

# **REDTONE INTERNATIONAL BERHAD**

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 MAY 2014**

**REDTONE INTERNATIONAL BERHAD**

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the fourth quarter ended 31 May 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 MAY 2014**

|   | Note    | UNAUDITED<br>INDIVIDUAL QUARTER |  | AUDITED<br>CUMULATIVE QUARTER |   |
|---|---------|---------------------------------|--|-------------------------------|---|
|   |         | 1 Mar 2014 to<br>31 May 2014    | 1 Mar 2013 to<br>31 May 2013               | 1 Jun 2013 to<br>31 May 2014  | 1 Jun 2012 to<br>31 May 2013                    |
|   |         | CURRENT<br>QUARTER              | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER | CURRENT<br>YEAR<br>TO DATE    | PRECEDING YEAR<br>CORRESPONDING<br>YEAR TO DATE |
|   |         | RM'000                          | RM'000                                     | RM'000                        | RM'000  |
| Revenue   | A14 (B) | 37,341                          | 44,220                                     | 144,825                       | 142,048   |
| Cost of sales   |         | (17,964)                        | (11,871)                                   | (85,151)                      | (73,354)  |
| Gross profit  |         | 19,377                          | 32,349                                     | 59,674                        | 68,694  |
| Other income  | A15     | 1,134                           | 2,626                                      | 8,065                         | 4,060   |
| General and administrative expenses                                 |         | (8,367)                         | (11,046)                                   | (31,614)                      | (28,824)  |
| Provisions  |         | (248)                           | (913)                                      | (531)                         | (2,893)   |
| (Loss)/gain on foreign exchange                                     |         | (40)                            | 112  | (74)                          | 94  |
| <b>Earnings Before Interest, Tax, Depreciation And Amortisation</b> |         | 11,856                          | 23,128                                     | 35,520                        | 41,131  |
| Interest income/(expenses) (net)                                    | A16     | 1                               | (117)                                      | 335                           | (363)   |
| Depreciation and amortisation                                       |         | (1,923)                         | (1,684)                                    | (7,808)                       | (7,105)   |
| Profit before taxation  | A17     | 9,934                           | 21,327                                     | 28,047                        | 33,663  |
| Taxation  | A18     | (1,009)                         | (6,063)                                    | (4,234)                       | (8,501)   |
| <b>Profit for the period</b>  |         | 8,925                           | 15,264                                     | 23,813                        | 25,162  |
| Other comprehensive income/(expenses), net of tax                   |         |                                 |  |                               |   |
| - Revaluation of investment properties                              |         | 137                             | -  | 137                           | 418   |
| - Foreign currency translation                                      |         | (981)                           | (121)                                      | 1,483                         | (391)   |
| <b>Total comprehensive income<br/>for the financial period</b>      |         | 8,081                           | 15,143                                     | 25,433                        | 25,189  |
| <u>Profit for the period attributable to:-</u>                      |         |                                 |  |                               |   |
| Equity holders of the company                                       |         | 7,907                           | 15,186                                     | 22,587                        | 25,092  |
| Non-controlling interests   |         | 1,018                           | 78   | 1,226                         | 70  |
|   |         | 8,925                           | 15,264                                     | 23,813                        | 25,162  |
| <u>Total comprehensive income attributable to :-</u>                |         |                                 |  |                               |   |
| Equity holders of the company                                       |         | 6,931                           | 15,061                                     | 23,538                        | 25,139  |
| Non-controlling interests   |         | 1,150                           | 82   | 1,895                         | 50  |
|   |         | 8,081                           | 15,143                                     | 25,433                        | 25,189  |
| Basic<br>Profit per share (sen)                                     | A19     | 1.58                            | 3.17                                       | 4.51                          | 5.23  |

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 31 May 2014**

|   | Note | UNAUDITED<br>AS AT<br>31 May 2014<br>RM'000 | AUDITED<br>AS AT<br>31 May 2013<br>RM'000 |
|---|------|---|---|
| <b>ASSETS</b>   |      |   |   |
| <b>Non-Current Assets</b>                                 |      |   |   |
| Investment in associates - quasi Loan                     |      | -   | 22,958                                    |
| Property, plant and equipment                             |      | 30,719                                      | 29,307                                    |
| Investment property                                       |      | 1,275                                       | 1,138                                     |
| Deferred tax assets                                       |      | 1,631                                       | 3,060                                     |
| Other investment  | A20  | 50  | 50  |
| Goodwill  |      | 6,756                                       | 6,756                                     |
| Intangible asset  |      | 35,113                                      | -   |
| Development costs   |      | 11,150                                      | 9,478                                     |
| Other receivables   |      | 14,174                                      | 14,174                                    |
|   |      | <u>100,868</u>                              | <u>86,921</u>                             |
| <b>Current Assets</b>                                     |      |   |   |
| Inventories   |      | 783   | 1,076                                     |
| Trade receivables   | A22  | 57,066                                      | 65,278                                    |
| Other receivables, deposits and prepayments               |      | 15,454                                      | 13,037                                    |
| Tax recoverable   |      | -   | 10  |
| Other investment  | A20  | 46  | 1   |
| Deposits with licensed banks                              |      | 25,054                                      | 31,513                                    |
| Cash and bank balances                                    |      | 12,682                                      | 5,085                                     |
|   |      | <u>111,085</u>                              | <u>116,000</u>                            |
| <b>TOTAL ASSETS</b>                                       |      | <b><u>211,953</u></b>                       | <b><u>202,921</u></b>                     |
| <b>EQUITY AND LIABILITIES</b>                             |      |   |   |
| <b>Equity</b>   |      |   |   |
| Share capital   |      | 50,822                                      | 48,298                                    |
| Treasury shares   |      | (1,741)                                     | (1,950)                                   |
| Reserves  |      | 78,288                                      | 59,318                                    |
| <b>Total Equity Attributable To Owners Of The Company</b> |      | <u>127,369</u>                              | <u>105,666</u>                            |
| Non-controlling interests                                 |      | 10,116                                      | 7,394                                     |
| <b>Total Equity</b>                                       |      | <u>137,485</u>                              | <u>113,060</u>                            |
| <b>Non-Current Liabilities</b>                            |      |   |   |
| Irredeemable convertible unsecured loan stocks ("ICULS")  |      | 2,424                                       | 3,128                                     |
| Finance lease payables                                    |      | 197   | 300                                       |
| Term loans  |      | 1,825                                       | 1,890                                     |
| Deferred taxation   |      | 482   | 61  |
|   |      | <u>4,928</u>                                | <u>5,379</u>                              |
| <b>Current Liabilities</b>                                |      |   |   |
| Deferred income   |      | 6,194                                       | 6,450                                     |
| Trade payables  |      | 35,290                                      | 25,943                                    |
| Other payables and accruals                               | A23  | 23,921                                      | 42,876                                    |
| Finance lease payables                                    |      | 103   | 103                                       |
| Term loans  |      | 65  | 62  |
| Provision for taxation                                    |      | 2,331                                       | 5,755                                     |
| Bank overdraft  |      | 1,636                                       | 3,293                                     |
|   |      | <u>69,540</u>                               | <u>84,482</u>                             |
| <b>Total Liabilities</b>                                  |      | <u>74,468</u>                               | <u>89,861</u>                             |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |      | <b><u>211,953</u></b>                       | <b><u>202,921</u></b>                     |
| Net assets per share (sen)                                |      | <u>27.05</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 FOURTH QUARTER ENDED 31 MAY 2014**

|   | <b>12 MONTHS<br/>CURRENT<br/>FINANCIAL PERIOD<br/>1 Jun 2013 to 31 May 2014<br/>RM'000</b> | <b>12 MONTHS<br/>PRECEDING<br/>FINANCIAL PERIOD<br/>1 Jun 2012 to 31 May 2013<br/>RM'000</b> |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |  |  |
| Profit before taxation  | 28,047   | 33,663   |
| Adjustments for:  |  |  |
| Non cash items  | 4,547  | 12,067   |
| Non operating items   | (334)  | 240  |
| Operating profit before working capital changes               | <u>32,260</u>  | <u>45,970</u>  |
| Net changes in current assets                                 | 23,284   | (57,719)   |
| Net changes in current liabilities                            | <u>(31,474)</u>  | <u>32,563</u>  |
|   | 24,070   | 20,814   |
| Interest paid   | (1,039)  | (1,019)  |
| Tax refunded  | 2  | 199  |
| Tax paid  | (5,996)  | (3,729)  |
| Dividend paid   | <u>(7,587)</u>   | <u>-</u>   |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>           | <u>9,450</u>   | <u>16,265</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |  |  |
| Interest income received                                      | 1,373  | 779  |
| Acquisition of subsidiaries, net of cash acquired             | (1,395)  | -  |
| Proceeds from disposed of associate company                   | 5,000  | 313  |
| Proceeds from upliftment of structured investment fund        | -  | 1,064  |
| Proceeds from disposal of property, plant and equipment       | -  | 53   |
| Purchase of property, plant and equipment                     | (5,348)  | (1,651)  |
| Expenditure of intangible assets                              | <u>(13,294)</u>  | <u>(947)</u>   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                  | <u>(13,664)</u>  | <u>(389)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |  |  |
| Purchase of treasury shares                                   | (1,741)  | (1,706)  |
| Proceeds from disposed of treasury shares                     | 3,938  | 190  |
| Repayment of finance lease payables                           | (103)  | (428)  |
| Repayment of term loans                                       | (62)   | (57)   |
| Repayment of hire purchase payables                           | -  | (69)   |
| Proceeds from exercise of employees' share options            | 1,101  | 528  |
| Proceeds from exercise of warrants                            | <u>1,401</u>   | <u>1</u>   |
| <b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b> | <u>4,534</u>   | <u>(1,541)</u>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>              | 320  | 14,335   |
| <b>EFFECTS OF EXCHANGE RATE CHANGES</b>                       | 2,475  | (178)  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>   | <u>33,305</u>  | <u>19,148</u>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>         | <u>36,100</u>  | <u>33,305</u>  |
| Cash and cash equivalents comprise of:                        |  |  |
| Cash and bank balances  | 12,682   | 5,085  |
| Deposits with licensed banks                                  | <u>25,054</u>  | <u>31,513</u>  |
|   | 37,736   | 36,598   |
| Bank overdraft  | <u>(1,636)</u>   | <u>(3,293)</u>   |
| <b>Total cash and cash equivalents</b>                        | <u>36,100</u>  | <u>33,305</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 FOURTH QUARTER ENDED 31 MAY 2014**

|  | ←-----NON DISTRIBUTABLE-----> |                    |              |                  |  |                        |                     |                 | DISTRIBUTABLE<br>RETAINED PROFIT | ATTRIBUTABLE<br>TO OWNER OF THE<br>THE COMPANY | NON-<br>CONTROLLING<br>INTERESTS | TOTAL<br>EQUITY |
|--|-------------------------------|--------------------|--------------|------------------|--|------------------------|---------------------|-----------------|----------------------------------|--|----------------------------------|-----------------|
|  | SHARE<br>CAPITAL              | TREASURY<br>SHARES | ICULS        | SHARE<br>PREMIUM | FOREIGN EXCHANGE<br>TRANSLATION<br>RESERVE | REVALUATION<br>RESERVE | WARRANTS<br>RESERVE | ESOS<br>RESERVE |                                  |  |                                  |                 |
| 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<br>expense recognised directly in equity | -                             | -                  | -            | -                | 814  | -                      | -                   | -               | -                                | 814  | 669                              | 1,483           |
| Profit for the period  | -                             | -                  | -            | -                | -  | -                      | -                   | -               | 22,587                           | 22,587   | 1,226                            | 23,813          |
| <b>Total comprehensive income<br/>for the period</b>                       | -                             | -                  | -            | -                | 814  | -                      | -                   | -               | 22,587                           | 23,401   | 1,895                            | 25,296          |
| Dividend for the financial year ended<br>-31 May 2013                      | -                             | -                  | -            | -                | -  | -                      | -                   | -               | (7,587)                          | (7,587)  | -                                | (7,587)         |
| Treasury shares acquired   | -                             | (1,741)            | -            | -                | -  | -                      | -                   | -               | -                                | (1,741)  | -                                | (1,741)         |
| Resale of treasury shares  | -                             | 1,950              | -            | 1,988            | -  | -                      | -                   | -               | -                                | 3,938  | -                                | 3,938           |
| Exercise of warrants   | 560                           | -                  | -            | 1,507            | -  | -                      | (667)               | -               | -                                | 1,400  | -                                | 1,400           |
| Acquisition of remaining equity<br>in subsidiaries from minority interest  | -                             | -                  | -            | -                | -  | -                      | -                   | -               | -                                | -  | 827                              | 827             |
| Issuance of ordinary shares,<br>pursuant to conversion of ICULS            | 1,259                         | -                  | (1,258)      | (1)              | -  | -                      | -                   | -               | -                                | -  | -                                | -               |
| Employee share options:-   |                               |                    |              |                  |  |                        |                     |                 |                                  |  |                                  |                 |
| - Granted  | -                             | -                  | -            | -                | -  | -                      | -                   | 1,214           | -                                | 1,214  | -                                | 1,214           |
| - Exercised  | 705                           | -                  | -            | 1,508            | -  | -                      | -                   | (1,135)         | -                                | 1,078  | -                                | 1,078           |
| <b>At 31 May 2014</b>  | <b>50,822</b>                 | <b>(1,741)</b>     | <b>8,438</b> | <b>16,767</b>    | <b>(613)</b>                               | <b>418</b>             | <b>18,664</b>       | <b>3,369</b>    | <b>31,245</b>                    | <b>127,369</b>                                 | <b>10,116</b>                    | <b>137,485</b>  |

**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<br>LOSSES)/<br>DISTRIBUTABLE | ATTRIBUTABLE<br>TO OWNER OF THE<br>THE COMPANY | NON-<br>CONTROLLING<br>INTERESTS | TOTAL<br>EQUITY |
|---|-------------------------------|------------------------------|-----------------|----------------------------|--|----------------------------------|-------------------------------|---------------------------|---|--|----------------------------------|-----------------|
|   | SHARE<br>CAPITAL<br>RM'000    | TREASURY<br>SHARES<br>RM'000 | ICULS<br>RM'000 | SHARE<br>PREMIUM<br>RM'000 | FOREIGN EXCHANGE<br>TRANSLATION<br>RESERVE<br>RM'000 | REVALUATION<br>RESERVE<br>RM'000 | WARRANTS<br>RESERVE<br>RM'000 | ESOS<br>RESERVE<br>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 FOURTH QUARTER ENDED 31 MAY 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 31 May 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.

**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 31 May 2014 except for the following:

**(a) Share capital**

|   | <b>Ordinary share of RM0.10 each</b> |                   |
|---|--------------------------------------|-------------------|
|   | <b>No of shares</b>                  | <b>RM</b>         |
| Share capital - issued and fully paid up as at 1.3.14 | 507,118,625                          | 50,711,863        |
| Arising from conversion of ICULS                      | 174,640                              | 17,464            |
| Arising from exercise of Warrants                     | 930,000                              | 93,000            |
| Share capital as at 31.5.14                           | <u>508,223,265</u>                   | <u>50,822,327</u> |

**(b) Share buy-back**

During the quarter ended 31 May 2014, the Company purchased to total of 1,000 shares under the share buyback scheme at an average cost of RM0.76 per ordinary share for a total cash consideration of RM806 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 2,634,500 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:-

|  | <b>RM'000</b> |
|--|---------------|
| <b><u>Secured</u></b>  |               |
| Bank guarantee given to third parties for infrastructure works | <u>12,904</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 31 May 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 twelve months ended 31 May 2014 and its comparative figures are as follows:-

|  | Malaysia<br>RM'000 | Singapore<br>RM'000 | The People's<br>Republic Of<br>China<br>RM'000 | Total<br>RM'000 |
|--|--------------------|---------------------|--|-----------------|
| <b>For the 12 months ended 31 May 2014</b> |                    |                     |  |                 |
| Revenue                                    | 123,654            | 43                  | 21,128   | 144,825         |
| Cost of sales                              | (74,606)           | (1)                 | (10,544)                                       | (85,151)        |
| <b>Gross profit</b>                        | <b>49,048</b>      | <b>42</b>           | <b>10,584</b>                                  | <b>59,674</b>   |
| Other income                               | 8,030              | -                   | 35   | 8,065           |
| Expenses                                   | (26,437)           | (46)                | (5,736)  | (32,219)        |
| <b>EBITDA</b>                              | <b>30,641</b>      | <b>(4)</b>          | <b>4,883</b>                                   | <b>35,520</b>   |
| Interest (expense)/income, net             | (459)              | (2)                 | 796  | 335             |
| Depreciation and amortisation              | (6,073)            | -                   | (1,735)  | (7,808)         |
| <b>Profit/(loss) before taxation</b>       | <b>24,109</b>      | <b>(6)</b>          | <b>3,944</b>                                   | <b>28,047</b>   |
| Income tax expenses                        | (4,573)            | -                   | 339  | (4,234)         |
| <b>Profit/(loss) after taxation</b>        | <b>19,536</b>      | <b>(6)</b>          | <b>4,283</b>                                   | <b>23,813</b>   |

|  | Malaysia<br>RM'000 | Singapore<br>RM'000 | The People's<br>Republic Of<br>China<br>RM'000 | Total<br>RM'000 |
|--|--------------------|---------------------|--|-----------------|
| <b>For the 12 months ended 31 May 2013</b> |                    |                     |  |                 |
| Revenue                                    | 119,665            | 4                   | 22,379   | 142,048         |
| Cost of sales                              | (58,692)           | (1)                 | (14,661)                                       | (73,354)        |
| <b>Gross profit</b>                        | <b>60,973</b>      | <b>3</b>            | <b>7,718</b>                                   | <b>68,694</b>   |
| Other income                               | 3,925              | -                   | 135  | 4,060           |
| Expenses                                   | (26,775)           | (104)               | (4,744)  | (31,623)        |
| <b>EBITDA</b>                              | <b>38,123</b>      | <b>(101)</b>        | <b>3,109</b>                                   | <b>41,131</b>   |
| Interest (expenses)/income, net            | (681)              | (3)                 | 321  | (363)           |
| Depreciation and amortisation              | (5,526)            | -                   | (1,579)  | (7,105)         |
| <b>Profit/(loss) before taxation</b>       | <b>31,916</b>      | <b>(104)</b>        | <b>1,851</b>                                   | <b>33,663</b>   |
| Income tax expenses                        | (7,412)            | -                   | (1,089)  | (8,501)         |
| <b>Profit/(loss) after taxation</b>        | <b>24,504</b>      | <b>(104)</b>        | <b>762</b>                                     | <b>25,162</b>   |

B) The segment information for the reportable segments by line of business for the twelve months ended 31 May 2014 and its comparative figures are as follows:-

|   | UNAUDITED<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014<br>RM'000 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013<br>RM'000 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014<br>RM'000 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013<br>RM'000 |
|---|--|--|--|--|
| <u>Revenue by line of business:-</u>      |  |  |  |  |
| Voice                                     | 15,389   | 11,361   | 55,502   | 60,605   |
| Data                                      | 19,458   | 30,543   | 86,618   | 75,945   |
| Others                                    | 2,494  | 2,316  | 2,705  | 5,498  |
|   | <b>37,341</b>  | <b>44,220</b>  | <b>144,825</b>   | <b>142,048</b>   |
| <u>Gross profit by line of business:-</u> |  |  |  |  |
| Voice                                     | 3,628  | 3,150  | 17,710   | 16,148   |
| Data                                      | 14,415   | 29,120   | 40,467   | 49,313   |
| Others                                    | 1,334  | 79   | 1,497  | 3,233  |
|   | <b>19,377</b>  | <b>32,349</b>  | <b>59,674</b>  | <b>68,694</b>  |

**A15 Other income**

|   | UNAUDITED<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014<br>RM'000 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013<br>RM'000 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014<br>RM'000 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013<br>RM'000 |
|---|--|--|--|--|
| Gain on disposal of subsidiary/associate company  | -  | 1,807  | 5,000  | 1,807  |
| Gain on conversion and amortisation of<br>irredeemable convertible unsecured loan stock ("ICULS") | 86   | 121  | 705  | 447  |
| Gain on disposal of fixed asset   | -  | -  | -  | -  |
| Miscellaneous income  | 1,048  | 698  | 2,360  | 1,806  |
|   | <u>1,134</u>   | <u>2,626</u>   | <u>8,065</u>   | <u>4,060</u>   |

**A16 Interest income/(expenses) (net)**

|                                | UNAUDITED<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014<br>RM'000 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013<br>RM'000 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014<br>RM'000 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013<br>RM'000 |
|--------------------------------|--|--|--|--|
| <b>Breakdown:</b>              |  |  |  |  |
| Finance income                 | 344  | 178  | 1,373  | 779  |
| Interest charges               | (109)  | (64)   | (362)  | (366)  |
| Term loan interest             | (23)   | (64)   | (95)   | (100)  |
| Leasing/hire purchase interest | (5)  | -  | (20)   | (7)  |
| ICULS interest                 | (206)  | (167)  | (561)  | (669)  |
|                                | <u>(343)</u>   | <u>(295)</u>   | <u>(1,038)</u>   | <u>(1,142)</u>   |
|                                | <u>1</u>   | <u>(117)</u>   | <u>335</u>   | <u>(363)</u>   |

**A17 Profit before taxation**

|   | UNAUDITED<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014<br>RM'000 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013<br>RM'000 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014<br>RM'000 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013<br>RM'000 |
|---|--|--|--|--|
| Audit fee                                     | 257  | 82   | 642  | 457  |
| Amortisation of development cost              | 517  | 353  | 1,942  | 1,866  |
| Bad debts write off                           | -  | 71   | -  | 67   |
| Depreciation of property, plant and equipment | 1,405  | 1,331  | 5,866  | 5,239  |
| Loss/(Gain) on foreign exchange               |  |  |  |  |
| - realised                                    | 70   | 5  | 124  | 46   |
| - unrealised                                  | (31)   | (117)  | (51)   | (140)  |
| Impairment loss on trade receivables          | 294  | 883  | 294  | 935  |
| Impairment loss on other receivables          | (68)   | -  | (68)   | 1,500  |
| Salaries, wages and allowances                | 3,677  | 2,029  | 14,059   | 10,446   |
|   | <u></u>  | <u></u>  | <u></u>  | <u></u>  |

**A18 Taxation**

|                          | UNAUDITED<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014<br>RM'000 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013<br>RM'000 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014<br>RM'000 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013<br>RM'000 |
|--------------------------|--|--|--|--|
| Tax refunded             | -  | 33   | 2  | 199  |
| Current period provision | 732  | (3,031)  | (2,340)  | (7,862)  |
| Deferred taxation        | (1,741)  | 700  | (1,896)  | (838)  |
|                          | <u>(1,009)</u>   | <u>(2,298)</u>   | <u>(4,234)</u>   | <u>(8,501)</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<br>Individual<br>Quarter<br>1 Mar 2014 to<br>31 May 2014 | AUDITED<br>Individual<br>Quarter<br>1 Mar 2013 to<br>31 May 2013 | UNAUDITED<br>Cumulative<br>Quarter<br>1 Jun 2013 to<br>31 May 2014 | AUDITED<br>Cumulative<br>Quarter<br>1 Jun 2012 to<br>31 May 2013 |
|---|--|--|--|--|
| <b>Basic profit per share</b>                                 |  |  |  |  |
| Profit attributable to equity holders of the company (RM'000) | 7,907  | 15,186   | 22,587   | 25,092   |
| Weighted average number of ordinary shares in issue ('000)    | 501,111  | 479,376  | 501,111  | 479,376  |
| Basic profit per share (sen)                                  | 1.58   | 3.17   | 4.51   | 5.23   |

#### A20. Other investments

|  | UNAUDITED<br>31 May 2014<br>RM'000 | AUDITED<br>31 May 2013<br>RM'000 |
|--|------------------------------------|----------------------------------|
| Unquoted in Malaysia                   |                                    |                                  |
| Investment in unquoted shares, at cost | 50                                 | 50                               |
| Unquoted outside Malaysia              |                                    |                                  |
| Investment in trust fund, at cost      | 46                                 | 1                                |
|  | <u>96</u>                          | <u>51</u>                        |

#### A21. Group Borrowings

Total borrowings of the Group are as follows:

|   | UNAUDITED<br>31 May 2014<br>RM'000 | AUDITED<br>31 May 2013<br>RM'000 |
|---|------------------------------------|----------------------------------|
| <u>Total Secured Borrowings:-</u>   |                                    |                                  |
| Leasing facility from Cisco System Capital Sdn. Bhd.<br>which are denominated in Ringgit Malaysia | 300                                | 403                              |
| Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia               | 1,890                              | 1,952                            |
| Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia          | 1,636                              | 3,293                            |
|   | <u>3,826</u>                       | <u>5,648</u>                     |

#### 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<br>31 May 2014<br>RM'000 | AUDITED<br>31 May 2013<br>RM'000 |
|-----------------------|------------------------------------|----------------------------------|
| Other payables        | 5,709                              | 4,408                            |
| Accruals              | 6,024                              | 5,683                            |
| USP fund              | 6,670                              | 8,035                            |
| Advances for projects | 5,518                              | 24,750                           |
|                       | <u>23,921</u>                      | <u>42,876</u>                    |

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 2014**

For the quarter under review, the Group reported a revenue of RM37.34 million, representing an decrease of RM6.88 million as compared to preceding year's corresponding quarter, mainly due to the decrease in data revenue.

The Group's profit before taxation for Q4 FYE 2014 was RM9.93 million as compared to profit before taxation of RM21.33 million for the preceding year's corresponding quarter. It represents an decrease in profit before tax of RM11.4 million. The decreased in profit was mainly due to the lower 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**

|   | <b>4th Quarter<br/>31 May 14<br/>RM'000</b> | <b>3rd Quarter<br/>28 Feb 14<br/>RM'000</b> |
|---|---|---|
| Revenue   | <u>37,341</u>                               | <u>40,920</u>                               |
| Profit before taxation and non-controlling interest | <u>9,934</u>                                | <u>6,402</u>                                |

In Q4 FYE 2014, the Group registered a turnover of RM37.34 million compared to RM40.92 million for the quarter ended 28 February 2014 ("Q3 FYE 2014"). The decrease in turnover of approximately 8.75% is mainly due to the lower revenue derived from data projects in Q4 FYE 2014.

The Group recorded a profit before tax of RM9.93 million for Q4 FYE 2014 as compared to profit before tax of RM6.4 million for Q3 FYE 2014. The increase in profit of RM3.53 million was mainly due to lower data project cost as 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.