

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016**

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

The Directors are pleased to announce the unaudited Interim Financial Report for the third quarter ended 31 January 2016.

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 Nov 2015 to 31 Jan 2016	1 Nov 2014 to 31 Jan 2015	1 Jun 2015 to 31 Jan 2016	1 Jun 2014 to 31 Jan 2015
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
		RM'000	RM'000	RM'000	RM'000
Revenue	A14 (B)	38,683	N/A	96,781	N/A
Cost of sales		(29,532)	N/A	(66,342)	N/A
Gross profit		9,151	N/A	30,439	N/A
Other income		14	N/A	268	N/A
General and administrative expenses		(11,091)	N/A	(27,106)	N/A
Impairment loss on goodwill		(2,562)	N/A	(2,562)	N/A
Loss on foreign exchange		(1,390)	N/A	(1,621)	N/A
Loss before interest, tax, depreciation and amortisation		(5,878)	N/A	(582)	N/A
Interest expense (net)	A15	(147)	N/A	(389)	N/A
Depreciation and amortisation		(1,866)	N/A	(4,855)	N/A
Loss before taxation	A16	(7,891)	N/A	(5,826)	N/A
Income tax expense	A17	376	N/A	(1,546)	N/A
Loss for the period		(7,515)	N/A	(7,372)	N/A
<u>Other comprehensive items, net of tax item that may be reclassified subsequently to profit or loss:</u>					
- Foreign currency translation		(221)	N/A	1,675	N/A
Total comprehensive income for the financial period		(7,736)	N/A	(5,697)	N/A
<u>Loss attributable to:-</u>					
Owners of the Company		(7,196)	N/A	(6,260)	N/A
Non-controlling interests		(319)	N/A	(1,112)	N/A
		(7,515)	N/A	(7,372)	N/A
<u>Total comprehensive income attributable to :-</u>					
Owners of the Company		(7,143)	N/A	(5,131)	N/A
Non-controlling interests		(593)	N/A	(566)	N/A
		(7,736)	N/A	(5,697)	N/A
<u>Loss per share (sen)</u>					
Basic	A18	(0.92)	N/A	(0.80)	N/A

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 year ended 31 May 2015.

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 THIRD QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED As at 31 January 2016 RM'000	AUDITED As at 31 May 2015 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		40,274	38,974
Investment properties		1,143	1,143
Deferred tax assets		1,436	1,424
Other investments	A19	50	50
Goodwill		3,801	6,363
Intangible assets		43,681	40,516
Development costs		4,234	11,301
		<u>94,619</u>	<u>99,771</u>
Current Assets			
Inventories		853	114
Trade receivables	A20	98,208	85,281
Other receivables, deposits and prepayments		18,808	16,378
Tax recoverable		3,816	2,469
Deposits with licensed banks		50,932	41,139
Cash and bank balances		9,749	23,010
		<u>182,366</u>	<u>168,391</u>
TOTAL ASSETS		<u>276,985</u>	<u>268,162</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		75,725	75,257
Treasury shares		(2,843)	(2,426)
Reserves		97,675	101,290
Equity Attributable to Owners of the Company		<u>170,557</u>	<u>174,121</u>
Non-controlling interests		11,110	11,676
Total Equity		<u>181,667</u>	<u>185,797</u>
Non-current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		726	678
Long term borrowings	A21	4,256	4,903
Deferred tax liabilities		848	867
		<u>5,830</u>	<u>6,448</u>
Current Liabilities			
Deferred income		9,690	7,604
Trade payables		22,458	18,918
Other payables and accruals	A22	21,832	28,084
Short term borrowings	A21	32,424	17,913
Provision for taxation		3,084	3,398
		<u>89,488</u>	<u>75,917</u>
Total Liabilities		<u>95,318</u>	<u>82,365</u>
TOTAL EQUITY AND LIABILITIES		<u>276,985</u>	<u>268,162</u>
Net assets per share (sen)		<u>22.65</u>	<u>23.25</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 2015.

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 THIRD QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	8 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 2015 to 31 Jan 2016 RM'000	8 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 2014 to 31 Jan 2015 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(5,826)	N/A
Adjustments for:		
Non-cash items	9,663	N/A
Non- operating items	528	N/A
Operating profit before working capital changes	4,365	N/A
Net changes in current assets	(17,464)	N/A
Net changes in current liabilities	(1,006)	N/A
	(14,105)	N/A
Interest paid	(1,243)	N/A
Tax refund	211	N/A
Tax paid	(2,785)	N/A
NET CASH USED IN OPERATING ACTIVITIES	(17,922)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	715	N/A
Increase in fixed deposits	(8,750)	N/A
Purchase of property, plant and equipment	(3,226)	N/A
Development costs paid	(2,338)	N/A
Grant received	6,197	N/A
NET CASH USED IN INVESTING ACTIVITIES	(7,402)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(417)	N/A
Repayment of finance lease payables	(324)	N/A
Repayment of term loans	(2,614)	N/A
Drawdown of short term financing	26,901	N/A
Repayment of short term financing	(16,327)	N/A
Proceeds from exercise of employees' share options	1,984	N/A
NET CASH GENERATED FROM FINANCING ACTIVITIES	9,203	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,121)	N/A
EFFECTS OF EXCHANGE RATE CHANGES	(4,199)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,213	N/A
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,893	N/A
Cash and cash equivalents comprise of:		
Cash and bank balances	9,749	N/A
Deposits with licensed banks	50,932	N/A
	60,681	N/A
Bank overdrafts	(7,928)	N/A
Less: Deposits pledged to licensed banks	(50,860)	N/A
Total cash and cash equivalents	1,893	N/A

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.

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 THIRD QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←-----NON-DISTRIBUTABLE-----→

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVE	REVALUATION RESERVE	EMPLOYEES' SHARE OPTION RESERVE	DISTRIBUTABLE RETAINED PROFITS	ATTRIBUTABLE TO OWNERS OF 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
At 1 June 2015	75,257	(2,426)	2,545	69,336	3,488	418	707	24,796	174,121	11,676	185,797
Loss after taxation for the financial period	-	-	-	-	-	-	-	(6,260)	(6,260)	(1,112)	(7,372)
Other comprehensive income for the financial period, net of tax:	-	-	-	-	1,129	-	-	-	1,129	546	1,675
- Foreign currency translation	-	-	-	-	1,129	-	-	-	1,129	546	1,675
Total comprehensive income for the financial period	-	-	-	-	1,129	-	-	(6,260)	(5,131)	(566)	(5,697)
Transactions with owners:											
Treasury shares acquired	-	(417)	-	-	-	-	-	-	(417)	-	(417)
Issuance of shares pursuant to conversion of ICULS	29	-	(29)	-	-	-	-	-	-	-	-
Employees' share options:-											
- Exercised	439	-	-	2,236	-	-	(691)	-	1,984	-	1,984
- Forfeited	-	-	-	-	-	-	(16)	16	-	-	-
Total transactions with owners	468	(417)	(29)	2,236	-	-	(707)	16	1,567	-	1,567
At 31 January 2016	75,725	(2,843)	2,516	71,572	4,617	418	-	18,552	170,557	11,110	181,667

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 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 COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY 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
- As previously reported	-	-	-	-	-	-	-	-	(15,049)	(15,049)	-	(15,049)
- Prior year adjustment	50,822	(1,741)	8,438	16,767	(680)	418	18,663	3,369	15,782	111,838	10,004	121,842
As restated	-	-	-	-	-	-	-	-	11,660	11,660	(360)	11,300
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	-	4,168	430	4,598
Other comprehensive income for the financial year, net of tax:-	-	-	-	-	4,168	-	-	-	-	-	-	-
- Foreign currency translation	-	-	-	-	4,168	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	4,168	-	-	-	11,660	15,828	70	15,898
Transactions with owners:												
Dividend paid	-	-	-	-	-	-	-	-	(5,792)	(5,792)	-	(5,792)
- By the Company	-	-	-	-	-	-	-	-	-	-	(55)	(55)
- By a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	2,638	2,638	(2,638)	-
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(942)	(942)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of share capital to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	5,237	5,237
Issuance of shares pursuant to conversion of ICULS	5,905	-	(5,893)	(12)	-	-	-	-	-	-	-	-
Warrants:-												
- Exercised	15,538	-	-	41,797	-	-	(18,490)	-	-	38,845	-	38,845
- Expired	-	-	-	-	-	-	(173)	-	173	-	-	-
Treasury shares:-												
- Acquired	-	(685)	-	-	-	-	-	-	-	(685)	-	(685)
Employees' share options:-												
- Granted	-	-	-	-	-	-	-	2,096	-	2,096	-	2,096
- Exercised	2,992	-	-	10,784	-	-	-	(4,423)	-	9,353	-	9,353
- Forfeited	-	-	-	-	-	-	-	(335)	335	-	-	-
Total transactions with owners	24,435	(685)	(5,893)	52,569	-	-	(18,663)	(2,562)	(2,646)	46,455	1,602	48,057
At 31 May 2015	75,257	(2,426)	2,545	69,336	3,488	418	-	707	24,796	174,121	11,676	185,797

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.

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 STATEMENTS FOR THE THIRD QUARTER ENDED 31 JANUARY 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 (previously known as FRS 134) issued by the Malaysian Accounting Standards Board ("MASB") and ACE Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2015.

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.

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. The next audited financial statements shall be for a period of eleven (11) months, covering from 1 June 2015 to 30 April 2016.

The following periods shall be the period to be covered in the Group's subsequent quarterly financial reporting:

Period/Quarters for financial period ending 30 April 2016:

1st Period – 1 June 2015 to 31 July 2015

2nd Quarter – 1 August 2015 to 31 October 2015

3rd Quarter – 1 November 2015 to 31 January 2016

4th Quarter – 1 February 2016 to 30 April 2016

The change of financial year end shall apply to the Company and its subsidiaries.

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 MASB but are not yet effective for the current financial year:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle
Annual Improvements to MFRSs 2012 – 2014 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 the Company for the financial year ended 31 May 2015.

A4. Nature and amount of exceptional and extraordinary items

There were no exceptional or extraordinary items during the quarter under review except for the impairment loss on goodwill amounting to RM2,562,000.

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 31 January 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 are no changes in the composition of the Group during the quarter under review.

A8. Seasonality or cyclicity of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors during the quarter under review.

A9. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares for the quarter ended 31 January 2016 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 June 2015	752,566,072	75,256,607
Arising from conversion of ICULS	291,320	29,132
Arising from exercise of ESOS	4,393,000	439,300
Share capital as at 31 January 2016	<u>757,250,392</u>	<u>75,725,039</u>

(b) Share buy-back

Month	Price per share (RM)			Number of shares	Total Considerations RM'000
	Lowest	Highest	Average		
July 2015	0.72	0.72	0.720	1,000	1
September 2015	0.58	0.66	0.620	342,000	212
December 2015	0.62	0.62	0.620	1,000	1
January 2016	0.51	0.56	0.535	376,000	203
			<u>0.579</u>	<u>720,000</u>	<u>417</u>

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

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 1 June 2015	0.674	3,597,800	2,426
Increase in treasury shares	0.579	720,000	417
Total treasury shares as at 31 January 2016	<u>0.658</u>	<u>4,317,800</u>	<u>2,843</u>

As at 31 January 2016, the number of outstanding shares in issue and fully paid up with voting rights was 752,932,592 (31 May 2015: 748,968,272) ordinary shares of RM0.10 each.

A10. Contingent liability

Bank guarantees of the Group are as follows:

	As at 31 Jan 2016 RM'000	As at 31 May 2015 RM'000
(a) Performance bonds in favour of various government and statutory bodies, and private companies	23,430	24,029
(b) Performance bonds in favour of third party for private companies	<u>2,302</u>	<u>1,404</u>
	<u>25,732</u>	<u>25,433</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 other material transactions or events subsequent to the quarter ended 31 January 2016 (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 8 months ended 31 January 2016 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 8 months ended 31 January 2016				
Revenue	79,783	-	16,998	96,781
Cost of sales	(53,923)	-	(12,419)	(66,342)
Gross profit	25,860	-	4,579	30,439
Other income	88	-	180	268
Expenses	(24,275)	(33)	(4,419)	(28,727)
Impairment loss on goodwill	(1,195)	-	(1,367)	(2,562)
(Loss)/Earnings before interest, tax, depreciation and amortisation	478	(33)	(1,027)	(582)
Interest (expense)/income (net)	(545)	-	156	(389)
Depreciation and amortisation	(3,684)	-	(1,171)	(4,855)
Loss before taxation	(3,751)	(33)	(2,042)	(5,826)
Income tax expense	(1,204)	-	(342)	(1,546)
Loss after taxation	(4,955)	(33)	(2,384)	(7,372)

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 8 months ended 31 January 2015				
Revenue	N/A	N/A	N/A	N/A
Cost of sales	N/A	N/A	N/A	N/A
Gross profit	N/A	N/A	N/A	N/A
Other income	N/A	N/A	N/A	N/A
Expenses	N/A	N/A	N/A	N/A
Earnings before interest, tax, depreciation and amortisation	N/A	N/A	N/A	N/A
Interest income/(expense) (net)	N/A	N/A	N/A	N/A
Depreciation and amortisation	N/A	N/A	N/A	N/A
Profit/(Loss) before taxation	N/A	N/A	N/A	N/A
Income tax expense	N/A	N/A	N/A	N/A
Profit/(Loss) after taxation	N/A	N/A	N/A	N/A

B) The segment information for the reportable segments by line of business for the 8 months ended 31 January 2016 and its comparative figures are as follows:-

	Individual Quarter 1 Nov 2015 to 31 Jan 2016 RM'000	Individual Quarter 1 Nov 2014 to 31 Jan 2015 RM'000	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016 RM'000	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015 RM'000
<u>Revenue by line of business:-</u>				
Telecommunication services	19,475	N/A	51,736	N/A
Managed telecommunication network services	18,765	N/A	44,097	N/A
Managed solutions	266	N/A	600	N/A
Sales of telecommunication software, goods and installation charges	177	N/A	348	N/A
	38,683	N/A	96,781	N/A

Gross profit by line of business:-

	Individual Quarter 1 Nov 2015 to 31 Jan 2016 RM'000	Individual Quarter 1 Nov 2014 to 31 Jan 2015 RM'000	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016 RM'000	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015 RM'000
Telecommunication services	4,919	N/A	11,714	N/A
Managed telecommunication network services	3,802	N/A	17,881	N/A
Managed solutions	257	N/A	557	N/A
Sales of telecommunication software, goods and installation charges	173	N/A	287	N/A
	9,151	N/A	30,439	N/A

A15 Interest expense (net)

	Individual Quarter 1 Nov 2015 to 31 Jan 2016 RM'000	Individual Quarter 1 Nov 2014 to 31 Jan 2015 RM'000	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016 RM'000	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015 RM'000
Breakdown:				
Interest income	247	N/A	854	N/A
Interest charges	(178)	N/A	(616)	N/A
Term loan interest	(168)	N/A	(499)	N/A
Leasing interest	(5)	N/A	(13)	N/A
ICULS interest	(43)	N/A	(115)	N/A
	(394)	N/A	(1,243)	N/A
	(147)	N/A	(389)	N/A

A16 Loss before taxation

	Individual Quarter 1 Nov 2015 to 31 Jan 2016 RM'000	Individual Quarter 1 Nov 2014 to 31 Jan 2015 RM'000	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016 RM'000	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Audit fee	115	N/A	252	N/A
Amortisation of development cost	400	N/A	920	N/A
Depreciation of property, plant and equipment	1,466	N/A	3,935	N/A
(Gain)/Loss on foreign exchange:				
- realised	(74)	N/A	(148)	N/A
- unrealised	1,464	N/A	1,769	N/A
Impairment loss on trade receivables	9	N/A	21	N/A
Impairment loss on goodwill	2,562	N/A	2,562	N/A
Rental of computer	108	N/A	229	N/A
Rental of office	400	N/A	1,164	N/A
Staff cost:				
- Salaries, bonus, wages and allowances	5,442	N/A	13,767	N/A
- Defined contribution plan	598	N/A	1,803	N/A
Interest income	(247)	N/A	(854)	N/A

A17 Income tax expense

	Individual Quarter 1 Nov 2015 to 31 Jan 2016 RM'000	Individual Quarter 1 Nov 2014 to 31 Jan 2015 RM'000	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016 RM'000	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015 RM'000
Income tax:				
Current period provision				
- In Malaysia	513	N/A	(1,009)	N/A
- Outside Malaysia	(113)	N/A	(361)	N/A
(Under)/Overprovision in prior years				
- In Malaysia	(207)	N/A	(207)	N/A
- Outside Malaysia	-	N/A	19	N/A
Deferred tax	193	N/A	(1,558)	N/A
	183	N/A	12	N/A
	376	N/A	(1,546)	N/A

A18 Loss per share

Basic loss per share is calculated as follows:

	Individual Quarter 1 Nov 2015 to 31 Jan 2016	Individual Quarter 1 Nov 2014 to 31 Jan 2015	Cumulative Quarter 1 Jun 2015 to 31 Jan 2016	Cumulative Quarter 1 Jun 2014 to 31 Jan 2015
Loss attributable to owners of the Company (RM'000)	(7,196)	N/A	(6,260)	N/A
Impact on income statement upon conversion of ICULS (RM'000)	43	N/A	115	N/A
Adjusted net loss attributable to owners of the Company (RM'000)	<u>(7,153)</u>	<u>N/A</u>	<u>(6,145)</u>	<u>N/A</u>
Weighted average number of ordinary shares in issue with voting rights ('000)	753,298	N/A	753,217	N/A
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	25,204	N/A	25,340	N/A
Number of shares used in the calculation of basic loss per share ('000)	<u>778,502</u>	<u>N/A</u>	<u>778,557</u>	<u>N/A</u>
Basic loss per share (sen)	<u>(0.92)</u>	<u>N/A</u>	<u>(0.80)</u>	<u>N/A</u>

A19 Other investments

	As at 31 Jan 2016 RM'000	As at 31 May 2015 RM'000
At Cost:		
Non-current		
Unquoted shares in Malaysia	<u>50</u>	<u>50</u>

A20 Trade receivables

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

A21 Group Borrowings

Total borrowings of the Group are as follows:

	As at 31 Jan 2016 RM'000	As at 31 May 2015 RM'000
<u>Total Secured Borrowings:-</u>		
<u>Long term borrowings</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	537	86
Term loan facilities, which are denominated in Ringgit Malaysia	<u>3,719</u>	<u>4,817</u>
	<u>4,256</u>	<u>4,903</u>
<u>Short term borrowings</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	486	111
Term loan facilities, which are denominated in Ringgit Malaysia	1,642	1,635
Term loan facility, which is denominated in US dollar	11,794	11,009
- Foreign currency amount: USD 2,716,000 (31 May 2015: USD 3,007,000) *		
Short term financing, which are denominated in Ringgit Malaysia	10,574	-
Bank overdrafts, which are denominated in Ringgit Malaysia	<u>7,928</u>	<u>5,158</u>
	<u>32,424</u>	<u>17,913</u>

* Converted at exchange rate as at 31 January 2016.

A22 Other payables and accruals

Other payables and accruals of the Group are as follows:

	As at 31 Jan 2016 RM'000	As at 31 May 2015 RM'000
Sundry payables	9,914	14,899
Provision for Universal Service Fund Contribution ("USOF")	5,628	5,841
Accruals	4,522	5,772
Deposits payable	<u>1,768</u>	<u>1,572</u>
	<u>21,832</u>	<u>28,084</u>

Included in sundry payables are the following items:

(a) An amount of approximately RM7,450,000 (31 May 2015: RM6,871,000) owing to non-controlling interests. The amount represents unsecured interest-free advances granted to the Group and is repayable on demand.

(b) The advances for projects comprise receipts for the future projects which, on completion of those projects, will be recognised as revenue, approximately RM Nil (31 May 2015: RM4,207,000).

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

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

B1. Review of group performance for the third quarter ended 31 January 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 of the period ended 31 January 2015 was not available for comparison.

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

	CURRENT QUARTER 1 Nov 2015 to 31 January 2016 RM'000	PRECEDING QUARTER 1 Aug 2015 to 31 Oct 2015 RM'000
Revenue	38,683	35,065
(Loss)/Profit before taxation	(7,891)	1,346

The Group incurred a loss before tax of RM7.89 million for the 3 months ended 31 January 2016 as compared to profit before tax of RM1.35 million for the preceding quarter. Loss in current quarter was mainly due to higher project cost incurred arising from the prolonged delay in major projects and the weakened Malaysian Ringgit, unrealised loss on foreign exchange translation and impairment loss on goodwill.

B3. Prospects and business outlook

Our prospects for the remaining quarter are in line with our overall directions of growth and contribution from our managed telco and managed value added services. Our data and broadband services continue to support the Group's earnings potential.

Nevertheless, the Directors are of the view that the operating performance of the Group for the remaining quarter of the current financial year will be challenging given the prevailing economic conditions and the weakened Malaysian Ringgit.

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

Breakdown of the Group's realised and unrealised profits are as follows:

	As at 31 Jan 2016 RM'000	As at 31 May 2015 RM'000
<u>Total retained profits of the Company and its subsidiaries:</u>		
Realised	36,296	42,825
Unrealised	(2,315)	(1,179)
	33,981	41,646
<u>Total share of retained profits of associates:</u>		
Realised	-	-
Unrealised	-	-
	-	-
	33,981	41,646
Less: Consolidation adjustments	(15,429)	(16,850)
	18,552	24,796