

# **REDTONE INTERNATIONAL BERHAD**

Incorporated in Malaysia: 596364-U

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 AUGUST 2012

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

The Directors are pleased to announce the unaudited results for the first quarter ended 31 August 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 AUGUST 2012**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Jun 12 to 31 Aug 12	1 Jun 11 to 31 Aug 11	CUMULATIVE QUARTER 1 Jun 12 to 31 Aug 12	1 Jun 11 to 31 Aug 11
		CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	30,670	24,703	30,670	24,703
Cost of sales		(20,463)	(15,572)	(20,463)	(15,572)
Gross profit		10,207	9,131	10,207	9,131
Other income	A15	417	481	417	481
General and administrative expenses		(6,286)	(7,553)	(6,286)	(7,553)
Provisions		(104)	(456)	(104)	(456)
(Loss)/gain on foreign exchange		(412)	222	(412)	222
<b>Earnings Before Interest, Tax, Depreciation And Amortisation</b>		<b>3,822</b>	<b>1,825</b>	<b>3,822</b>	<b>1,825</b>
Interest expenses (net)	A16	(131)	(298)	(131)	(298)
Depreciation and amortisation		(1,807)	(2,216)	(1,807)	(2,216)
Profit/(loss) before taxation	A17	1,884	(689)	1,884	(689)
Taxation refunded/(paid)	A18	120	(181)	120	(181)
<b>Profit/(loss) for the period</b>		<b>2,004</b>	<b>(870)</b>	<b>2,004</b>	<b>(870)</b>
Other comprehensive income/(expenses), net of tax - Foreign currency translation		109	(465)	109	(465)
<b>Total comprehensive income/(expenses) for the financial period</b>		<b>2,113</b>	<b>(1,335)</b>	<b>2,113</b>	<b>(1,335)</b>
<u>Profit/(loss) for the period attributable to:-</u>					
Equity holders of the company		2,008	(669)	2,008	(669)
Non-controlling interests		(4)	(201)	(4)	(201)
		<u>2,004</u>	<u>(870)</u>	<u>2,004</u>	<u>(870)</u>
<u>Total comprehensive income/(expenses) attributable to :-</u>					
Equity holders of the company		2,133	(1,134)	2,133	(1,134)
Non-controlling interests		(20)	(201)	(20)	(201)
		<u>2,113</u>	<u>(1,335)</u>	<u>2,113</u>	<u>(1,335)</u>
Basic Profit/(loss) per share (sen)	A19	0.42	(0.16)	0.42	(0.16)

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 AUGUST 2012**

		<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>Note</b>	<b>AS AT 31 Aug 2012 RM'000</b>	<b>AS AT 31 May 2012 RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in associates - quasi Loan		20,881	20,235
Property, plant and equipment		31,525	32,637
Investment property		1,129	1,129
Deferred tax assets		3,909	3,943
Other investment	A20	50	50
Goodwill		8,006	8,006
Development costs		10,384	10,567
Other receivables		14,586	14,586
		<u>90,470</u>	<u>91,153</u>
<b>Current Assets</b>			
Inventories		701	672
Trade receivables		16,530	13,288
Other receivables, deposits and prepayments		14,662	12,905
Other investment	A20	988	999
Deposits with licensed banks		16,462	17,524
Cash and bank balances		4,679	4,065
		<u>54,022</u>	<u>49,453</u>
<b>TOTAL ASSETS</b>		<b>144,492</b>	<b>140,606</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		47,831	47,564
Treasury shares		(368)	(349)
Reserves		34,914	32,887
<b>Total Equity Attributable To Owners Of The Company</b>		<u>82,377</u>	<u>80,102</u>
Non-controlling interests		7,797	7,817
<b>Total Equity</b>		<u>90,174</u>	<u>87,919</u>
<b>Non-Current Liabilities</b>			
Irredeemable convertible unsecured loan stocks ("ICULS")		3,437	3,576
Finance lease payables		377	403
Hire purchase payables		36	42
Term loans		1,873	1,900
Deferred taxation		94	106
		<u>5,817</u>	<u>6,027</u>
<b>Current Liabilities</b>			
Deferred income		6,744	7,622
Trade payables		19,004	17,162
Other payables and accruals		17,574	17,280
Finance lease payables		246	428
Hire purchase payables		27	27
Term loans		108	109
Provision for taxation		1,706	1,591
Bank overdraft		3,092	2,441
		<u>48,501</u>	<u>46,660</u>
<b>Total Liabilities</b>		<u>54,318</u>	<u>52,687</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>144,492</b>	<b>140,606</b>
Net assets per share (sen)		<u>18.85</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 FIRST QUARTER ENDED 31 AUGUST 2012**

	<b>3 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 12 to 31 Aug 12 RM'000</b>	<b>3 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 11 to 31 Aug 11 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,884	(689)
Adjustments for:		
Non cash items	1,817	2,842
Non operating items	<u>113</u>	<u>57</u>
Operating profit before working capital changes	3,814	2,210
Net changes in current assets	(5,614)	(1,068)
Net changes in current liabilities	<u>1,214</u>	<u>922</u>
	(586)	2,064
Interest paid	(267)	-
Tax (paid)/refunded	<u>(54)</u>	<u>129</u>
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<u>(907)</u>	<u>2,193</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	154	63
Proceeds from disposal of other investment	11	-
Purchase of unquoted investment	-	(40)
Purchase of other investments	-	(940)
Purchase of property, plant and equipment	(201)	(2,349)
Expenditure of intangible assets	<u>(311)</u>	<u>(315)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(347)</u>	<u>(3,581)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(19)	(9)
Repayment of finance lease payables	(208)	(962)
Repayment of term loans	(26)	(39)
Repayment of hire purchase payables	(6)	(7)
Proceeds from exercise of employee share options	281	165
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>22</u>	<u>(852)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,232)	(2,240)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	133	(370)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>19,148</u>	<u>24,704</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><b>18,049</b></u>	<u><b>22,094</b></u>
Cash and cash equivalents comprise of:		
Cash and bank balances	4,679	11,992
Deposits with licensed banks	<u>16,462</u>	<u>11,855</u>
	21,141	23,847
Bank overdraft	<u>(3,092)</u>	<u>(1,753)</u>
<b>Total cash and cash equivalents</b>	<u><b>18,049</b></u>	<u><b>22,094</b></u>

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 FIRST QUARTER ENDED 31 AUGUST 2012**

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

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVES	CAPITAL RESERVE	WARRANTS RESERVE	ESOS RESERVE	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2012	47,564	(349)	10,079	10,963	(1,056)	-	19,331	2,417	80,102	7,817	87,919
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	133	-	-	-	133	(24)	109
Profit for the period	-	-	-	-	-	-	-	-	2,008	4	2,012
<b>Total comprehensive income for the period</b>	-	-	-	-	133	-	-	-	2,141	(20)	2,121
Treasury shares acquired	-	(19)	-	-	-	-	-	-	(19)	-	(19)
Issuance of ordinary shares, pursuant to conversion of ICULS	172	-	(172)	-	-	-	-	-	-	-	-
Issuance of ordinary shares, pursuant to exercise of ESOS	95	-	-	186	-	-	(128)	-	153	-	153
At 31 Aug 2012	47,831	(368)	9,907	11,149	(923)	-	19,331	2,289	82,377	7,797	90,174

**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	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	74,400	7,013	81,413
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	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	-	-	-	2,969	147	3,116
Treasury shares acquired	-	(38)	-	-	-	-	-	-	(38)	-	(38)
Issuance of ordinary shares, pursuant to conversion of ICULS	1,996	-	(1,928)	(68)	-	-	-	-	-	-	-
Empolyee share options:-											
- Granted	-	-	-	-	-	-	1,901	-	1,901	-	1,901
- Exercised	790	-	-	1,628	-	-	(1,205)	-	1,213	-	1,213
Accrediton 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	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 FIRST QUARTER ENDED 31 AUGUST 2012

#### 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 August 2012.

#### 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 7 June 2012, the Company had sold the entire balance of 20 ordinary shares of RM1.00 each, representing 20% of the total paid up capital of REDtone Multimedia Sdn Bhd to CCSB Consulting Sdn Bhd for a total cash consideration of RM1.00.

**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 Aug 2012 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 1.6.2012	475,640,565	47,564,057
Arising from conversion of ICULS	1,721,060	172,106
Arising from exercise of ESOS	950,000	95,000
Share capital as at 31.8.2012	<u>478,311,625</u>	<u>47,831,163</u>

**(b) Share buy-back**

During the quarter ended 31 August 2012, the Company purchased to total of 50,000 shares under the share buyback scheme at an average cost of RM0.37 per ordinary shares for a total cash consideration of RM18,635 which include transaction costs, and was financed by Company's internally generated funds. Shares purchased todate totalling 1,704,900 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
<u>Secured</u>	
Bank guarantee given to third parties for infrastructure works	<u>2,576</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 August 2012 (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 three months ended 31 August 2012 and its comparative figures are as follows:-

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
<b>For the 3 months ended 31 August 2012</b>				
Revenue	24,011	1	6,658	30,670
Cost of sales	(15,785)	-	(4,678)	(20,463)
<b>Gross profit</b>	<b>8,226</b>	<b>1</b>	<b>1,980</b>	<b>10,207</b>
Other income	401	-	16	417
Expenses	(4,973)	(119)	(1,710)	(6,802)
<b>EBITDA</b>	<b>3,654</b>	<b>(118)</b>	<b>286</b>	<b>3,822</b>
Interest (expense)/Income, net	(215)	-	84	(131)
Depreciation and amortisation	(1,411)	-	(396)	(1,807)
<b>Profit/(Loss) before tax</b>	<b>2,028</b>	<b>(118)</b>	<b>(26)</b>	<b>1,884</b>
Income tax expenses	165	-	(45)	120
<b>Profit/(Loss) after taxation</b>	<b>2,193</b>	<b>(118)</b>	<b>(71)</b>	<b>2,004</b>

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
<b>For the 3 months ended 31 August 2011</b>				
Revenue	21,250	6	3,447	24,703
Cost of sales	(14,258)	-	(1,314)	(15,572)
	6,992	6	2,133	9,131
Other income	442	-	39	481
Expenses	(6,409)	256	(1,634)	(7,787)
<b>EBITDA</b>	<b>1,025</b>	<b>262</b>	<b>538</b>	<b>1,825</b>
Interest (expense)/Income, net	(347)	(1)	50	(298)
Depreciation and amortisation	(1,840)	-	(376)	(2,216)
<b>(Loss)/profit before tax</b>	<b>(1,162)</b>	<b>261</b>	<b>212</b>	<b>(689)</b>
Income tax expenses	(30)	(5)	(146)	(181)
<b>(Loss)/profit after taxation</b>	<b>(1,192)</b>	<b>256</b>	<b>66</b>	<b>(870)</b>

B) The segment information for the reportable segments by line of business for the three months ended 31 August 2012 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	
	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000
<u>Revenue by line of business:-</u>				
Voice	17,719	18,163	17,719	18,163
Data	11,371	5,601	11,371	5,601
Digital television services	-	3	-	3
Others	1,580	936	1,580	936
	<b>30,670</b>	<b>24,703</b>	<b>30,670</b>	<b>24,703</b>
<u>Profit/(loss) before taxation by line of business:-</u>				
Voice	1,088	652	1,088	652
Data	699	201	699	201
Digital television services	-	(1,575)	-	(1,575)
Others	97	33	97	33
	<b>1,884</b>	<b>(689)</b>	<b>1,884</b>	<b>(689)</b>

**A15 Other income**

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000	Cumulative Quarter 1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000
Net income from investment in trust fund	-	13	-	13
Net gain on conversion and amortisation of irredeemable convertible unsecured loan stock	137	121	137	121
Miscellaneous income	280	347	280	347
	<u>417</u>	<u>481</u>	<u>417</u>	<u>481</u>

**A16 Interest expenses (net)**

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000	Cumulative Quarter 1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000
<b>Breakdown:</b>				
Finance income	155	63	155	63
Finance expense :				
Interest charges	(105)	(102)	(105)	(102)
Term loan interest	(12)	(12)	(12)	(12)
Hire purchase interest	(1)	(1)	(1)	(1)
ICULS liability component interest	(168)	(246)	(168)	(246)
	<u>(286)</u>	<u>(361)</u>	<u>(286)</u>	<u>(361)</u>
	<u>(131)</u>	<u>(298)</u>	<u>(131)</u>	<u>(298)</u>

**A17 Profit/(loss) before taxation**

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000	Cumulative Quarter 1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000
Audit fee	130	136	130	136
Amortisation of development cost	494	930	494	930
Bad debts (write back)/written off	(3)	41	(3)	41
Depreciation of property, plant and equipment	1,313	1,287	1,313	1,287
Loss/(gain) on foreign exchange				
-realised	20	27	20	27
-unrealised	392	(249)	392	(249)
(Write back)/impairment loss on trade receivables	(44)	230	(44)	230
Salaries, wages and allowances	2,739	3,613	2,739	3,613
	<u>2,739</u>	<u>3,613</u>	<u>2,739</u>	<u>3,613</u>

**A18 Taxation**

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000	Cumulative Quarter 1 Jun 12 to 31 Aug 12 RM'000	1 Jun 11 to 31 Aug 11 RM'000
Tax refunded	199	-	199	-
Current period provision	(79)	(181)	(79)	(181)
	<u>120</u>	<u>(181)</u>	<u>120</u>	<u>(181)</u>

Current quarter tax was mainly due to the tax provision relating to subsidiary companies operating in China.

**A19. Profit/(loss) per share**

Basic profit/(loss) 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		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Jun 12 to 31 Aug 12	1 Jun 11 to 31 Aug 11	1 Jun 12 to 31 Aug 12	1 Jun 11 to 31 Aug 11
<b>Basic profit/(loss) per share</b>				
Profit/(loss) attributable to equity holders of the company	2,008	(669)	2,008	(669)
Weighted average number of ordinary shares in issue ('000)	478,743	439,641	478,743	439,641
Basic profit/(loss) per share (sen)	0.42	(0.16)	0.42	(0.16)

**A20. Other investments**

	UNAUDITED 31 Aug 12 RM'000	AUDITED 31 May 12 RM'000
Unquoted in Malaysia		
Investment in unquoted shares, at cost	50	50
Unquoted outside Malaysia		
Investment in trust fund, at cost	988	999
Total other investments as at 31 August 2012	1,038	1,049

**A21. Group Borrowings**

As at 31 August 2012, total borrowings of the Group are as follows:

	UNAUDITED 31 Aug 12 RM'000	AUDITED 31 May 12 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	623	831
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,981	2,009
Hire purchase facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	63	69
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	3,092	2,441
	5,759	5,350

**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 first quarter ended 31 August 2012**

For the quarter under review, the Group reported a revenue of RM30.67million, representing an increase of RM5.97 million compared to preceding year's corresponding quarter.

The Group profit before taxation for Q1 FYE 2013 was RM1.88 million as compared to loss before taxation of RM0.69 million for the preceding year's corresponding quarter, it represent increased in profit of RM2.57 million. The increase in profit before tax mainly due to revenue contributed by data and wholesales.

**B2. Prospects and business outlook**

The Board of directors is pleased to announce that the Group's repositioning from primarily a voice business into data and broadband has shown encouraging results since Q2 FYE 2012.

The Board will continue to align its resources appropriately in order to ensure the Group's growth momentum stay in track. The Group's data and broadband revenue is expected to continue to show strong growth due to overall increase in demand for data and broadband. In addition, with the Government initiative to increase the broadband penetration in rural area, more broadband projects will be initiated by the Government. The Group will continue to tender for such broadband projects.

The Group's profit for the financial year ending 31 May 2013 will be further strengthened by the infrastructure sharing and alliance with Maxis Broadband Sdn Bhd. Barring any unforeseen circumstances, the Group expected to roll out the 4D LTE services by year

In addition, the Group was recently awarded numerous major Wifi projects which provide steady stream of revenue and expected to contribute to the Group's profit for the next 3 to 5 years.

The revenue from voice business segment continue generating consistent cashflow for the Group. The Group will continue to provide value added services which are attractive and relevant in order to retain and increase the Group's voice customer base.

Subject to a favourable outcome of the measures and strategies outlined above, the Group expects the overall results and cash flows for FYE 2013 will be positive with a strong growth compared to the financial year ended 31 May 2012.

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

	<b>1st Quarter 31 Aug 12 RM'000</b>
Revenue	<u>30,670</u>
Profit before taxation and non-controlling interest	<u>1,884</u>

For Q1 FYE 2013, the Group registered a turnover of RM30.67 million compared to RM22.74 million for the quarter ended 31 May 2012 ("Q4 FYE 2012"). The increase in turnover of approximately 35% is mainly due to higher revenue derived from data project in <sup>Malaysia</sup>

The Group recorded a profit before tax of RM1.88 million for Q1 FYE 2013 as compared to RM2.9 million for Q4 FYE 2012. The higher profit before tax in Q4 FYE2012 was contributed by net deconsolidation gain arising from divestment of subsidiary companies.

**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.

## B7. Corporate proposals

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

- 1) On 12 June 2012, the Company announced that its wholly owned subsidiary, REDtone Technology Sdn Bhd ("RT") and Mobile Money International Sdn Bhd ("Mobile Money") had executed a Supplemental Letter of Agreement ("SAA") to revise the terms of the consideration payable by Mobile Money to RT, for the assignment by RT of its intellectual property rights, in respect of the Licensed Software as stated in the assignment agreement dated 28 March 2006. The SAA is conditional upon a resolution being passed by the shareholders.
- 2) On 13 July 2012, the Company announced that its wholly owned subsidiary, REDtone Marketing Sdn Bhd ("RMKT") entered into a Network Sharing and Alliance Agreement with Maxis Broadband Sdn Bhd ("Maxis") in relation to infrastructure sharing and alliance on the 2600Mhz spectrum ("LTE Spectrum"). This alliance is in-line with the Government's call to maximize the usage of scarce spectrum resource by combining the respective block of LTE Spectrum to roll out the fastest mobile broadband service using the latest LTE technology. Maxis will also provide to REDtone certain mobile telecommunication services traffic capacity on

## B8. Utilisation of rights proceeds

On 23 August 2010, the Company announced that there will be a revision to the utilisation of proceeds from the renounceable rights issue of RM40,611,633 nominal value of 10-year 2.75% irredeemable convertible unsecured loan stocks ("Rights Issue").

The proceeds raised from the Rights Issue which was allocated for the capital expenditure for wireless infrastructure shall now be utilised for the working capital of the broadband for office and IPTV operations of the Group.

As at 31 Aug 2012, the status of the utilisation of proceeds from the Rights Issue is as follows:

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