

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 MAY 2009**

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the fourth quarter ended 31 May 2009

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1 JUNE 2008 TO 31 MAY 2009**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		1 Mar 09 to 31 May 09 CURRENT QUARTER RM'000	1 Mar 08 to 31 May 08 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 June 08 to 31 May 09 CURRENT YEAR TODATE RM'000	1 June 07 to 31 May 08 PRECEDING YEAR CORRESPONDING YEAR TODATE RM'000
Continuing Operations					
Revenue	A12	18,630	24,399	79,418	109,999
Profit/(Loss) From Operations		2,151	(12,609)	593	(5,500)
Finance Income, Net		98	204	263	446
Depreciation And Amortisation		(864)	(1,883)	(3,178)	(3,518)
Profit/ (Loss) Before Tax And Minority Interest	B1	1,384	(14,288)	(2,323)	(8,572)
Taxation	B5	(22)	(666)	(154)	(971)
Profit/ (Loss) After Tax And Before Minority Interest From Continuing Operations		1,362	(14,954)	(2,477)	(9,543)
Discontinued Operations					
(Loss)/ Profit For The Year From Discontinued Operations		(4,472)	493	(4,488)	2,538
Loss For The Year		(3,110)	(14,461)	(6,965)	(7,005)
Attributable To:					
Equity Holders Of The Parent		(2,942)	(14,406)	(5,909)	(6,799)
Minority Interest		(168)	(55)	(1,056)	(206)
		(3,110)	(14,461)	(6,965)	(7,005)
Earnings Per Share (Sen)	B10	(0.80)	(5.59)	(1.90)	(2.70)
Fully Diluted Earnings Per Share (Sen)	B10	(1.20)	(5.61)	(2.30)	(2.60)

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for year ended 31 May 2008.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	AS AT END OF CURRENT YEAR ENDED 31 May 2009 RM'000	AS AT PRECEDING YEAR ENDED 31 May 2008 RM'000
Note		
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	25,549	22,575
Investment In Associates	1,019	1,317
Investment In Jointly Controlled Entity	1,492	1,492
Investment Property	870	790
Intangible Assets	16,418	13,214
Deferred Tax Assets	3,529	3,834
Other Receivables	790	457
	<u>49,667</u>	<u>43,679</u>
Current Assets		
Inventories	2,642	1,567
Trade And Other Receivables	34,495	38,531
Tax Recoverable	895	1,115
Other Investment	2	724
Cash And Cash Equivalents	27,142	20,764
	<u>65,176</u>	<u>62,701</u>
Assets Of Disposal Group Classified As Held For Sale	-	4,525
	<u>65,176</u>	<u>67,226</u>
TOTAL ASSETS	<u>114,843</u>	<u>110,905</u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share Capital	38,647	25,764
Reserves	21,510	39,520
	<u>60,157</u>	<u>65,284</u>
Minority Interest	5,366	5,741
Total Equity	<u>65,523</u>	<u>71,025</u>
Non-Current Liabilities		
Finance Lease - Non Current	1,856	-
Long term borrowings	997	-
Deferred Tax Liabilities	2	2
	<u>2,856</u>	<u>2</u>
Current Liabilities		
Trade Payables	17,336	13,880
Finance Lease - Current	1,012	-
Short Term Bank Borrowings	53	-
Other Payable & Accruals	16,483	15,929
Deferred Income	11,490	8,821
Taxation	89	429
	<u>46,464</u>	<u>39,059</u>
Liabilities Directly Associated With Assets Classified As Held For Sale	-	819
	<u>46,464</u>	<u>39,878</u>
Total Liabilities	<u>49,320</u>	<u>39,880</u>
TOTAL EQUITY AND LIABILITIES	<u>114,843</u>	<u>110,905</u>
Net Assets Per Share (Sen)	<u>16.95</u>	<u>27.57</u>

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for year ended 31 May 2008)

REDTONE INTERNATIONAL BERHAD
(Co number: 596364-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Twelve Months Ended 31 May 2009

	<-----NON DISTRIBUTABLE----->					DISTRIBUTABLE	TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	SHARE OPTION RESERVE RM'000	EXCHANGE RESERVE RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	
At 1 June 2008	25,764	19,279	739	1,216	-	18,286	65,284
Net Loss For The Year	-	-	-	-	-	(5,909)	(5,909)
Accretion Arising For Disposal Of Stake To Non-Controlling Interest	-	-	-	-	459	-	459
Exchange Reserve	-	-	-	(712)	-	-	(712)
Esos Issued	-	-	1,036	-	-	-	1,036
Bonus Issued	12,883	(12,883)	-	-	-	-	(0)
At 31 May 2009	<u>38,647</u>	<u>6,396</u>	<u>1,775</u>	<u>503</u>	<u>459</u>	<u>12,377</u>	<u>60,157</u>

For The Twelve Months Ended 31 May 2008 (Audited)

	<-----NON DISTRIBUTABLE----->					DISTRIBUTABLE	TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	SHARE OPTION RESERVE RM'000	EXCHANGE RESERVE RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	
At 1 June 2007	25,214	16,492	768	296	-	25,085	67,854
Net Profit For The Year	-	-	-	-	-	(6,799)	(6,799)
Exchange Reserve	-	-	-	920	-	-	920
Esos Issued	550	2,787	(29)	-	-	-	3,308
At 31 May 2008	<u>25,764</u>	<u>19,279</u>	<u>739</u>	<u>1,216</u>	<u>-</u>	<u>18,286</u>	<u>65,284</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for year ended 31 May 2008)

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Audited	
	12 MONTHS CURRENT FINANCIAL YEAR 1 June 08 to 31 May 09 RM'000	12 MONTHS PRECEDING FINANCIAL YEAR 1 June 07 to 31 May 08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit Before Taxation		
Continuing Operations	(2,323)	(8,572)
Discontinued Operations	(4,488)	2,576
Adjustments For:		
Non Cash Items	6,599	11,349
Non Operating Items	(298)	(183)
Operating Profit Before Working Capital Changes	(511)	5,170
Net Changes In Current Assets	(17,716)	(50,195)
Net Changes In Current Liabilities	19,198	51,989
	971	6,964
Tax Paid	-	(1,193)
Net Cash Generated From Operating Activities	971	5,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition Of Subsidiary (Net Of Cash Acquired)	558	(65)
Investment In Associates	-	(3,395)
Investment In Jv	6	-
Disposal Of A Subsidiary (Net Of Cash Disposed)	9,134	281
Interest Received	325	452
Proceeds From Upliftment Of Structured Fund Investment	122	-
Accretion Arising For Disposal Of Stake To Non-Controlling Interest	459	-
Purchase Of Property, Plant And Equipment	(8,148)	(5,560)
Expenditure On Intangible Assets	(3,437)	(9,162)
Net Cash Used In Investing Activities	(980)	(17,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from finance lease	3,037	-
Repayment for finance lease	(193)	-
Proceeds from Term Loan	1,050	-
Cash Received From Minority Interest	-	3,287
Cash Received From Issuance Of Shares	-	2,369
Net Cash Generated From Financing Activities	3,894	5,656
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,884	(6,022)
EFFECTS OF EXCHANGE RATE CHANGES	2,494	1,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,764	25,346
CASH AND CASH EQUIVALENTS AT END OF YEAR	27,142	21,061
Cash And Cash Equivalents Comprise:		
Cash And Bank Balances	11,602	16,083
Deposits With Licensed Bank	15,539	4,680
	27,140	20,763
Short-Term Investment	2	124
	27,142	20,887
Cash And Bank Balances Classified As Held For Sale	-	174
	27,142	21,061

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for year ended 31 May 2008)

REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

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 MESDAQ 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 2008.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 May 2008.

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 accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 May 2008, except for the adoption of the following revised Financial Reporting Standards ("FRS"), amendment to FRS and Interpretations effective for the financial period beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129/2004 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

As the date of authorisation of the interim financial report, FRS 139: Financial Instruments: Recognition and Measurement was in issue but yet effective. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The adoption of the above revised FRSs, amendments to FRS and Interpretation do not have any significant impact on the financial statements of the Group.

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 2008.

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 the nature and amount of estimates reported in prior financial period that have a material effect in the quarter under review.

A6. Property, Plant And Equipment

During the quarter under review, the Group has revalued its property included in property, plant and equipment. The valuation adopted was arrived based on independent professional valuation. The revaluation surplus amounting to RM80k has been charged to the income statement during the quarter under review.

A7. Changes In The Composition Of The Group

There no changes in the composition of the Group during the quarter.

A8. Seasonality Or Cyclicity Of Interim Operations

The Group's operations are not affected by any significant seasonal or cyclical factors during the period under review.

A9. Debt And Equity Securities

There were no issuances, cancellations, repurchases, resale or repayments of debt during the financial period under review.

A10. Contingent Liabilities

There were no material contingent liabilities as at the date of this report.

A11. Off Balance Sheet Financial Instruments

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

A12. Segmental Information

	Individual Quarter		Cumulative Quarter	
	1 Mar 2009 to 31 May 2009 RM'000	1 Mar 2008 to 31 May 2008 RM'000	1 June 2008 to 31 May 2009 RM'000	1 June 2007 to 31 May 2008 RM'000
<u>Revenue by Types of Products:-</u>				
Continuing Operations				
Communication Services	18,296	20,898	77,632	106,202
Computer-telephony and other related products and services	106	3,501	1,147	3,797
Digital Television Services	229	-	639	-
	<u>18,630</u>	<u>24,399</u>	<u>79,418</u>	<u>109,999</u>
Discontinued Operations				
Communication Services	303	2,050	7,195	6,919
Computer-telephony and other related products and services	(345)	767	-	3,882
Digital Television Services	-	-	-	-
	<u>(42)</u>	<u>2,817</u>	<u>7,195</u>	<u>10,801</u>
	<u>18,589</u>	<u>27,216</u>	<u>86,613</u>	<u>120,800</u>
<u>Profit / (Loss) Before Tax:-</u>				
Continuing Operations				
Communication Services	1,667	(12,238)	(121)	(8,316)
Computer-telephony and other related products and services	40	(2,050)	(2)	(256)
Digital Television Services	(323)	0	(2,200)	0
	<u>1,385</u>	<u>(14,288)</u>	<u>(2,323)</u>	<u>(8,572)</u>
Discontinued Operations				
Communication Services	(4,496)	359	(4,511)	2,093
Computer-telephony and other related products and services	23	134	22	483
Digital Television Services	0	0	0	0
	<u>(4,473)</u>	<u>493</u>	<u>(4,488)</u>	<u>2,576</u>
	<u>(3,088)</u>	<u>(13,795)</u>	<u>(6,811)</u>	<u>(5,996)</u>

A13. Dividend

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

A14. Material Events Subsequent To The End Of The Reporting Period

There were no significant events since the end of this quarter up to the date of this announcement.

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

B1. Review Of Group Results For The Fourth Quarter Ended 31 May 2009

The Group registered a annual consolidated revenue of RM86.6 following the close of this quarter ended 31 May 2009. Revenue contributed by continuing operations was amounted to RM79.4 million while the balance of RM7.2 million was generated from discontinued operations. This shows a RM34 million drop of revenue compared to preceding year corresponding quarter. Decrease of revenue was mainly from PRC due to its change in revenue recognition method from gross to net method which took effect in quarter 3 of last financial year. Despite the change of the revenue recognition method, the Group had shown improvement in its local data business and voice business from PRC.

As a result of the group-wide cost-contention exercise implemented since quarter 2, the Group's performance from existing operations had responded with a favorable profit of RM2.7 million from the continuing operations. However, the newly acquired internet protocol television ("IPTV") business which is currently still in development phase, had made a loss of RM2.1 million in this year making the group's operating profit consolidated at RM0.6 million. After deducting the depreciation, amortization and tax charge of RM3 million, net loss from continuing operations were recorded at RM2.5 million. Combining with the loss of RM4.5 million from discontinued operations and share of minority interest of RM1.1 million, the Group closed its book at RM5.9 million loss this year.

B2. Current year prospects

Seeing a challenging year ahead due to uncertain global economy and intense competition, the Board of Directors has taken affirmative cost-containment measures in order to achieve higher operational efficiency, while continuously rolling out data services and actively pursuing other opportunities and technology development which is expected to generate favorable results by leveraging the Group's core competencies.

B3. Material Changes In Profit Before Taxation Compared To The Preceding Quarter

	4th Quarter	3rd Quarter
	31 May 2009	28 Feb 2009
	RM'000	RM'000
<u>Revenue</u>		
Continuing Operations	18,630	17,782
Discontinued Operations	(42)	3,201
	18,589	20,983
<u>(Loss)/ Profit Before Taxation and Minority Interest</u>		
Continuing Operations	1,385	(2,138)
Discontinued Operations	(4,473)	(442)
	(3,088)	(2,580)
<u>(Loss)/ Profit After Taxation and After Minority Interest</u>		
Continuing Operations	1,531	(1,452)
Discontinued Operations	(4,473)	(442)
	(2,942)	(1,894)

Group's revenue for the current quarter was registered at RM18.6 million. Revenue from continuing operations generated RM0.85 million upward growth compared to preceding quarter. The growth was mainly attributable to increased voice business from overseas and data services in Malaysia.

The Group's profit before tax and MI from continuing operations was recorded at RM1.4 million in this current quarter, included herein was the IPTV loss of RM0.3 million. At the end of the current quarter under review, the Group recorded loss after tax of RM2.9 million.

B4. Profit forecast

No profit forecast was announced.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	1 Mar 2009 to 31 May 2009 RM'000	1 Mar 2008 to 31 May 2008 RM'000	1 June 2008 to 31 May 2009 RM'000	1 June 2007 to 31 May 2008 RM'000
Current period provision	22	666	154	971

B6. Profit On Sale Of Unquoted Investments And/Or Properties

There were no disposal of unquoted investment and/or properties for the year ended 31 May 2009.

B7. Off Balance Sheet Financial Instruments

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

B8. Material Litigation

There are no material litigation for the current quarter under review.

B9. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	1 Mar 2009 to 31 May 2009	1 Mar 2008 to 31 May 2008	1 June 2008 to 31 May 2009	1 June 2007 to 31 May 2008
Basic earnings per share				
Profit Attributable To Equity Holders Of Parent (RM'000)	(2,942)	(14,406)	(5,909)	(6,799)
Weighted Average Number Of Ordinary Shares In Issue ('000)	386,468	257,645	323,292	255,350
Basic Earnings Per Share (Sen)	(0.80)	(5.59)	(1.90)	(2.70)
Fully diluted earnings per share				
Weighted Average Number Of Ordinary Shares In Issue ('000)	264,629	256,940	257,756	256,615
Fully diluted earnings per share (Sen)	(1.20)	(5.61)	(2.30)	(2.60)

B10. Corporate Proposals

There are no corporate developments for the current quarter under review.

B11. Group Borrowings

As at 31 May 2009, total borrowings of the Group are as follows:

	31 May 2009 RM'000
<u>Total Borrowings:-</u>	
Leasing facility from IBM Malaysia Sdn. Bhd. which are denominated in Ringgit Malaysia	2,868
Fixed loan facility from Public Bank Bhd. which are demoninated in Ringgit Malaysia (Secured)	1,050
	<u>3,918</u>
<u>Long Term Borrowings:-</u>	
Lease liability, repayment more than one year	1,856
Fixed loan liability, repayment more than one year	997
	<u>2,853</u>
<u>Short Term Borrowings:-</u>	
Lease liability, repayment less than one year	1,012
Fixed loan liability, repayment less than one year	53
	<u>1,065</u>