 FYE 2014.

The Group recorded a profit before tax of RM6.4 million for Q3 FYE 2014 as compared to profit before tax of RM7.06 million for Q2 FYE 2014. The decrease in profit of RM0.66 million was mainly due to substantial gain of RM5 million from disposal of 35% shareholding in associate company, REDtone Mobile Sdn Bhd in Q2 FYE2014.

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.