

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2012

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the second quarter ended 30 November 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2012**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Sep 12 to 30 Nov 12 CURRENT QUARTER RM'000	1 Sep 11 to 30 Nov 11 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jun 12 to 30 Nov 12 CURRENT YEAR TO DATE RM'000	1 Jun 11 to 30 Nov 11 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	26,681	35,959	57,351	60,662
Cost of sales		<u>(14,146)</u>	<u>(26,520)</u>	<u>(34,609)</u>	<u>(42,093)</u>
Gross profit		12,535	9,439	22,742	18,569
Other income	A15	421	828	838	1,309
General and administrative expenses		(5,499)	(7,556)	(11,784)	(15,108)
Provisions		(1,608)	(119)	(1,712)	(575)
Gain/(loss) on foreign exchange		329	(164)	(83)	58
Earnings Before Interest, Tax, Depreciation And Amortisation		<u>6,178</u>	<u>2,428</u>	<u>10,001</u>	<u>4,253</u>
Interest expenses (net)	A16	(158)	(140)	(289)	(438)
Depreciation and amortisation		(1,810)	(2,157)	(3,617)	(4,373)
Profit/(loss) before taxation	A17	<u>4,210</u>	<u>131</u>	<u>6,095</u>	<u>(558)</u>
Taxation paid	A18	<u>(259)</u>	<u>(354)</u>	<u>(140)</u>	<u>(535)</u>
Profit/(loss) for the period		<u>3,951</u>	<u>(223)</u>	<u>5,955</u>	<u>(1,093)</u>
Other comprehensive (expenses)/income, net of tax - Foreign currency translation		<u>(578)</u>	<u>1,729</u>	<u>(469)</u>	<u>1,264</u>
Total comprehensive income for the financial period		<u>3,373</u>	<u>1,506</u>	<u>5,486</u>	<u>171</u>
<u>Profit/(loss) for the period attributable to:</u>					
Equity holders of the company		3,974	(82)	5,982	(751)
Non-controlling interests		(23)	(141)	(27)	(342)
		<u>3,951</u>	<u>(223)</u>	<u>5,955</u>	<u>(1,093)</u>
<u>Total comprehensive income attributable to:</u>					
Equity holders of the company		3,425	1,647	5,558	513
Non-controlling interests		(52)	(141)	(72)	(342)
		<u>3,373</u>	<u>1,506</u>	<u>5,486</u>	<u>171</u>
Basic Profit/(loss) per share (sen)	A19	<u>0.84</u>	<u>(0.02)</u>	<u>1.25</u>	<u>(0.17)</u>

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 30 NOVEMBER 2012

	Note	UNAUDITED AS AT 30 Nov 2012 RM'000	AUDITED AS AT 31 May 2012 RM'000
ASSETS			
Non-Current Assets			
Investment in associates - quasi Loan		21,557	20,235
Property, plant and equipment		30,238	32,637
Investment property		1,129	1,129
Deferred tax assets		3,882	3,943
Other investment	A20	50	50
Goodwill		8,006	8,006
Development costs		10,086	10,567
Other receivables		14,586	14,586
		<u>89,534</u>	<u>91,153</u>
Current Assets			
Inventories		590	672
Trade receivables		22,831	13,288
Other receivables, deposits and prepayments		15,348	12,905
Other investment	A20	980	999
Deposits with licensed banks		17,963	17,524
Cash and bank balances		3,204	4,065
		<u>60,916</u>	<u>49,453</u>
TOTAL ASSETS		<u>150,450</u>	<u>140,606</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		47,971	47,564
Treasury shares		(178)	(349)
Reserves		38,321	32,887
Total Equity Attributable To Owners Of The Company		<u>86,114</u>	<u>80,102</u>
Non-controlling interests		7,745	7,817
Total Equity		<u>93,859</u>	<u>87,919</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		3,329	3,576
Finance lease payables		351	403
Hire purchase payables		29	42
Term loans		1,846	1,900
Deferred taxation		82	106
		<u>5,637</u>	<u>6,027</u>
Current Liabilities			
Deferred income		7,054	7,622
Trade payables		19,187	17,162
Other payables and accruals		17,557	17,280
Finance lease payables		112	428
Hire purchase payables		27	27
Term loans		109	109
Provision for taxation		1,903	1,591
Bank overdraft		5,005	2,441
		<u>50,954</u>	<u>46,660</u>
Total Liabilities		<u>56,591</u>	<u>52,687</u>
TOTAL EQUITY AND LIABILITIES		<u>150,450</u>	<u>140,606</u>
Net assets per share (sen)		<u>19.57</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 SECOND QUARTER ENDED 30 NOVEMBER 2012

	6 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 12 to 30 Nov 12 RM'000	6 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 11 to 30 Nov 11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	6,095	(558)
Adjustments for:		
Non cash items	5,391	4,680
Non operating items	253	172
Operating profit before working capital changes	11,739	4,294
Net changes in current assets	(16,962)	(9,407)
Net changes in current liabilities	3,919	6,160
	(1,304)	1,047
Interest paid	(533)	(227)
Tax (paid)/refunded	(287)	363
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(2,124)	1,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	280	284
Proceeds from disposal of other investment	19	-
Proceeds from disposal of property, plant and equipment	(4)	-
Purchase of unquoted investment	-	(40)
Purchase of other investments	-	(2,600)
Purchase of property, plant and equipment	(234)	(5,532)
Expenditure of intangible assets	(518)	(931)
NET CASH USED IN INVESTING ACTIVITIES	(457)	(8,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(purchase of) treasury shares	172	(36)
Repayment of finance lease payables	(368)	(1,823)
Repayment of term loans	(54)	(79)
Repayment of hire purchase payables	(13)	(13)
Proceeds from exercise of warrants	-	-
Proceeds from exercise of employee share options	227	583
NET CASH USED IN FINANCING ACTIVITIES	(35)	(1,368)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,617)	(9,004)
EFFECTS OF EXCHANGE RATE CHANGES	(369)	1,264
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,148	24,704
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,162	16,964
Cash and cash equivalents comprise of:		
Cash and bank balances	3,204	11,563
Deposits with licensed banks	17,963	8,997
	21,167	20,560
Bank overdraft	(5,005)	(3,596)
Total cash and cash equivalents	16,162	16,964

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 SECOND QUARTER ENDED 30 NOVEMBER 2012

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

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVES	CAPITAL RESERVE	WARRANTS RESERVE	ESOS RESERVE	ACCUMULATED LOSSES	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	RM'000
At 1 June 2012	47,564	(349)	10,079	10,963	# (1,056)	-	19,331	2,417	(8,847)	80,102	7,817	87,919
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	(370)	-	-	-	-	(370)	(99)	(469)
Profit for the period	-	-	-	-	-	-	-	-	5,982	5,982	27	6,009
Total comprehensive income for the period	-	-	-	-	(370)	-	-	-	5,982	5,612	(72)	5,540
Disposal of treasury shares	-	171	-	-	-	-	-	-	-	171	-	171
Issuance of ordinary shares, pursuant to conversion of ICULS	264	-	(264)	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares, pursuant to exercise of ESOS	143	-	-	284	-	-	(198)	-	-	229	-	229
At 30 Nov 2012	47,971	(178)	9,815	11,247	# (1,426)	-	19,331	2,219	(2,865)	86,114	7,745	93,859

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

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

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

	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVES RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ESOS RESERVE RM'000	ACCUMULATED LOSSES RM'000	ATTRIBUTABLE TO OWNER OF THE THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2011	44,778	(311)	12,007	9,403	(1,877)	343	19,331	1,721	(10,995)	74,400	7,013	81,413
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	2,148	2,148	(288)	1,860
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation	-	-	-	-	821	-	-	-	-	821	435	1,256
Total comprehensive income for the period	-	-	-	-	821	-	-	-	2,148	2,969	147	3,116
Treasury shares acquired	-	(38)	-	-	-	-	-	-	-	(38)	-	(38)
Issuance of ordinary shares, pursuant to conversion of ICULS	1,996	-	(1,928)	(68)	-	-	-	-	-	-	-	-
Employee share options:-												
- Granted	-	-	-	-	-	-	-	1,901	-	1,901	-	1,901
- Exercised	790	-	-	1,628	-	-	-	(1,205)	-	1,213	-	1,213
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	(8,847)	80,102	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 SECOND QUARTER ENDED 30 NOVEMBER 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 30 November 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.

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 30 Nov 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 1.9.2012	478,311,625	47,831,163
Arising from conversion of ICULS	917,200	91,720
Arising from exercise of Warrants	4,000	400
Arising from exercise of ESOS	476,000	47,600
Share capital as at 30.11.2012	<u>479,708,825</u>	<u>47,970,883</u>

(b) Share buy-back

There was no share buy-back transacted during the quarter ended 30 November 2012. A total 489,000 treasury shares were re-sold on the ACE Market during the quarter. The balance of shares purchased to date totalling 1,215,900 ordinary shares of RM 0.10 each are 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 30 November 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 6 December 2012, the Company announced that its wholly-owned subsidiary, REDtone Marketing Sdn Bhd ("RMSB") had received a letter from Malaysian Communications and Multimedia Commission ("MCMC") dated 5 December 2012 informing RMSB that the Frequency Division Duplex spectrum band from 2500 MHz to 2510 MHz paired with 2620 MHz to 2630 MHz has been allocated to RMSB for the purpose of providing Mobile Broadband Wireless Access services.

A14. Segment information

A) The segment information for the reportable segments by country for the six months ended 30 November 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
For the 6 months ended 30 November 2012				
Revenue	46,082	2	11,267	57,351
Cost of sales	(27,098)	-	(7,511)	(34,609)
Gross profit	18,984	2	3,756	22,742
Other income	735	-	103	838
Expenses	(10,756)	(52)	(2,771)	(13,579)
EBITDA	8,963	(50)	1,088	10,001
Interest (expense)/Income, net	(430)	-	141	(289)
Depreciation and amortisation	(2,832)	-	(785)	(3,617)
Profit/(Loss) before tax	5,701	(50)	444	6,095
Income tax expenses	137	-	(277)	(140)
Profit after taxation	5,838	(50)	167	5,955

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 6 months ended 30 November 2011				
Revenue	47,449	3	13,210	60,662
Cost of sales	(33,980)	(1)	(8,112)	(42,093)
	13,469	2	5,098	18,569
Other income	1,229	-	80	1,309
Expenses	(11,940)	(86)	(3,599)	(15,625)
EBITDA	2,758	(84)	1,579	4,253
Interest income/(expenses), net	(580)	(1)	143	(438)
Depreciation and amortisation	(3,569)	-	(804)	(4,373)
(Loss)/profit before tax	(1,391)	(85)	918	(558)
Income tax expenses	(148)	(5)	(382)	(535)
(Loss)/profit after taxation	(1,539)	(90)	536	(1,093)

B) The segment information for the reportable segments by line of business for the six months ended 30 November 2012 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	
	1 Sep 12 to 30 Nov 12 RM'000	1 Sep 11 to 30 Nov 11 RM'000	1 Jun 12 to 30 Nov 12 RM'000	1 Jun 11 to 30 Nov 11 RM'000
<u>Revenue by line of business:-</u>				
Voice	14,633	23,366	32,352	41,529
Data	10,056	11,833	21,427	17,434
IPTV	-	2	-	5
Others	1,992	758	3,572	1,694
	<u>26,681</u>	<u>35,959</u>	<u>57,351</u>	<u>60,662</u>
<u>Profit/(loss) before taxation by line of business:-</u>				
Voice	2,443	884	3,531	1,536
Data	1,638	444	2,338	645
IPTV	-	(1,227)	-	(2,802)
Others	129	30	226	63
	<u>4,210</u>	<u>131</u>	<u>6,095</u>	<u>(558)</u>

A15 Other income

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Sep 12 to	1 Sep 11 to	1 Jun 12 to	1 Jun 11 to
	30 Nov 12	30 Nov 11	30 Nov 12	30 Nov 11
	RM'000	RM'000	RM'000	RM'000
Net income from investment in trust fund	-	22	-	35
Net gain on conversion and amortisation of irredeemable convertible unsecured loan stock	110	470	247	591
Loss on disposal of fixed asset	(18)	-	(18)	-
Miscellaneous income	329	336	609	683
	<u>421</u>	<u>828</u>	<u>838</u>	<u>1,309</u>

A16 Interest expenses (net)

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Sep 12 to	1 Sep 11 to	1 Jun 12 to	1 Jun 11 to
	30 Nov 12	30 Nov 11	30 Nov 12	30 Nov 11
	RM'000	RM'000	RM'000	RM'000
Breakdown:				
Finance income	125	221	280	284
Finance expense :				
Interest charges	(104)	(218)	(209)	(320)
Term loan interest	(12)	(12)	(24)	(24)
Hire purchase interest	(1)	(1)	(2)	(2)
ICULS liability component interest	(166)	(130)	(334)	(376)
	<u>(283)</u>	<u>(361)</u>	<u>(569)</u>	<u>(722)</u>
	<u>(158)</u>	<u>(140)</u>	<u>(289)</u>	<u>(438)</u>

A17 Profit/(loss) before taxation

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Sep 12 to	1 Sep 11 to	1 Jun 12 to	1 Jun 11 to
	30 Nov 12	30 Nov 11	30 Nov 12	30 Nov 11
	RM'000	RM'000	RM'000	RM'000
Audit fee	170	319	300	455
Amortisation of development cost	505	799	999	1,729
Bad debts (write back)/written off	(1)	-	(4)	41
Depreciation of property, plant and equipment	1,305	1,358	2,618	2,644
Loss/(gain) on foreign exchange	-	-	-	-
- realised	29	48	49	75
- unrealised	(357)	116	35	(133)
(Write back)/impairment loss on trade receivables	(29)	(23)	(73)	207
Impairment loss on other receivables	1,500	-	1,500	-
Salaries, wages and allowances	2,637	3,538	5,376	7,151
	<u>2,637</u>	<u>3,538</u>	<u>5,376</u>	<u>7,151</u>

A18 Taxation

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Sep 12 to	1 Sep 11 to	1 Jun 12 to	1 Jun 11 to
	30 Nov 12	30 Nov 11	30 Nov 12	30 Nov 11
	RM'000	RM'000	RM'000	RM'000
Tax refunded	-	-	199	-
Current period provision	(259)	(354)	(339)	(535)
	<u>(259)</u>	<u>(354)</u>	<u>(140)</u>	<u>(535)</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 profit/(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 Sep 12 to 30 Nov 12	1 Sep 11 to 30 Nov 11	1 Jun 12 to 30 Nov 12	1 Jun 11 to 30 Nov 11
Basic profit/(loss) per share				
Profit/(loss) attributable to equity holders of the company	3,974	(82)	5,982	(751)
Weighted average number of ordinary shares in issue ('000)	478,720	451,528	478,720	451,528
Basic profit/(loss) per share (sen)	<u>0.84</u>	<u>(0.02)</u>	<u>1.25</u>	<u>(0.17)</u>

A20. Other investments

	UNAUDITED	AUDITED
	30 Nov 12	31 May 12
	RM'000	RM'000
Unquoted in Malaysia		
Investment in unquoted shares, at cost	50	50
Unquoted outside Malaysia		
Investment in trust fund, at cost	980	999
Total other investments as at 30 November 2012	<u>1,030</u>	<u>1,049</u>

A21. Group Borrowings

As at 30 November 2012, total borrowings of the Group are as follows:

	UNAUDITED	AUDITED
	30 Nov 12	31 May 12
	RM'000	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	463	831
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	1,955	2,009
Hire purchase facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	56	69
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	5,005	2,441
	<u>7,479</u>	<u>5,350</u>

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(Co number:596364-U)

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

B1. Review of group performance for second quarter ended 30 November 2012

For the quarter under review, the Group reported a revenue of RM26.68 million, represent a decrease of RM9.28 million as compared to preceding year's corresponding quarter as the revenue in Q2 of 2013 was mainly from recurring maintenance services.

Despite the decrease in the revenue, the Group's profit before taxation ("PBT") for Q2 FYE 2013 was RM3.95 million as compared to a loss before taxation of RM0.22 million for the preceding year's corresponding quarter. This represents an increase in profit of RM4.17 million. The significant increase in the PBT was largely due to the divestment of non-core and loss making businesses within the Group.

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. From Q4 FYE 2012 the Group returned to profitability after recording losses for the past four years.

For the current financial year ending 31 May 2013, the Board has put in placed strategies to further enhance the Group's profit. Data and broadband services, which include the Group's approximately 4,500 Wifi hotspots, will continue to be the main contributor to the Group's profit for the FYE 2013, while the Voice business segment will continue to sustain the Group's cash flow.

The Group's profit for the FYE 2013 will be further enhanced by its recent network sharing and alliance agreement entered into with Maxis Broadband Sdn Bhd. The Group expects the network sharing and alliance to contribute positively to the Group's earning for FYE 2013 and over the next 10 years .

In addition, the Group was recently awarded numerous major Wifi and government projects which will provide a steady stream of revenue and is expected to increase the profitability to the Group. The Group will continue to participate actively in tendering for government data and broadband projects. The Group's China operations faced stiff competition currently but will continue to contribute to the Group's profit and cash flow.

With all the favourable outcome of the business plans and strategies outlined above, the Group expects the overall results and cash flows for FYE 2013 to be positive with stronger growth numbers as compared to the results of the financial year ended 31 May 2012.

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

	2nd Quarter 30 Nov 12 RM'000	1st Quarter 31 Aug 12 RM'000
Revenue	26,681	30,670
Profit before taxation and non-controlling interest	4,210	1,884

In Q2 FYE 2013, the Group registered a turnover of RM26.68 million compared RM30.67 million for the quarter ended 31 Aug 2012 ("Q1 FYE 2013") as the revenue in Q2 of 2013 was mainly from recurring maintenance services.

The Group recorded a profit before tax of RM4.21 million for Q2 FYE 2013 as compared to RM1.88 million for Q1 FYE 2013. The increase in profit is mainly due to controlling of expenses as well as securing higher margins on the recurring wifi services.

B4. Profit forecast

No profit forecast was announced.

B5. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the current quarter and financial year to date.

B6. Material litigation

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

A sole arbitrator was appointed on 1 March 2011 for the above-mentioned arbitration. RT and RTC filed a statement of claim on 25 May 2011 and Quantum filed a counterclaim against RT and RTC on 6 September 2011. RT and RTC filed their response and defence to the counterclaim on 19 April 2012 and had meanwhile also sought directions from the Arbitrator on amending their Statement of Claims to include an additional claim and is now awaiting the Arbitrator's directions for the additional inclusion. In the meantime, Quantum had filed their Response and Counterclaim dated 15 October 2012 to address the amendments proposed by RT and RTC to the Statement of Claim.

B7. Corporate proposals

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

- 1) On 28 November 2012, the Company announced the retirement of its Independent & Non Executive Chairman, Dato' Ibrahim bin Che Mat and the re-designation of its Deputy Chairman, Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Al Habshee to Non Independent & Non Executive Chairman of the Company.
- 2) On 9 November 2012, the Company announced that its wholly owned subsidiary, REDtone Marketing Sdn Bhd had received a letter of award from Malaysian Communications and Multimedia Commission ("MCMC") dated 8 November 2012 to build, operate and maintain Radio Access Network infrastructure in rural areas in Sabah as part of MCMC's Time 3 Program. The Contract is valued at RM82,500,000 over a three (3) years period.
- 3) 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 was conditional upon a resolution for the approval being passed by the shareholders.

The SAA was approved by the shareholders on 28 November 2012.

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 30 November 2012, the status of the utilisation of proceeds from the Rights Issue is as follows:

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