

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2015**

REDTONE INTERNATIONAL BERHAD

(Company No.: 596364-U)

The Directors are pleased to announce the unaudited results for the third quarter ended 28 February 2015.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 Dec 2014 to 28 Feb 2015	1 Dec 2013 to 28 Feb 2014	1 Jun 2014 to 28 Feb 2015	1 Jun 2013 to 28 Feb 2014
		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)	39,515	40,920	118,493	107,484
Cost of sales		<u>(24,231)</u>	<u>(25,315)</u>	<u>(73,111)</u>	<u>(67,187)</u>
Gross profit		15,284	15,605	45,382	40,297
Other income	A15	876	645	5,170	6,931
General and administrative expenses		(9,500)	(7,774)	(28,986)	(23,247)
Provisions		(192)	(114)	(641)	(283)
Gain/(Loss) on foreign exchange		<u>261</u>	<u>(36)</u>	<u>193</u>	<u>(34)</u>
Earnings Before Interest, Tax, Depreciation And Amortisation		6,729	8,326	21,118	23,664
Interest (expenses)/income (net)	A16	(177)	140	(287)	334
Depreciation and amortisation		<u>(2,809)</u>	<u>(2,064)</u>	<u>(6,548)</u>	<u>(5,885)</u>
Profit before taxation	A17	3,743	6,402	14,283	18,113
Taxation	A18	<u>(1,549)</u>	<u>(1,570)</u>	<u>(2,963)</u>	<u>(3,225)</u>
Profit for the period		2,194	4,832	11,320	14,888
Other comprehensive income/(expenses), net of tax - Foreign currency translation		<u>2,052</u>	<u>(99)</u>	<u>3,249</u>	<u>2,244</u>
Total comprehensive income for the financial period		<u>4,246</u>	<u>4,733</u>	<u>14,569</u>	<u>17,132</u>
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		3,153	4,987	12,878	14,680
Non-controlling interests		<u>(959)</u>	<u>(155)</u>	<u>(1,558)</u>	<u>208</u>
		<u>2,194</u>	<u>4,832</u>	<u>11,320</u>	<u>14,888</u>
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		5,134	4,500	15,970	16,387
Non-controlling interests		<u>(888)</u>	<u>233</u>	<u>(1,401)</u>	<u>745</u>
		<u>4,246</u>	<u>4,733</u>	<u>14,569</u>	<u>17,132</u>
Basic Earnings per share (sen)	A19	<u>0.61</u>	<u>0.99</u>	<u>2.47</u>	<u>2.90</u>

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 28 Feb 2015 RM'000	AUDITED AS AT 31 May 2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		28,439	30,285
Investment in associates		352	-
Investment properties		1,275	1,274
Deferred tax assets		1,563	1,631
Other investments	A20	50	50
Goodwill		4,996	6,758
Intangible assets		36,559	35,110
Development costs		11,434	11,151
Other receivables		15,340	16,960
		<u>100,008</u>	<u>103,219</u>
Current Assets			
Inventories		1,518	841
Trade receivables	A22	95,329	54,134
Other receivables, deposits and prepayments		36,433	13,310
Tax recoverable		204	530
Other investments	A20	79	8
Deposits with licensed banks		37,480	25,054
Cash and bank balances		5,457	12,652
		<u>176,500</u>	<u>106,529</u>
TOTAL ASSETS		<u>276,508</u>	<u>209,748</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		56,085	50,822
Treasury shares		(2,426)	(1,741)
Reserves		100,703	77,806
Total Equity Attributable To Owners Of The Company		<u>154,362</u>	<u>126,887</u>
Non-controlling interests		8,853	10,004
Total Equity		<u>163,215</u>	<u>136,891</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		2,150	2,424
Finance lease payables		120	197
Term loans		5,107	1,825
Deferred income- Government grant		4,994	-
Deferred tax liabilities		467	482
		<u>12,838</u>	<u>4,928</u>
Current Liabilities			
Deferred income		11,221	6,194
Trade payables		49,741	34,296
Other payables and accruals	A23	21,144	22,878
Finance lease payables		103	103
Term loans		11,630	65
Provision for taxation		3,647	2,757
Bank overdraft		2,969	1,636
		<u>100,455</u>	<u>67,929</u>
Total Liabilities		<u>113,293</u>	<u>72,857</u>
TOTAL EQUITY AND LIABILITIES		<u>276,508</u>	<u>209,748</u>
Net assets per share (sen)		<u>29.10</u>	<u>26.94</u>

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

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2014 to 28 Feb 2015 RM'000	9 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2013 to 28 Feb 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,283	18,113
Adjustments for:		
Non-cash items	4,395	1,637
Non- operating items	288	(334)
Operating profit before working capital changes	<u>18,966</u>	<u>19,416</u>
Net changes in current assets	(58,841)	(37,537)
Net changes in current liabilities	<u>18,345</u>	<u>27,279</u>
	(21,530)	9,158
Interest paid	(962)	(695)
Tax refund	-	2
Tax paid	<u>(1,790)</u>	<u>(5,968)</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(24,282)</u>	<u>2,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	674	1,029
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(1,388)
Disposal of subsidiary, net of cash and cash equivalents disposed	4,749	-
Proceeds from disposal of an associate	-	5,000
Investment in associate	(352)	-
Purchase of property, plant and equipment	(2,325)	(2,644)
Purchase of intangible assets	(2,296)	-
Government grant received	5,351	-
Development costs paid	<u>(2,125)</u>	<u>(1,409)</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>3,676</u>	<u>588</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(685)	(1,741)
Proceeds from resale of treasury shares	-	3,938
Repayment of finance lease payables	(77)	(77)
Repayment of term loans	(48)	(46)
Drawdown of term loan	14,895	-
Proceeds from exercise of employee share options	913	1,076
Proceeds from exercise of warrants	11,970	1,169
Dividend paid	<u>(5,847)</u>	<u>(7,587)</u>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>21,121</u>	<u>(3,268)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	515	(183)
EFFECTS OF EXCHANGE RATE CHANGES	3,383	1,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	36,070	33,305
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>39,968</u>	<u>34,855</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	5,457	9,497
Deposits with licensed banks	<u>37,480</u>	<u>29,494</u>
	42,937	38,991
Bank overdraft	<u>(2,969)</u>	<u>(4,136)</u>
Total cash and cash equivalents	<u>39,968</u>	<u>34,855</u>

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

REDTONE INTERNATIONAL BERHAD

(Company No.: 596364-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVE	REVALUATION RESERVE	WARRANTS RESERVE	EMPLOYEES' SHARE OPTION RESERVE	DISTRIBUTABLE RETAINED PROFIT	ATTRIBUTABLE TO OWNERS 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
Other comprehensive income for the financial period, net of tax:												
-Foreign currency translation	-	-	-	-	3,092	-	-	-	-	3,092	157	3,249
Profit for the financial period	-	-	-	-	-	-	-	-	12,878	12,878	(1,558)	11,320
Total comprehensive income/(expenses) for the period	-	-	-	-	3,092	-	-	-	12,878	15,970	(1,401)	14,569
Dividend paid	-	-	-	-	-	-	-	-	(5,847)	(5,847)	-	(5,847)
Treasury shares acquired	-	(685)	-	-	-	-	-	-	-	(685)	-	(685)
Exercise of warrants	4,788	-	-	12,879	-	-	(5,698)	-	-	11,969	-	11,969
Dilution of equity interest in a subsidiary	-	-	-	4,750	-	-	-	-	-	4,750	250	5,000
Issuance of shares, pursuant to conversion of ICULS	128	-	(128)	-	-	-	-	-	-	-	-	-
Employees' share options:-												
- Granted	-	-	-	-	-	-	-	405	-	405	-	405
- Exercised	347	-	-	1,088	-	-	-	(522)	-	913	-	913
Total transactions with owners	5,263	(685)	(128)	18,717	-	-	(5,698)	(117)	(5,847)	11,505	250	11,755
At 28 Feb 2015	56,085	(2,426)	8,310	35,484	2,412	418	12,965	3,252	37,862	154,362	8,853	163,215

REDTONE INTERNATIONAL BERHAD

(Company No.: 596364-U)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2015
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

-----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	EMPLOYEES' SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE 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	3,290	16,245	105,666	7,394	113,060
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	14,680	14,680	(208)	14,472
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation	-	-	-	-	1,291	-	-	-	-	1,291	953	2,244
Total comprehensive income for the period	-	-	-	-	1,291	-	-	-	14,680	15,971	745	16,716
Dividend paid	-	-	-	-	-	-	-	-	(7,587)	(7,587)	-	(7,587)
Acquisition of remaining equity in subsidiaries from minority interest	-	-	-	223	-	-	-	-	-	223	2,656	2,879
Treasury shares:												
- Acquired	-	(1,741)	-	-	-	-	-	-	-	(1,741)	-	(1,741)
- Disposed of	-	1,865	-	2,073	-	-	-	-	-	3,938	-	3,938
Issuance of shares, pursuant to conversion of ICULS	1,242	-	(1,236)	(6)	-	-	-	-	-	-	-	-
Exercise of warrants	467	-	-	1,265	-	-	(562)	-	-	1,170	-	1,170
Employees' share options:-												
- Granted	-	-	-	-	-	-	-	621	-	621	-	621
- Exercised	705	-	-	1,508	-	-	-	(1,135)	-	1,078	-	1,078
Total transactions with owners	2,414	124	(1,236)	5,063	-	-	(562)	(514)	(7,587)	(2,298)	2,656	358
At 28 Feb 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
(Company No.: 596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2015

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 an "except for" qualified opinion in their report in respect of a debt owing by a third party.

On 28 November 2014, the Group announced that the said third party debtor has signed a major contract recently which will facilitate its repayment to the Group. This supports the Board's opinion and its confidence in the full recoverability of the said debt.

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 2015.

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.

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 2015 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 December 2014	520,767,505	52,076,751
Arising from exercise of Warrants	38,053,360	3,805,336
Arising from exercise of ESOS	2,028,500	202,850
Share capital as at 28 February 2015	<u>560,849,365</u>	<u>56,084,937</u>

(b) Share buy-back

During the quarter ended 28 February 2015, the Company purchased a total of 770,800 shares under the share buyback scheme at an average cost of RM0.71 per ordinary share for a total cash consideration of RM543,806 which includes transaction costs, which were financed by Company's internally generated funds. They are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and are stated at cost. At as the end of the quarter under review, a total 3,597,800 shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A10. Contingent liability

The Group has bank guarantees amounting to RM23,811,610 (31 May 2014: RM13,927,292) as performance bonds in favour of various government and statutory bodies, and private companies.

A11. Off balance sheet financial instruments

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

A12. Dividends

During the quarter under review, the Company paid the final single tier dividend of 1.10 sen per ordinary share amounting to RM 5,791,939.

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

There were no other material transactions or events subsequent to the current quarter ended 28 Feb 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:

a) On 4 March 2015, the Company's 2010/2015 Warrants expired and was delisted on 5 March 2015.

b) On 27 March 2015, the Company announced that it had of even date received a notice of conditional take-over offer from RHB Investment Bank Berhad on behalf of Juara Sejati Sdn Bhd ("JSSB"), a wholly-owned subsidiary of Berjaya Group Berhad, which in turn is a wholly-owned subsidiary of Berjaya Corporation Berhad to acquire i) all the remaining ordinary shares of RM0.10 each in REDtone not already owned by JSSB and its persons acting in concert ("PACs") with it and ii) all the remaining REDtone ICULS not already owned by JSSB and its PACs.

A14. Segment information

A) The segment information for the reportable segments by country for the nine months ended 28 February 2015 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 2015				
Revenue	98,116	1	20,376	118,493
Cost of sales	(56,874)	-	(16,237)	(73,111)
Gross profit	41,242	1	4,139	45,382
Other income	1,705	-	3,465	5,170
Expenses	(24,542)	(39)	(4,853)	(29,434)
EBITDA	18,405	(38)	2,751	21,118
Interest (expense)/income, net	(559)	-	272	(287)
Depreciation and amortisation	(5,548)	-	(1,000)	(6,548)
Profit/(loss) before taxation	12,298	(38)	2,023	14,283
Income tax expenses	(2,923)	-	(40)	(2,963)
Profit/(loss) after taxation	9,375	(38)	1,983	11,320

	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 (expenses)/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

B) The segment information for the reportable segments by line of business for the nine months ended 28 February 2015 and its comparative figures are as follows:-

	Individual Quarter 1 Dec 2014 to 28 Feb 2015 RM'000	Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015 RM'000	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000
<u>Revenue by line of business:-</u>				
Voice	15,415	13,273	48,059	40,113
Data	23,921	27,617	69,447	67,160
Others	179	30	987	211
	39,515	40,920	118,493	107,484
<u>Gross profit by line of business:-</u>				
Voice	3,781	4,836	10,066	14,082
Data	11,360	10,764	34,514	26,052
Others	143	5	801	163
	15,284	15,605	45,382	40,297

A15 Other income

	Individual Quarter 1 Dec 2014 to 28 Feb 2015 RM'000	Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015 RM'000	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000
Gain on disposal of subsidiary/associate company	99	-	3,231	5,000
Gain on conversion and amortisation of irredeemable convertible unsecured loan stock ("ICULS")	79	75	274	619
Miscellaneous income	698	570	1,665	1,312
	<u>876</u>	<u>645</u>	<u>5,170</u>	<u>6,931</u>

A16 Interest (expenses)/income (net)

	Individual Quarter 1 Dec 2014 to 28 Feb 2015 RM'000	Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015 RM'000	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000
Breakdown:				
Finance income	199	341	674	1,029
Interest charges	(132)	(87)	(353)	(253)
Term loan interest	(96)	(24)	(166)	(72)
Leasing interest	(5)	(5)	(15)	(15)
ICULS interest	(143)	(85)	(427)	(355)
	(376)	(201)	(961)	(695)
	<u>(177)</u>	<u>140</u>	<u>(287)</u>	<u>334</u>

A17 Profit before taxation

	Individual Quarter 1 Dec 2014 to 28 Feb 2015 RM'000	Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015 RM'000	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000
Audit fee	121	193	341	385
Amortisation of development cost	1,451	491	2,454	1,425
Depreciation of property, plant and equipment	1,358	1,573	4,094	4,461
(Gain)/Loss on foreign exchange				
- realised	(282)	19	(237)	54
- unrealised	20	17	43	(20)
Impairment loss on trade receivables	37	-	65	-
Salaries, wages and allowances	4,547	3,778	13,142	10,382
	<u>4,547</u>	<u>3,778</u>	<u>13,142</u>	<u>10,382</u>

A18 Taxation

	Individual Quarter 1 Dec 2014 to 28 Feb 2015 RM'000	Individual Quarter 1 Dec 2013 to 28 Feb 2014 RM'000	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015 RM'000	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014 RM'000
Tax refund	-	-	-	2
Current period provision				
- In Malaysia	(1,466)	(1,048)	(2,855)	(2,338)
- Outside Malaysia	(56)	(503)	(56)	(734)
Deferred taxation	(27)	(19)	(52)	(155)
	<u>(1,549)</u>	<u>(1,570)</u>	<u>(2,963)</u>	<u>(3,225)</u>

A19. Earnings per share

Basic earnings 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.

	Individual Quarter 1 Dec 2014 to 28 Feb 2015	Individual Quarter 1 Dec 2013 to 28 Feb 2014	Cumulative Quarter 1 Jun 2014 to 28 Feb 2015	Cumulative Quarter 1 Jun 2013 to 28 Feb 2014
Basic earnings per share				
Profit attributable to equity holders of the company (RM'000)	3,153	4,987	12,878	14,680
Weighted average number of ordinary shares in issue ('000)	521,447	507,119	521,447	507,119
Basic earning per share (sen)	<u>0.61</u>	<u>0.99</u>	<u>2.47</u>	<u>2.90</u>

A20. Other investments

	UNAUDITED 28 Feb 2015 RM'000	AUDITED 31 May 2014 RM'000
At Cost:		
Non-current		
Unquoted shares in Malaysia	50	50
Current		
Unquoted shares outside Malaysia	79	8
	<u>129</u>	<u>58</u>

A21. Group Borrowings

Total borrowings of the Group are as follows:

	UNAUDITED 28 Feb 2015 RM'000	AUDITED 31 May 2014 RM'000
<u>Total Secured Borrowings:-</u>		
Finance lease facility from Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	223	300
Term loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,842	1,890
Term loan facility from CIMB Bank Bhd. which are denominated in Ringgit Malaysia	5,000	-
Term loan facility from China Construction Bank Corporation which are denominated in US dollar	9,895	-
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	2,969	1,636
	<u>19,929</u>	<u>3,826</u>

A22. Trade receivables

Receivables mainly due from progress 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 2015 RM'000	AUDITED 31 May 2014 RM'000
Other payables	6,736	4,507
Accruals	4,121	6,340
USP fund	6,080	6,513
Advances for projects	4,207	5,518
	<u>21,144</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
(Company No.: 596364-U)

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

B1. Review of group performance for third quarter ended 28 February 2015

For the quarter under review, the Group 's revenue decreased by RM1.4 million to RM39.52 million as compared to Q3 FYE 2014. The Group's profit before taxation for Q3 FYE 2015 decreased by RM2.66 million compared to the preceding year's corresponding quarter. Historically, the third quarter is a low quarter due to the festive periods (year end, Christmas through to Chinese New Year) however, this year we experienced a slight growth. This growth, however, was not sufficient to support the drop in data project revenues which coupled with higher costs has resulted in a higher percentage drop in profit before tax compared to the percentage drop in revenue for the same period. Despite having a healthy project inventory, the Group has experienced this drop in project revenues culminating from various inter-related factors, namely, roll-out delays, equipment ordering lead times and technical configuration complications. The Group's growth in projects and new initiatives also has impacted the bottom line due to increases in payroll and related costs.

B2. Prospects and business outlook

Data, broadband and managed services continue to support the Group's earnings potential. With this strong recurring revenue streams and healthy growth in our corporate data services and government data projects, we expect to continue to perform well. Furthermore, the project pipeline, although sometimes lumpy or irregular in revenue contribution from quarter to quarter, continue to grow steadily, strengthening our position as an Integrated Telecom Solutions provider, and specifically as a value-added services organisation.

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. We will continue to maintain the revenue contribution from this sector by upgrading our existing infrastructure in the coming years.

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

	3rd Quarter 28 Feb 2015 RM'000	2nd Quarter 30 Nov 2014 RM'000
Revenue	<u>39,515</u>	<u>44,807</u>
Profit before taxation and non-controlling interest	<u>3,743</u>	<u>5,528</u>

The Group recorded a profit before tax of RM3.74 million for Q3 FYE 2015 as compared to profit before tax of RM5.53 million for Q2 FYE 2015. The decrease in profit of RM1.79 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.