

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

(Incorporated in Malaysia)

Date : 19 June 2017

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2017

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED As at 30 April 2017 RM'000	AUDITED As at 30 April 2016 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		22,348	26,770
Investment properties		1,760	550
Deferred tax assets		5,227	5,612
Available-for-sale investments	A17	-	50
Goodwill		423	423
Intangible assets		37,826	37,839
Development costs		3,208	2,263
		<u>70,792</u>	<u>73,507</u>
Current Assets			
Inventories		455	572
Trade receivables	A18	103,979	86,546
Other receivables, deposits and prepayment		7,783	11,750
Tax recoverable		5,693	4,831
Cash and bank balances		47,751	43,031
		<u>165,661</u>	<u>146,730</u>
Assets of disposal group classified as held for sale		-	31,808
		<u>165,661</u>	<u>178,538</u>
TOTAL ASSETS		<u>236,453</u>	<u>252,045</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		147,328	75,728
Reserves		(8,276)	65,074
		<u>139,052</u>	<u>140,802</u>
Treasury shares		(5,653)	(5,631)
Equity Attributable to Owners of the Company		<u>133,399</u>	<u>135,171</u>
Non-controlling interests		4,851	10,525
Total Equity		<u>138,250</u>	<u>145,696</u>
Non-current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		404	525
Loans and borrowings	A19	1,770	3,631
Deferred tax liabilities		1,155	995
		<u>3,329</u>	<u>5,151</u>
Current Liabilities			
Trade payables	A20	50,026	42,470
Other payables and accruals	A20	17,549	17,692
Loans and borrowings	A19	27,171	18,693
Provision for taxation		128	76
		<u>94,874</u>	<u>78,931</u>
Liabilities of disposal group classified as held for sale		-	22,267
		<u>94,874</u>	<u>101,198</u>
Total Liabilities		<u>98,203</u>	<u>106,349</u>
TOTAL EQUITY AND LIABILITIES		<u>236,453</u>	<u>252,045</u>
Net assets per share (sen)		<u>17.83</u>	<u>18.08</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

The annexed notes form an integral part of this interim financial report.

REDTONE INTERNATIONAL BERHAD

(Company No.: 596364-U)

The Directors are pleased to announce the unaudited Interim Financial Report for the fourth quarter ended 30 April 2017.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2017
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	3 months ended		Financial year ended	11-month ended
		30/04/17 RM'000	30/04/16 RM'000	30/04/17 RM'000	30/04/16 RM'000
GROUP REVENUE	A12 (B)	41,390	51,812	156,525	147,715
Less: Revenue from discontinued operations		-	(2,645)	(5,982)	(19,217)
Revenue from continuing operations		<u>41,390</u>	<u>49,167</u>	<u>150,543</u>	<u>128,498</u>
<u>Continuing Operations</u>					
PROFIT/(LOSS) FROM OPERATIONS		4,549	(17,525)	(5,663)	(20,737)
Investment related income	A12 (A)	116	332	6,826	559
Investment related expense	A12 (A)	(54)	(385)	(2,113)	(388)
Finance costs	A13	<u>(764)</u>	<u>(668)</u>	<u>(2,434)</u>	<u>(1,911)</u>
PROFIT/(LOSS) BEFORE TAX	A14	3,847	(18,246)	(3,384)	(22,477)
TAXATION	A15	<u>39</u>	<u>877</u>	<u>(691)</u>	<u>3,698</u>
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		3,886	(17,369)	(4,075)	(18,779)
<u>Discontinued Operations</u>					
LOSS AFTER TAX FROM DISCONTINUED OPERATIONS		-	(12,838)	(1,390)	(20,858)
PROFIT/(LOSS) AFTER TAX		<u>3,886</u>	<u>(30,207)</u>	<u>(5,465)</u>	<u>(39,637)</u>
Other comprehensive items, net of tax					
<u>Items that may be reclassified subsequently to profit or loss:</u>					
- Foreign currency translation		(13)	(189)	884	757
- Foreign currency translation arising from disposal of subsidiary company		-	-	2,228	-
- Revaluation of properties		<u>60</u>	<u>-</u>	<u>294</u>	<u>-</u>
Total comprehensive income for the financial period		<u>3,933</u>	<u>(30,396)</u>	<u>(2,059)</u>	<u>(38,880)</u>
<u>Profit/(loss) attributable to:-</u>					
Owners of the Company					
- From continuing operations		2,515	(18,663)	(3,801)	(18,650)
- From discontinued operations		-	(4,865)	(1,093)	(12,011)
		<u>2,515</u>	<u>(23,528)</u>	<u>(4,894)</u>	<u>(30,661)</u>
Non-controlling interests		<u>1,371</u>	<u>(6,679)</u>	<u>(571)</u>	<u>(8,976)</u>
		<u>3,886</u>	<u>(30,207)</u>	<u>(5,465)</u>	<u>(39,637)</u>
<u>Total comprehensive income attributable to :-</u>					
Owners of the Company		2,560	(30,241)	(1,685)	(37,729)
Non-controlling interests		<u>1,373</u>	<u>(155)</u>	<u>(374)</u>	<u>(1,151)</u>
		<u>3,933</u>	<u>(30,396)</u>	<u>(2,059)</u>	<u>(38,880)</u>
<u>Earnings/(loss) per share (sen)</u>					
	A16				
- Basic, for the period from continuing operations		0.33	(2.40)	(0.47)	(2.39)
- Basic, for the period from discontinued operations		-	(0.63)	(0.14)	(1.54)
- Basic, for the period		<u>0.33</u>	<u>(3.03)</u>	<u>(0.61)</u>	<u>(3.94)</u>

N/A denotes Not Applicable

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 period ended 30 April 2016.

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.

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 FOURTH QUARTER ENDED 30 APRIL 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE RESERVE	REVALUATION RESERVE	ACCUMULATED LOSSES	TOTAL	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
At 1 May 2016	75,728	(5,631)	2,513	71,572	(3,580)	418	(5,849)	135,171	10,525	145,696
Loss after taxation	-	-	-	-	-	-	(4,894)	(4,894)	(571)	(5,465)
Other comprehensive income, net of tax										
- Foreign currency translation	-	-	-	-	687	-	-	687	197	884
- Foreign currency translation arising from disposal of subsidiary company	-	-	-	-	2,228	-	-	2,228	-	2,228
- Revaluation of properties	-	-	-	-	-	294	-	294	-	294
Total comprehensive income	-	-	-	-	2,915	294	(4,894)	(1,685)	(374)	(2,059)
Transactions with owners										
Treasury shares acquired	-	(22)	-	-	-	-	-	(22)	-	(22)
Issuance of shares										
pursuant to conversion of ICULS	28	-	(28)	-	-	-	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	10	10
Arising from acquisition of non-controlling interests	-	-	-	-	-	-	(65)	(65)	65	-
Arising from disposal of subsidiary company	-	-	-	-	-	-	-	-	(5,375)	(5,375)
Transfer pursuant to S 618(2) of CA 2016 *	71,572	-	-	(71,572)	-	-	-	-	-	-
Total transactions with owners	71,600	(22)	(28)	(71,572)	-	-	(65)	(87)	(5,300)	(5,387)
At 30 April 2017	147,328	(5,653)	2,485	-	(665)	712	(10,808)	133,399	4,851	138,250

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 period ended 30 April 2016.

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.

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of share capital.

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 FOURTH QUARTER ENDED 30 APRIL 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Financial year ended 30/04/17 RM'000	11-month ended 30/04/16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	142,394	140,380
Payment for operating expenses (including taxes)	(166,268)	(152,720)
Other payments	(1,323)	(1,135)
Net cash used in operating activities	<u>(25,197)</u>	<u>(13,475)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investment in subsidiary company	18,034	-
Disposal of property, plant and equipment	30	2
Acquisition of property, plant and equipment, intangible assets and development cost	(3,050)	(8,212)
Interest received	1,038	1,150
Net cash flow generated from/(used in) investing activities	<u>16,052</u>	<u>(7,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	2,675
Issuance of share capital to non-controlling interest of subsidiary company	10	-
Drawdown of bank and other borrowings	58,180	28,051
Repayment of borrowings and loan	(51,002)	(24,639)
Repayment of hire purchase/lease liabilities	(561)	(446)
Interest paid	(2,433)	(1,513)
Proceed from exercise of employee share options	-	1,984
Purchase of treasury shares	(22)	(3,205)
Net cash flow generated from financing activities	<u>4,172</u>	<u>2,907</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,973)	(17,628)
EFFECT OF EXCHANGE RATE CHANGES	(548)	73
OPENING CASH AND CASH EQUIVALENTS	4,658	22,213
CLOSING CASH AND CASH EQUIVALENTS	<u>(863)</u>	<u>4,658</u>
Cash and cash equivalents comprise of:		
- Cash on hands and at banks	2,282	5,849
- Deposits with licensed banks	45,469	50,536
Total cash and bank balances	<u>47,751</u>	<u>56,385</u>
Less:		
- Deposits pledged	(45,469)	(50,368)
- Short term deposits	-	(168)
- Bank overdrafts	(3,145)	(1,191)
Total cash and cash equivalents	<u>(863)</u>	<u>4,658</u>

N/A denotes Not Applicable

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the period ended 30 April 2016.

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.

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 REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2017

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 issued by the Malaysian Accounting Standards Board ("MASB") and ACE Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB") and comply with the requirements of Companies Act 2016 that became effective on 31 January 2017 in Malaysia.

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 early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2016.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A3. Qualification of financial statements

The auditors' report of the Company's most recent annual audited financial statements did not contain any qualification.

A4. Nature and amount of unusual items

There were no unusual items during the quarter and financial year under review except for the following:

Recognised directly in statement of profit or loss and other comprehensive income

	<u>3 months ended</u> <u>30/04/17</u> <u>RM'000</u>	<u>12 months ended</u> <u>30/04/17</u> <u>RM'000</u>
Allowance for doubtful debts on non-trade receivables	1,219	3,278
Gain on disposal of subsidiary company	-	(6,369)

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 30 April 2017.

A6. Changes in the composition of the group

There were no changes in the composition of the Group during the financial year under review except for the following:

- (a) The Company had on 3 August 2016, incorporated a new wholly owned subsidiary company under the name of Ansar Mobile Sdn Bhd ("AMSB") with an issued and paid-up share capital of RM10.
- (b) On 28 October 2016, the Company announced the completion of the disposal of its entire 92.31% stake in Redtone Asia Inc. ("RTAS") for a total sales consideration of RM22,158,908.
- (c) On 31 March 2017, the Company had acquired the balance of 10,000 shares representing 10% shareholding in REDtone IOT Sdn Bhd from Dr. Mazlan bin Abbas for a cash consideration of RM1.00. Consequently, REDtone IOT Sdn Bhd became a wholly-owned subsidiary of the Company arising from the said acquisition.

A7. Seasonality or cyclicity of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

A8. Debt and equity securities

There were no issuances and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares for the period ended 30 April 2017 except for the following:

(a) Share capital

	Number of Ordinary shares	RM
Share capital - issued and fully paid up as at 1 May 2016	757,279,392	75,727,939
Arising from conversion of ICULS	285,080	28,508
Share capital as at 30 April 2017	<u>757,564,472</u>	<u>75,756,447</u>
Transfer pursuant to S618(2) of CA 2016	-	71,571,740
	<u>757,564,472</u>	<u>147,328,187</u>

The outstanding balance of share premium account amounted to RM71,571,740 is now included as part of the company's share capital with effect from 31 January 2017 pursuant to Section 618(2) of the Companies Act 2016.

(b) Share buy-back

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
May 2016	0.52	0.53	0.528	40,000	21
July 2016	0.40	0.40	0.400	1,000	1
December 2016	0.30	0.30	0.295	1,000	-
			0.524	42,000	22

(c) The number of treasury shares held in hand as at 30 April 2017 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 1 May 2016	0.595	9,460,000	5,631
Increase in treasury shares	0.524	42,000	22
Total treasury shares as at 30 April 2017	0.595	9,502,000	5,653

As at 30 April 2017, the number of outstanding shares in issue and fully paid up with voting rights was 748,062,472 (30 April 2016: 747,819,392) ordinary shares.

A9. Contingent liability

Bank guarantees of the Group are as follows:

	As at 30 April 2017 RM'000	As at 30 April 2016 RM'000
Performance bonds in favour of various customers	<u>22,347</u>	<u>25,705</u>

A10. Dividends

There were no dividends declared or paid by the company for the current quarter under review.

A11. Material events subsequent to the end of the reporting period

There were no material transactions or events subsequent to the quarter ended 30 April 2017 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A12. Segment information

A) i) The segment information for the reportable segments by country for the 12 months ended 30 April 2017 are as follows:-

	<u>Continuing Operations</u>		<u>Discontinued</u>	<u>Total</u> RM'000
	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Operations</u> <u>The People's</u> <u>Republic Of</u> <u>China</u> RM'000	
For the 12 months ended 30 April 2017				
Revenue	150,543	-	5,982	156,525
Cost of sales	(108,291)	-	(4,016)	(112,307)
Gross profit	42,252	-	1,966	44,218
Finance income	1,023	-	14	1,037
Investment related income	6,826	-	(36)	6,790
Investment related expense	(2,113)	-	-	(2,113)
General and administrative expenses	(43,554)	(53)	(2,522)	(46,129)
Profit/(loss) before interest, tax, depreciation and amortisation	4,434	(53)	(578)	3,803
Finance costs	(2,434)	-	-	(2,434)
Depreciation and amortisation	(5,331)	-	(638)	(5,969)
Loss before tax	(3,331)	(53)	(1,216)	(4,600)
Taxation	(691)	-	(174)	(865)
Loss after tax	(4,022)	(53)	(1,390)	(5,465)

ii) The segment information for the reportable segments by country for the 11 months ended 30 April 2016 are as follows:-

	<u>Continuing Operations</u>		<u>Discontinued</u>	<u>Total</u> RM'000
	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Operations</u> <u>The People's</u> <u>Republic Of</u> <u>China</u> RM'000	
For the 11 months ended 30 April 2016				
Revenue	128,498	-	19,217	147,715
Cost of sales	(98,834)	-	(15,057)	(113,891)
Gross profit	29,664	-	4,160	33,824
Finance income	995	-	155	1,150
Investment related income	559	-	301	860
Investment related expense	(388)	-	(15,277)	(15,665)
General and administrative expenses	(46,962)	(47)	(7,077)	(54,086)
Loss before interest, tax, depreciation and amortisation	(16,132)	(47)	(17,738)	(33,917)
Finance costs	(1,911)	-	-	(1,911)
Depreciation and amortisation	(4,387)	-	(1,086)	(5,473)
Loss before tax	(22,430)	(47)	(18,824)	(41,301)
Taxation	3,698	-	(2,034)	1,664
Loss after tax	(18,732)	(47)	(20,858)	(39,637)

B) The segment information for the reportable segments by line of business for the 12 months ended 30 April 2017 are as follows:-

	<u>3 months ended</u>		<u>Financial year</u>	<u>11-month</u>
	<u>30/04/17</u> RM'000	<u>30/04/16</u> RM'000	<u>ended</u> <u>30/04/17</u> RM'000	<u>ended</u> <u>30/04/16</u> RM'000
<u>Revenue by line of business:-</u>				
Telecommunication services	19,507	16,125	84,294	79,304
Managed telecommunication network services	18,878	35,214	68,468	67,338
Industry digital services	3,005	473	3,763	1,073
	41,390	51,812	156,525	147,715
Less: Revenue from discontinued operations	-	(2,645)	(5,982)	(19,217)
Revenue from continuing operations	41,390	49,167	150,543	128,498
<u>Gross profit/(loss) by line of business:-</u>				
Telecommunication services	8,025	4,934	37,093	27,323
Managed telecommunication network services	5,707	(331)	4,556	5,572
Industry digital services	2,729	203	2,569	929
	16,461	4,806	44,218	33,824
Less: Gross profit from discontinued operations	-	(852)	(1,966)	(4,160)
Gross profit from continuing operations	16,461	3,954	42,252	29,664

A13. Finance costs

	3 months ended		Financial year ended	11-month ended
	30/04/17 RM'000	30/04/16 RM'000	30/04/17 RM'000	30/04/16 RM'000
Interest expense on:				
- bank overdrafts	81	33	222	162
- bankers' acceptance	73	8	116	71
- finance lease	70	6	85	19
- ICULS	43	43	172	158
- term loans	41	204	467	703
- short term financing	395	229	1,046	401
Others	61	145	326	397
	<u>764</u>	<u>668</u>	<u>2,434</u>	<u>1,911</u>

A14. Profit/(loss) before tax

	3 months ended		Financial year ended	11-month ended
	30/04/17 RM'000	30/04/16 RM'000	30/04/17 RM'000	30/04/16 RM'000
Profit/(loss) before tax is arrived at after charging/(crediting):-				
Audit fee - Statutory audit	83	385	379	846
- continuing operations	83	237	336	469
- discontinued operations	-	148	43	377
Audit fee - Other services	2	114	72	53
- continuing operations	2	114	72	53
- discontinued operations	-	-	-	-
Amortisation of development cost	148	285	790	1,144
- continuing operations	148	169	473	583
- discontinued operations	-	116	317	561
Depreciation of property, plant and equipment	1,152	1,101	5,179	4,329
- continuing operations	1,152	1,226	4,858	3,804
- discontinued operations	-	(125)	321	525
(Gain)/loss on foreign exchange:				
- realised	(37)	(52)	3,225	(200)
- continuing operations	(37)	(52)	3,224	(201)
- discontinued operations	-	-	1	1
- unrealised	(15)	(434)	37	444
- continuing operations	(15)	(434)	37	444
- discontinued operations	-	-	-	-
Allowance for doubtful debts on:				
- Trade receivables	350	10,180	451	11,020
- continuing operations	350	10,180	451	10,281
- discontinued operations	-	-	-	739
- Non-trade receivable	1,219	-	3,278	(89)
- continuing operations	1,219	-	3,278	(89)
- discontinued operations	-	-	-	-
Impairment of goodwill	-	3,282	-	5,891
- continuing operations	-	376	-	379
- discontinued operations	-	2,906	-	5,512
Rental of computer	84	195	391	424
- continuing operations	84	195	391	424
- discontinued operations	-	-	-	-
Rental of office	153	456	885	1,720
- continuing operations	153	412	762	1,258
- discontinued operations	-	44	123	462
Staff cost:				
- Salaries, bonus, wages and allowances	5,472	6,186	22,681	20,148
- continuing operations	5,472	5,660	21,966	18,380
- discontinued operations	-	526	715	1,768
- Defined contribution plan	616	645	2,777	2,525
- continuing operations	616	588	2,637	2,153
- discontinued operations	-	57	140	372
Interest income	(162)	(434)	(1,037)	(1,150)
- continuing operations	(162)	(436)	(1,023)	(995)
- discontinued operations	-	2	(14)	(155)

A15 Taxation

	3 months ended		Financial year ended	11-month ended
	30/04/17 RM'000	30/04/16 RM'000	30/04/17 RM'000	30/04/16 RM'000
Current income tax:				
Provision in current period				
- Malaysian income tax from continuing operations	546	916	(292)	(143)
- Foreign income tax	-	-	(174)	(356)
- discontinued operations	-	-	(174)	(356)
Over/(Under) provision in respect of previous years	-	-	147	(1,897)
- continuing operations	-	-	147	(219)
- discontinued operations	-	-	-	(1,678)
	546	916	(319)	(2,396)
Deferred tax				
- Origination and reversal of temporary differences	(507)	(39)	(546)	4,777
- continuing operations	(507)	(39)	(546)	4,777
- discontinued operations	-	-	-	-
- Underprovision of deferred tax in previous years from continuing operations	-	-	-	(717)
	(507)	(39)	(546)	4,060
Income tax benefit/(expenses) attributable to:-				
- continuing operations	39	877	(691)	3,698
- discontinued operations	-	-	(174)	(2,034)
	39	877	(865)	1,664

A16. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as follows:

	3 months ended		Financial year ended	11-month ended
	30/04/17 RM'000	30/04/16 RM'000	30/04/17 RM'000	30/04/16 RM'000
Profit/(loss) attributable to owners of the Company from continuing operations	2,515	(18,663)	(3,801)	(18,650)
Impact on income statement upon conversion of ICULS	43	43	172	-
	2,558	(18,620)	(3,629)	(18,650)
Profit/(loss) attributable to owners of the Company from discontinued operations	-	(4,865)	(1,093)	(12,011)
Adjusted net profit/(loss) attributable to owners of the Company	2,558	(23,485)	(4,722)	(30,661)
Weighted average number of ordinary shares in issue with voting rights ('000)	748,062	750,547	747,871	753,688
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	25,082	25,201	25,082	25,303
Number of shares used in the calculation of basic earnings per share ('000)	773,144	775,748	772,953	778,991
Basic earnings/(loss) per share (sen)				
- From continuing operations	0.33	(2.40)	(0.47)	(2.39)
- From discontinued operations	-	(0.63)	(0.14)	(1.54)
	0.33	(3.03)	(0.61)	(3.94)

There are no potential ordinary shares outstanding as at 30 April 2017. As such, the fully diluted earnings/(loss) per share of the Group is equivalent to the basic earnings/(loss) per share.

A17. Available-for-sale investments

	As at 30 April 2017 RM'000	As at 30 April 2016 RM'000
Non-current		
Unquoted shares in Malaysia		
At cost	50	50
Impairment during the year	(50)	-
	-	50

A18. Trade receivables

Trade receivables are mainly due from progress billings for major government projects under Managed Telecommunications Network Services as well as corporate voice and data services.

A19. Loans and borrowings

Loans and borrowings of the Group were as follows:

	As at 30 April 2017 RM'000	As at 30 April 2016 RM'000
Current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,585	1,756
Term loan facility, which is denominated in US dollar	-	10,560
- Foreign currency amount: Nil (30 April 2016: USD 2,716,000)		
Trade financing, which are denominated in Ringgit Malaysia	22,056	4,700
Bank overdrafts, which are denominated in Ringgit Malaysia	3,145	1,191
<u>Unsecured</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	342	486
Hire purchase, which is denominated in Ringgit Malaysia	43	-
	<u>27,171</u>	<u>18,693</u>
Non current		
<u>Secured</u>		
Term loan facilities, which are denominated in Ringgit Malaysia	1,652	3,216
<u>Unsecured</u>		
Finance lease facilities, which are denominated in Ringgit Malaysia	15	415
Hire purchase, which is denominated in Ringgit Malaysia	103	-
	<u>1,770</u>	<u>3,631</u>
Total	<u>28,941</u>	<u>22,324</u>

A20. Trade and other payables

Payables of the Group are as follows:

	As at 30 April 2017 RM'000	As at 30 April 2016 RM'000
Trade payables	50,026	42,470
Sundry payables	1,817	2,509
Provision for Universal Service Fund Contribution ("USOF")	6,969	5,972
Accruals	4,180	4,896
Deposits payable	2,127	1,805
Deferred income	2,456	2,510
Other payables and accruals	17,549	17,692
Total	<u>67,575</u>	<u>60,162</u>

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

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD (ACE MARKET) LISTING REQUIREMENTS

B1. Review of group performance for the fourth quarter ended 30 April 2017

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 for the financial year ended 30 April 2017 was not comparable with the results for the 11 months period ended 30 April 2016.

For the quarter ended 30 April 2017

The group reported a revenue wholly from continuing operations of RM41.4 million for the current quarter, which was 15.9% lower than the RM49.2 million reported for continuing operations in Quarter 4, 2016. The group revenue for the previous year corresponding quarter was RM51.8 million if the RM2.6 million revenue from discontinued operations was included.

The Group posted a profit before tax for the current quarter under review of RM3.85 million from continuing operations, compared to the RM31.08 million loss before tax reported in Quarter 4, 2016, which comprised of RM18.24 million loss from continuing operations and RM12.84 million loss from discontinued operations. The turnaround in profitability from Quarter 4, 2016 was mainly due to lower project cost incurred and significant reductions in provisions. In Quarter 4 2016, there were significant impairment of fixed assets and goodwill for RTAS group.

B2. Material changes in profit before tax compared to the preceding quarter

In Quarter 4, 2017, the Group reported a profit before tax of RM3.85 million as compared to loss before tax of RM3.74 million in the preceding quarter. The quarter-on-quarter improvement was due to higher gross profit recorded from both telecommunications services and managed telecommunications network services.

B3. Prospects and business outlook

Given the macro-economic outlook and the prevailing market environment, the Board of Directors is of the view that the operating environment will continue to be challenging for the Group going forward.

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/(loss)

Breakdown of the Group's realised and unrealised profits/(loss) are as follows:

	As at 30 April 2017 RM'000	As at 30 April 2016 RM'000
Total retained profits/(loss) of the Company and its subsidiaries:		
Realised	(52,067)	(34,383)
Unrealised	4,552	4,590
	<u>(47,515)</u>	<u>(29,793)</u>
<u>Total share of retained profits of associates:</u>		
Realised	-	-
Unrealised	-	-
	<u>-</u>	<u>-</u>
	(47,515)	(29,793)
Less: Consolidation adjustments	36,707	23,944
	<u>(10,808)</u>	<u>(5,849)</u>