

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 MAY 2013**

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the fourth quarter ended 31 May 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MAY 2013**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Mar 12 to 31 May 2013	1 Mar 11 to 31 May 2012	1 Jun 12 to 31 May 2013	1 Jun 11 to 31 May 2012
		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)	43,466	22,736	141,294	106,976
Cost of sales		(10,906)	(15,865)	(72,389)	(75,340)
Gross profit		32,560	6,871	68,905	31,636
Other income	A15	2,627	8,946	4,061	13,591
General and administrative expenses		(9,936)	(10,361)	(27,714)	(31,567)
Provisions		(1,460)	(972)	(3,440)	(1,677)
Share of results in associate		(841)	-	(841)	-
Gain on foreign exchange		112	355	94	215
Earnings Before Interest, Tax, Depreciation And Amortisation		23,062	4,839	41,065	12,198
Interest income/(expenses) (net)	A16	6	(40)	(240)	(638)
Depreciation and amortisation		(1,699)	(1,895)	(7,120)	(8,326)
Profit before taxation	A17	21,369	2,904	33,705	3,234
Taxation	A18	(5,996)	(386)	(8,434)	(1,374)
Profit for the period		15,373	2,518	25,271	1,860
Other comprehensive income/expenses, net of tax					
- Revaluation of investment properties		422	-	422	-
- Foreign currency translation		(1,742)	1,265	(2,012)	1,256
Total comprehensive income for the financial period		14,053	3,783	23,681	3,116
<u>Profit for the period attributable to:-</u>					
Equity holders of the company		15,307	2,472	25,213	2,148
Non-controlling interests		66	46	58	(288)
		15,373	2,518	25,271	1,860
<u>Total comprehensive income attributable to :-</u>					
Equity holders of the company		14,456	3,364	24,116	2,970
Non-controlling interests		(403)	419	(435)	146
		14,053	3,783	23,681	3,116
Basic Profit per share (sen)	A19	3.20	0.52	5.26	0.45

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 May 2012.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2013

	Note	UNAUDITED AS AT 31 May 2013 RM'000	AUDITED AS AT 31 May 2012 RM'000
ASSETS			
Non-Current Assets			
Investment in associates - quasi Loan		21,575	20,235
Property, plant and equipment		29,489	32,637
Investment property		1,138	1,129
Deferred tax assets		3,081	3,943
Other investment	A20	50	50
Goodwill		7,506	8,006
Development costs		9,477	10,567
Other receivables		14,586	14,586
		<u>86,902</u>	<u>91,153</u>
Current Assets			
Inventories		897	672
Trade receivables	A22	60,837	13,288
Other receivables, deposits and prepayments		17,230	12,905
Other investment	A20	-	999
Deposits with licensed banks		31,513	17,524
Cash and bank balances		5,087	4,065
		<u>115,564</u>	<u>49,453</u>
TOTAL ASSETS		<u>202,466</u>	<u>140,606</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		48,298	47,564
Treasury shares		(1,950)	(349)
Reserves		59,114	32,887
Total Equity Attributable To Owners Of The Company		<u>105,462</u>	<u>80,102</u>
Non-controlling interests		7,383	7,817
Total Equity		<u>112,845</u>	<u>87,919</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		3,128	3,576
Finance lease payables		300	403
Hire purchase payables		-	42
Term loans		1,791	1,900
Deferred taxation		61	106
		<u>5,280</u>	<u>6,027</u>
Current Liabilities			
Deferred income		6,354	7,622
Trade payables		25,432	17,162
Other payables and accruals	A23	43,270	17,280
Finance lease payables		103	428
Hire purchase payables		-	27
Term loans		160	109
Provision for taxation		5,729	1,591
Bank overdraft		3,293	2,441
		<u>84,341</u>	<u>46,660</u>
Total Liabilities		<u>89,621</u>	<u>52,687</u>
TOTAL EQUITY AND LIABILITIES		<u>202,466</u>	<u>140,606</u>
Net assets per share (sen)		<u>23.36</u>	<u>18.48</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2012.

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 31 MAY 2013

	12 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 12 to 31 May 2013 RM'000	12 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 11 to 31 May 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	33,705	3,234
Adjustments for:		
Non cash items	11,684	2,316
Non operating items	240	582
Operating profit before working capital changes	45,629	6,132
Net changes in current assets	(55,432)	(48,752)
Net changes in current liabilities	31,617	46,554
	21,814	3,934
Interest paid	(1,019)	(582)
Tax refunded	232	-
Tax paid	(3,502)	(942)
NET CASH GENERATED FROM OPERATING ACTIVITIES	17,525	2,410
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	779	761
Disposal of subsidiaries, net of cash and cash equivalent	314	(108)
Proceeds from upliftment of structured fund investment	1,065	-
Proceeds from disposal of property, plant and equipment	54	278
Purchase of other investments	-	(105)
Purchase of property, plant and equipment	(1,625)	(6,757)
Expenditure of intangible assets	(777)	(1,005)
NET CASH USED IN INVESTING ACTIVITIES	(190)	(6,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease payables	(428)	(2,214)
Repayment of term loans	(57)	(57)
Repayment of hire purchase payables	(69)	(27)
Proceeds from exercise of employee share options	528	1,213
Proceeds from exercise of warrants	1	-
NET CASH USED IN FINANCING ACTIVITIES	(1,541)	(1,123)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,794	(5,649)
EFFECTS OF EXCHANGE RATE CHANGES	(1,635)	93
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,148	24,704
CASH AND CASH EQUIVALENTS AT END OF PERIOD	33,307	19,148
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	33,307	19,148
Cash and cash equivalents comprise of:		
Cash and bank balances	5,087	17,524
Deposits with licensed banks	31,513	4,065
	36,600	21,589
Bank overdraft	(3,293)	(2,441)
Total cash and cash equivalents	33,307	19,148

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for year ended 31 May 2012.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MAY 2013

	<-----NON DISTRIBUTABLE----->								(ACCUMULATED LOSSES)/		NON-	
	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVES	REVALUATION RESERVE	WARRANTS RESERVE	ESOS RESERVE	DISTRIBUTABLE RETAINED PROFIT	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	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 2012	47,564	(349)	10,079	10,963	(1,056)	-	19,331	2,417	(8,847)	80,102	7,817	87,919
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	(1,635)	-	-	-	-	(1,635)	(377)	(2,012)
Revaluation of investment properties	-	-	-	-	-	(422)	-	-	-	(422)	-	(422)
Share of results in associate	-	-	-	-	-	-	-	-	841	841	-	841
Profit for the period	-	-	-	-	-	-	-	-	25,213	25,213	(58)	25,155
Total comprehensive income for the period	-	-	-	-	(1,635)	(422)	-	-	26,054	23,997	(435)	23,562
Treasury shares acquired	-	(1,516)	-	-	-	-	-	-	-	(1,516)	-	(1,516)
Resale of treasury shares	-	(85)	-	85	-	-	-	-	-	-	-	-
Issuance of ordinary shares, pursuant to conversion of ICULS	385	-	(385)	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares, pursuant to exercise of ESOS	349	-	-	718	-	-	-	1,813	-	2,880	-	2,880
At 31 May 2013	48,298	(1,950)	9,694	11,766	(2,691)	(422)	19,331	4,230	17,207	105,463	7,382	112,845

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2012 (AUDITED)

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

	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVES RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ESOS RESERVE RM'000	ACCUMULATED LOSSES RM'000	ATTRIBUTABLE TO OWNER OF THE THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2011	44,778	(311)	12,007	9,403	(1,877)	343	19,331	1,721	(10,995)	74,400	7,013	81,413
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	2,148	2,148	(288)	1,860
Other comprehensive income for the financial year, net of tax:- - Foreign currency translation	-	-	-	-	821	-	-	-	-	821	435	1,256
Total comprehensive income for the period	-	-	-	-	821	-	-	-	2,148	2,969	147	3,116
Treasury shares acquired	-	(38)	-	-	-	-	-	-	-	(38)	-	(38)
Issuance of ordinary shares, pursuant to conversion of ICULS	1,996	-	(1,928)	(68)	-	-	-	-	-	-	-	-
Employee share options:- - Granted	-	-	-	-	-	-	-	1,901	-	1,901	-	1,901
- Exercised	790	-	-	1,628	-	-	-	(1,205)	-	1,213	-	1,213
Accredition arising from disposal of a subsidiary	-	-	-	-	-	(343)	-	-	-	(343)	657	314
At 31 May 2012	47,564	(349)	10,079	10,963	(1,056)	-	19,331	2,417	(8,847)	80,102	7,817	87,919

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for year ended 31 May 2012.

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MAY 2013

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) 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 2012.

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.

FRS9	Financial Instruments
FRS10	Consolidated Financial Statement
FRS11	Joint Arrangements
FRS12	Disclosure of Interest in Other Entities
FRS13	Fair Value Measurement
FRS119	(Revised) Employee Benefit
FRS127	(2011) Separate Financial Statements
FRS128	(2011) Investments in Associates and Joint Ventures
Amendments to FRS7 Disclosure -Offsetting Financial Assets and Financial Liabilities	
Amendments to FRS9 Mandatory Effective Date of FRS9 and Transition Disclosures	
Amendments to FRS101 (Revised) Presentation of Items of Other Comprehensive Income	
Amendments to FRS132 Offsetting Financial Assets and Financial Liabilities	
IC Interpretation 20 Stripping Cost in the Production Phase of a Surface Mine	

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 2012.

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 31 May 2013.

A6. Property, plant and equipment

During the quarter under review, the Group did not revalue any of its property, plant and equipment.

A7. Changes in the composition of the group

There are no changes in the composition of the Group during the quarter except for the following:

On 29 May 2013, the Company entered into a Share Sale Agreement with Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj ("D.Y.M.M. Sultan Ibrahim") for the divestment of 315,000 ordinary shares of RM1.00 each, representing 21% of the total paid-up capital of its subsidiary, REDtone Network Sdn Bhd ("RN"), to D.Y.M.M. Sultan Ibrahim for a total cash consideration of RM315,000.00 ("Divestment").

Upon completion of the divestment, RN will be a 49% associate company of REDTONE.

A8. Seasonality or cyclical 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 31 May 2013 except for the following:

(a) Share capital

	Ordinary share of RM0.10 each	
	No of shares	RM
Share capital - issued and fully paid up as at 1.3.2013	480,829,825	48,082,983
Arising from conversion of ICULS	1,112,600	111,260
Arising from exercise of ESOS	1,036,500	103,650
Share capital as at 31.5.2013	482,978,925	48,297,893

(b) Share buy-back

During the quarter ended 31 May 2013, the Company purchased to total of 1,681,500 shares under the share buyback scheme at an average cost of RM0.353 per ordinary shares for a total cash consideration of RM593,886.93 which include transaction costs, and was financed by Company's internally generated funds. Shares purchased to date totalling 5,452,800 ordinary shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and stated at cost.

A10. Contingent liabilities

Contingent Liabilities of the Group comprise the following:-

	RM'000
Secured	
Bank guarantee given to third parties for infrastructure works	1,576

A11. Off balance sheet financial instruments

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

A12. Dividends

The Board of Directors has approved an interim dividend of 1.5 sen per share in respect of the Financial Year Ended 31 May 2013.

The entitlement and payments dates of dividend will be determined and announced at a later date.

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

There were no material transactions or events subsequent to the current quarter ended 31 May 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:-

On 3 July 2013, the Company incorporated a 70%-owned subsidiary in Malaysia, namely REDtone MEX Sdn Bhd ("RMSB"). RMSB is currently dormant and the intended principal activity is to provide tele-health services.

A14. Segment information

A) The segment information for the reportable segments by country for the twelve months ended 31 May 2013 and its comparative figures are as follows:-

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 12 months ended 31 May 2013				
Revenue	119,399	4	21,891	141,294
Cost of sales	(57,987)	(1)	(14,401)	(72,389)
Gross profit	61,412	3	7,490	68,905
Other income	3,944	-	117	4,061
Expenses	(27,071)	(104)	(4,726)	(31,901)
EBITDA	38,285	(101)	2,881	41,065
Interest (expense)/income, net	(558)	(3)	321	(240)
Depreciation and amortisation	(5,541)	-	(1,579)	(7,120)
Profit/(loss) before taxation	32,186	(104)	1,623	33,705
Income tax expenses	(7,402)	-	(1,032)	(8,434)
Profit/(loss) after taxation	24,784	(104)	591	25,271

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 12 months ended 31 May 2012				
Revenue	80,803	13	26,160	106,976
Cost of sales	(59,114)	(1)	(16,225)	(75,340)
Gross profit	21,689	12	9,935	31,636
Other income	13,399	-	192	13,591
Expenses	(26,518)	(134)	(6,377)	(33,029)
EBITDA	8,570	(122)	3,750	12,198
Interest (expenses)/income, net	(1,099)	(3)	464	(638)
Depreciation and amortisation	(6,753)	-	(1,573)	(8,326)
Profit/(loss) before taxation	718	(125)	2,641	3,234
Income tax expenses	(349)	-	(1,025)	(1,374)
Profit/(loss) after taxation	369	(125)	1,616	1,860

B) The segment information for the reportable segments by line of business for the twelve months ended 31 May 2013 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	
	1 Mar 12 to 31 May 2013 RM'000	1 Mar 11 to 31 May 2012 RM'000	1 Jun 12 to 31 May 2013 RM'000	1 Jun 11 to 31 May 2012 RM'000
<u>Revenue by line of business:-</u>				
Voice	13,118	17,545	58,929	76,954
Data	29,925	3,675	75,327	24,645
Digital television services	-	68	-	244
Others	423	1,448	7,038	5,133
	<u>43,466</u>	<u>22,736</u>	<u>141,294</u>	<u>106,976</u>
<u>Profit/(loss) before taxation by line of business:-</u>				
Voice	8,280	2,378	14,057	5,228
Data	12,244	667	17,969	1,673
Digital television services	-	(313)	-	(4,016)
Others	845	172	1,679	349
	<u>21,369</u>	<u>2,904</u>	<u>33,705</u>	<u>3,234</u>

A15 Other income

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Mar 12 to 31 May 2013 RM'000	1 Mar 11 to 31 May 2012 RM'000	Cumulative Quarter 1 Jun 12 to 31 May 2013 RM'000	1 Jun 11 to 31 May 2012 RM'000
Net gain from de-consolidation arising from divestment of subsidiary companies	1,807	8,437	1,807	10,880
Net income from investment in trust fund	-	(131)	-	11
Net loss on measurement and dilution irredeemable convertible unsecured loan stock	120	226	447	979
Fair value gain on investment properties	162	90	162	90
Miscellaneous income	538	324	1,645	1,631
	<u>2,627</u>	<u>8,946</u>	<u>4,061</u>	<u>13,591</u>
				(0)

A16 Interest income/(expenses) (net)

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Mar 12 to 31 May 2013 RM'000	1 Mar 11 to 31 May 2012 RM'000	Cumulative Quarter 1 Jun 12 to 31 May 2013 RM'000	1 Jun 11 to 31 May 2012 RM'000
Breakdown:				
Finance income	178	351	779	761
Finance expense :				
Interest charges	59	(98)	(243)	(533)
Term loan interest	(64)	(156)	(100)	(192)
Hire purchase interest	-	(1)	(7)	(4)
ICULS liability component interest	(167)	(136)	(669)	(670)
	(172)	(391)	(1,019)	(1,399)
	<u>6</u>	<u>(40)</u>	<u>(240)</u>	<u>(638)</u>

A17 Profit before taxation

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Mar 12 to 31 May 2013 RM'000	1 Mar 11 to 31 May 2012 RM'000	Cumulative Quarter 1 Jun 12 to 31 May 2013 RM'000	1 Jun 11 to 31 May 2012 RM'000
Audit fee	82	118	457	682
Amortisation of development cost	354	547	1,866	2,995
Bad debts written off	71	9	67	50
Depreciation of property, plant and equipment	1,346	1,348	5,255	5,331
Loss on disposal of property, plant and equipment	26	11	26	11
(Gain)/loss on foreign exchange				
- realised	5	(4)	46	68
- unrealised	(117)	(352)	(140)	(283)
Impairment loss on trade receivables	883	568	935	768
Fair value gain on revaluation of investment property	(162)	-	(162)	-
Gain on disposal of a subsidiary	(1,807)	-	(1,807)	-
Impairment loss on other receivables	-	2,476	1,500	2,476
Share of results in associate	841	-	841	-
Impairment of goodwill	500	-	500	-
Salaries, wages and allowances	2,748	3,393	11,165	13,726
	<u>2,748</u>	<u>3,393</u>	<u>11,165</u>	<u>13,726</u>

A18 Taxation

	UNAUDITED		UNAUDITED	AUDITED
	Individual 1 Mar 12 to 31 May 2013 RM'000	1 Mar 11 to 31 May 2012 RM'000	Cumulative 1 Jun 12 to 31 May 2013 RM'000	1 Jun 11 to 31 May 2012 RM'000
Tax refunded	-	-	232	-
Current period provision	(5,996)	(386)	(8,666)	(1,374)
	<u>(5,996)</u>	<u>(386)</u>	<u>(8,434)</u>	<u>(1,374)</u>

A19. Profit per share

Basic profit per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Mar 12 to 31 May 2013	1 Mar 11 to 31 May 2012	Cumulative Quarter 1 Jun 12 to 31 May 2013	1 Jun 11 to 31 May 2012
Basic profit per share				
Profit attributable to equity holders of the company (RM'000)	15,307	2,472	25,213	2,148
Weighted average number of ordinary shares in issue ('000)	479,376	476,450	479,376	476,450
Basic profit per share (sen)	3.20	0.52	5.26	0.45

A20. Other investments

	UNAUDITED 31 May 2013 RM'000	AUDITED 31 May 2012 RM'000
Unquoted in Malaysia Investment in unquoted shares, at cost	50	50
Unquoted outside Malaysia Investment in trust fund, at cost	-	999
Total other investments as at 31 May 2013	50	1,049

A21. Group Borrowings

As at 31 May 2013, total borrowings of the Group are as follows:

	UNAUDITED 31 May 2013 RM'000	AUDITED 31 May 2012 RM'000
<u>Total Secured Borrowings:-</u>		
Leasing facility from IBM Malaysia Sdn. Bhd. and Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	403	831
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,951	2,009
Hire purchase facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	-	69
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	3,293	2,441
	5,647	5,350

A22. Trade receivables

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

A23. Other payables and accruals

As at 31 May 2013, other payables and accruals of the Group are as follows:

	UNAUDITED 31 May 2013 RM'000	AUDITED 31 May 2012 RM'000
Other payables	4,802	5,643
Accruals	5,683	3,842
USOF	8,035	7,577
Advances for projects	24,750	218
	43,270	17,280

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 fourth quarter ended 31 May 2013

For the quarter under review, the Group reported a revenue of RM43.47 million, representing an increase of RM20.73 million as compared to preceding year's corresponding quarter, mainly due to the increase in data revenue in Q4 FYE 2013.

The Group's profit before taxation for Q4 FYE 2013 was RM21.37 million as compared to profit before taxation of RM2.90 million for the preceding year's corresponding quarter. It represents an increase in profit before tax of RM18.47 million. The significant improvement in profit was mainly due to the divestment of non-core and loss making business within the Group as well as higher data revenue.

B2. Prospects and business outlook

The Board of Directors is pleased to announce that the Group's repositioning from primarily a voice business to data and broadband has shown positive results in FYE 2013. After recording losses for the past four years, the Group returned to profitability since Q3 FYE 2012.

For the current financial year ended 31 May 2013 ("FYE 2013"), the Board has put in place few strategies to further improve the Group's profit. Data and broadband services, which includes the Group's approximately 4,500 Wifi hotspots, continue to be the main contributor to the Group's profit for FYE 2013, while the voice business segment continue to be the Group's cash cow.

The Group's profit for FYE 2013 was strengthened by collaboration with Maxis Broadband Sdn Bhd on its Network Sharing and Alliance Agreement. The Group expects the Network Sharing and Alliance to contribute positively to the Group's earning for the next 10 years. Its collaboration with Telekom Malaysia on its Metro-E and High-Speed Broadband services is also expected to yield positive results.

The Group is optimistic its growth uptrend will continue as the recent awarded numerous major Wifi and government projects provides a steady stream of revenue and is expected to be the driving force for more profitability to the Group. The Group will continue to participate actively in tender for government data and broadband projects that gives high yields. The Group's China operations faced stiff competition but will continue to contribute to the Group's profit and cash flow.

Subject to a favourable outcome of the business plans and strategies outlined above, the overall results and cash flows of the Group for FYE 2013 was positive with stronger growth numbers compared to the results in financial year ended 31 May 2012.

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

	4th Quarter 31 May 13 RM'000	3rd Quarter 28 Feb 13 RM'000
Revenue	<u>43,466</u>	<u>40,477</u>
Profit before taxation and non-controlling interest	<u>21,369</u>	<u>6,241</u>

In Q4 FYE 2013, the Group registered a turnover of RM43.47 million compared to RM40.48 million for the quarter ended 28 February 2013 ("Q3 FYE 2013"). The increase in turnover of approximately 7% is mainly due to the higher revenue derived from data projects in Q4 FYE 2013.

The Group recorded a profit before tax of RM21.37 million for Q4 FYE 2013 as compared to profit before tax of RM6.24 million for Q3 FYE 2013. The increase in profit of RM15.13 million was mainly due to the reversal of expenses over-captured in previous quarter and higher data 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. Material litigation

On 30 August 2010, the Company announced that Redtone Technology Sdn Bhd ("RT") and Redtone Telecommunications Sdn Bhd ("RTC") lodged a Notice of Dispute to the Singapore International Arbitration Centre following the default of payment of the purchase consideration by Quantum Global Network Inc ("Quantum") for the acquisition of Redtone Telecommunications (Pakistan) Pte Ltd.

A sole arbitrator was appointed on 1 March 2011 for the above-mentioned arbitration. RT and RTC filed a statement of claim on 25 May 2011 and Quantum filed a counterclaim against RT and RTC on 6 September 2011. RT and RTC filed their response and defence to the counterclaim on 19 April 2012 and had meanwhile also sought directions from the Arbitrator on amending their Statement of Claims to include an additional claim and is now awaiting the Arbitrator's directions for the additional inclusion. In the meantime, Quantum had filed their Response and Counterclaim dated 15 October 2012 to address the amendments proposed by RT and RTC to the Statement of Claim. Between late January 2013 and March 2013, the parties have filed their respective witness statements in the form of affidavits; additional witness statements may be filed in the near future. Thereafter, the Arbitrator will issue further directions on the conduct of the arbitration.

B7. Corporate proposals

There are no corporate developments for the current quarter under review, except for the following:

- 1) On 29 May 2013, the Company entered into a Share Sale Agreement with Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj ("D.Y.M.M. Sultan Ibrahim") for the divestment of 315,000 ordinary shares of RM1.00 each, representing 21% of the total paid-up capital of its subsidiary, REDtone Network Sdn Bhd ("RN"), to D.Y.M.M. Sultan Ibrahim for a total cash consideration of RM315,000.00 ("Divestment").

Upon completion of the divestment, RN will be a 49% associate company of REDTONE

B8. Utilisation of rights proceeds

The Proceeds from the Rights Issue were fully utilized as at 31 August 2012.

Details of Utilisation	Approved	Revised	Actual	Intended Timeframe for	Deviation	%
	RM'000	RM'000	RM'000		RM'000	
Capital Expenditure	38,210	23,210	23,210	Within 3 years	-	N/A
Working Capital	1,802	16,802	16,802	Within 1 year	-	N/A
Estimated expenses for the Rights Issue	600	600	600	Within 1 year	-	N/A
Total	40,612	40,612	40,612		-	