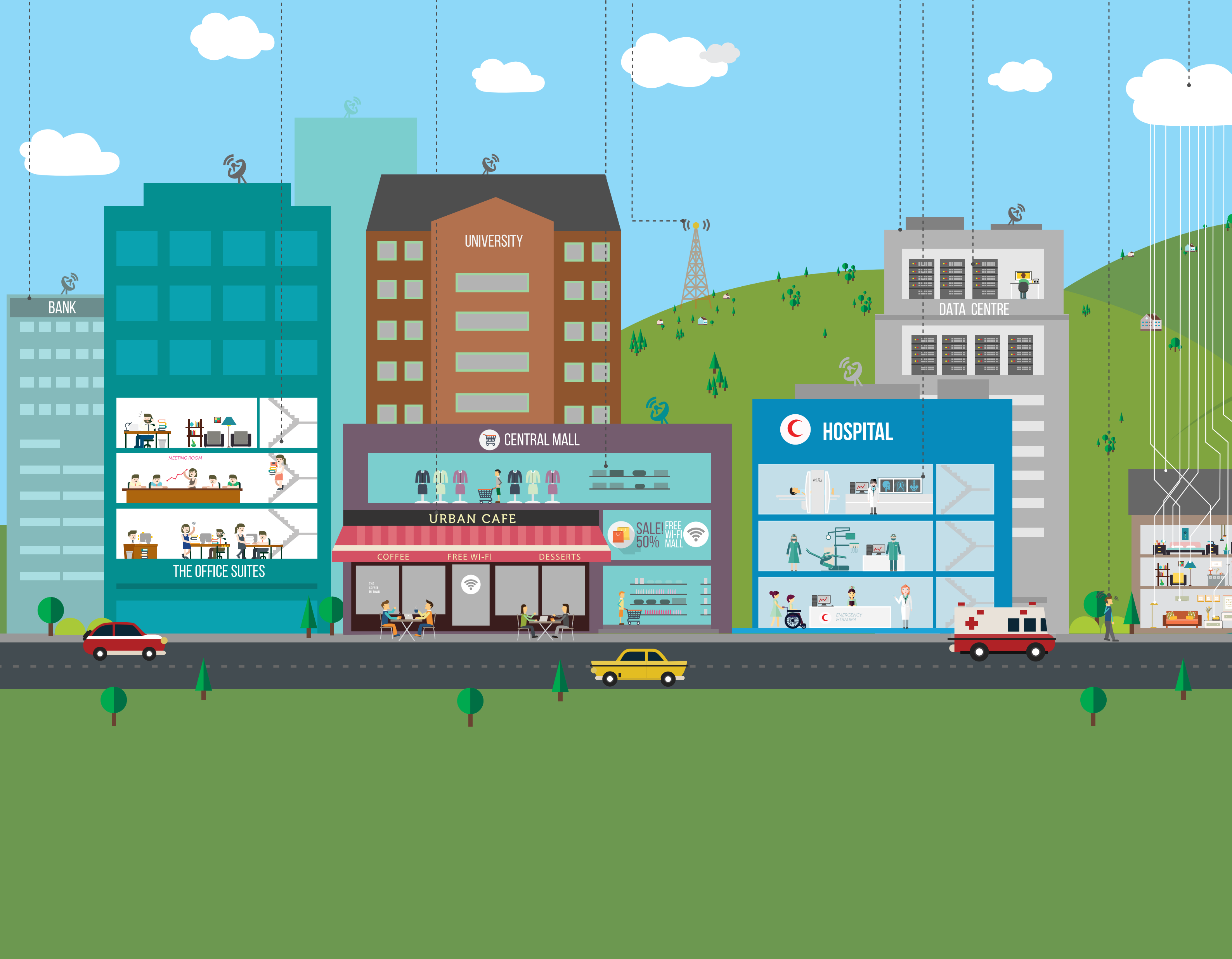
REDtone Annual Report 2015

TELECOMMUNICATIONS SERVICES
Broadband & Voice Services for Organisations

MANAGED TELECOMMUNICATIONS SERVICES
Telco Engineering Services
Wi-Fi Infrastructure Builder & Operator

MANAGED VALUE-ADDED SERVICES
Internet Of Things (IOT)
Data Centre & *flexi*Cloud Services
Teleradiology & Healthcare Solutions
Managed Security Services

MOBILE SERVICES



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirteenth Annual General Meeting** of the Company will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on **Thursday, 19 November 2015 at 10.00 a.m.** for the following purposes:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 May 2015 of the Company and Group together with the Directors' and Auditors' Report thereon.	Please refer to Explanatory Note (a)
2.	To approve the payment of a final single tier dividend of 0.2 sen per share in respect of the financial year ended 31 May 2015.	Resolution 1
3.	To approve the payment of Directors' fees amounting to RM786,000 in respect of the financial year ended 31 May 2015.	Resolution 2
4.	To re-elect the following Directors who retire pursuant to Article 85 of the Company's Articles of Association:	
	(i) Dato' Wei Chuan Beng	Resolution 3
	(ii) Mathew Thomas A/L Vargis Mathews	Resolution 4
	(iii) Dato' Mohd Zaini Bin Hassan	Resolution 5
5.	To re-elect the following Directors who retires pursuant to Article 92 of the Company's Articles of Association:	
	(i) Datuk Lye Ek Seang	Resolution 6
	(ii) Loh Paik Yoong	Resolution 7
6.	To accept the retirement of Messrs Crowe Horwath as Auditors of the Company and to appoint Messrs Ernst & Young as new Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 8
	A copy of the Retirement Letter from Messrs Crowe Horwath is annexed as "Annexure A" in the Annual Report 2015 has been received by the Company and the proposed Ordinary Resolution is as follows:	
	"THAT Messrs Ernst & Young be and are hereby appointed as Auditors of the Company and to hold office until the conclusion of the 2016 Annual General Meeting, in place of the retiring Auditors, Messrs Crowe Horwath who have indicated their intention not to seek re-appointment and that authority be and is hereby given for the Directors to determine their remuneration."	

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions with or without modifications:

7. **Ordinary Resolution** Resolution 9
Retention of Mathew Thomas A/L Vargis Mathews as Independent Non-Executive Director in accordance to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

"THAT Mathew Thomas A/L Vargis Mathews who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **Ordinary Resolution** Resolution 10
Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 ("the Act")

"THAT subject always to the Act and the approvals of the regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. **Ordinary Resolution** Resolution 11
Proposed Renewal of Authority for the Company to purchase its own shares ("Proposed Share Buy-Back")

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("ACE Market Listing Requirements") for the time being in force and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital through Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:

(i) the maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being ("REDtone Shares");

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the REDtone Shares shall not exceed the aggregate of the retained profits and the share premium account of the Company. As of 31 May 2015, the audited retained profit and share premium of the Company were RM2.198 million and RM69.34 million, respectively. Based on the unaudited results for the first quarter ended 31 July 2015, the retained profits of the Company as at 31 July 2015 was RM1.837 million.;

Notice of Annual General Meeting

(iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which such resolution is passed (at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions), or unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first.

THAT in respect of each purchase of REDtone Shares, the Directors of the Company shall have the absolute discretion to decide whether such shares purchased are to be cancelled and/or retained as treasury shares for distribution of dividend to the shareholders and/or resale on the ACE Market of Bursa Securities and/or retained part as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be hereby authorised to take all such steps to give effect to the Proposed Share Buy-Back and to do all such acts and things as the Directors of the Company may deem fit and expedient in the best interest of the Company."

10. To transact any other business of which due notice shall have been given in accordance with Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Thirteenth Annual General Meeting of the Company to be held on Thursday, 19 November 2015, the final single tier dividend of 0.2 sen per share in respect of the financial year ended 31 May 2015 will be paid on 27 November 2015 to the shareholders whose names appear in the Record of Depositors on 13 November 2015.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the Depositor's Securities Account before 5.00 p.m. on 13 November 2015 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
REDTONE INTERNATIONAL BERHAD

Yeap Kok Leong (MAICSA No. 0862549)
Wong Wai Foong (MAICSA No. 7001358)
Company Secretaries

Kuala Lumpur

Dated: 28 October 2015

Notes:

I) A member of the Company entitled to attend and vote at the above meeting is not entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

II) A proxy may but need not be a Member of the Company, an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia, and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

III) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

IV) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

V) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

VI) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

VII) For the purpose of determining a member who shall be entitled to attend the Thirteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 12 November 2015. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

Notice of Annual General Meeting

Explanatory Notes on Ordinary Business:-

(a) Item 1 of the Agenda

This agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

Explanatory Notes on Special Business:-

(a) Ordinary Resolution 9 – Retention of Mathew Thomas A/L Vargis Mathews as Independent Non-Executive Director in accordance to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

Mathew Thomas A/L Vargis Mathews has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 15 November 2003. The Board recommends that he should be retained as an Independent Non-Executive Director due to the following reasons:

(i) He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom. He has 28 years of working experience in the audit and accounting practices and is currently the Managing Partner of Mathew & Partners, Chartered Accountants.

(ii) He has made an annual confirmation of independence and met the criteria of an Independent Director as defined in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. During his years of appointment, he has demonstrated his ability to provide an independent judgement and views to the proposals from Management, thereby brought an element of objectivity to the Board.

(iii) He has vast experience in a diverse range of businesses and has financial expertise especially in internal audit. Besides, he was able to provide constructive opinions and exercise independent judgement and has ability to act in the best interest of the Company.

(iv) He has the calibre, qualifications, experiences and personal qualities to consistently challenge Management in an effective and constructive manner.

(b) Ordinary Resolution 10 – Authority to allot and issue shares pursuant to Section 132D of the Act

The Ordinary Resolution 10 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act.

The Ordinary Resolution 10, if passed, will give the Directors of the Company, from the date of the Thirteenth Annual General Meeting, authority to allot and issue ordinary shares in the Company up to an amount not exceeding in total 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for such other purposes involving the issuance or placement of shares, as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM.

Since the previous AGM, the Company has not issued any new ordinary shares pursuant to the Section 132D mandate.

(c) Ordinary Resolution 11 – Proposed Share Buy-Back

The Ordinary Resolution 11, if passed, will give the Directors of the Company the authority to purchase the Company's own shares up to an amount not exceeding in total ten per cent (10%) of its issued and paid-up share capital at any point in time upon such terms and conditions as the Directors may deem fit in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Share Buy-Back Statement dated 28 October 2015 accompanying the Company's Annual Report 2015, for information pertaining to Ordinary Resolution 11.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

Director standing for election

There is no Director standing for election at the Thirteenth Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee
(Chairman/Non-Independent Non-Executive Director)

Dato' Wei Chuan Beng
(Managing Director)

Lau Bik Soon
(Group Chief Executive Officer)

Dato' Ismail Bin Osman
(Senior Executive Director)

Mathew Thomas A/L Vargis Mathews
(Senior Independent Non-Executive Director)

Jagdish Singh Dhaliwal
(Independent Non-Executive Director)

Dato' Mohd Zaini Bin Hassan
(Independent Non-Executive Director)

Avinderjit Singh A/L Harjit Singh
(Independent Non-Executive Director)

Datuk Lye Ek Seang
(Non-Independent Non-Executive Director)

Loh Paik Yoong
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Mathew Thomas A/L Vargis Mathews
(Chairman/Senior Independent Non-Executive Director)

Jagdish Singh Dhaliwal
(Member/Independent Non-Executive Director)

Dato' Mohd Zaini Bin Hassan
(Member/Independent Non-Executive Director)

NOMINATION COMMITTEE

Mathew Thomas A/L Vargis Mathews
(Chairman/Senior Independent Non-Executive Director)

Jagdish Singh Dhaliwal
(Member/Independent Non-Executive Director)

Dato' Mohd Zaini Bin Hassan
(Member/Independent Non-Executive Director)

REMUNERATION COMMITTEE

Jagdish Singh Dhaliwal
(Chairman/Independent Non-Executive Director)

Dato' Wei Chuan Beng
(Member/Managing Director)

Mathew Thomas A/L Vargis Mathews
(Member/Senior Independent Non-Executive Director)

HEAD OFFICE

Suite 22-30, 5th Floor
IOI Business Park
47100 Puchong
Selangor Darul Ehsan
Telephone no.: 03-8073 2288
Facsimile no.: 03-8073 7940
Website: www.redtone.com
E-mail: info@redtone.com

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone no.: 03-2783 9191
Facsimile no.: 03-2783 9111

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone no.: 03- 2783 9299
Facsimile no.: 03- 2783 9222

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

AUDITORS

Crowe Horwath (AF1018)
Chartered Accountants

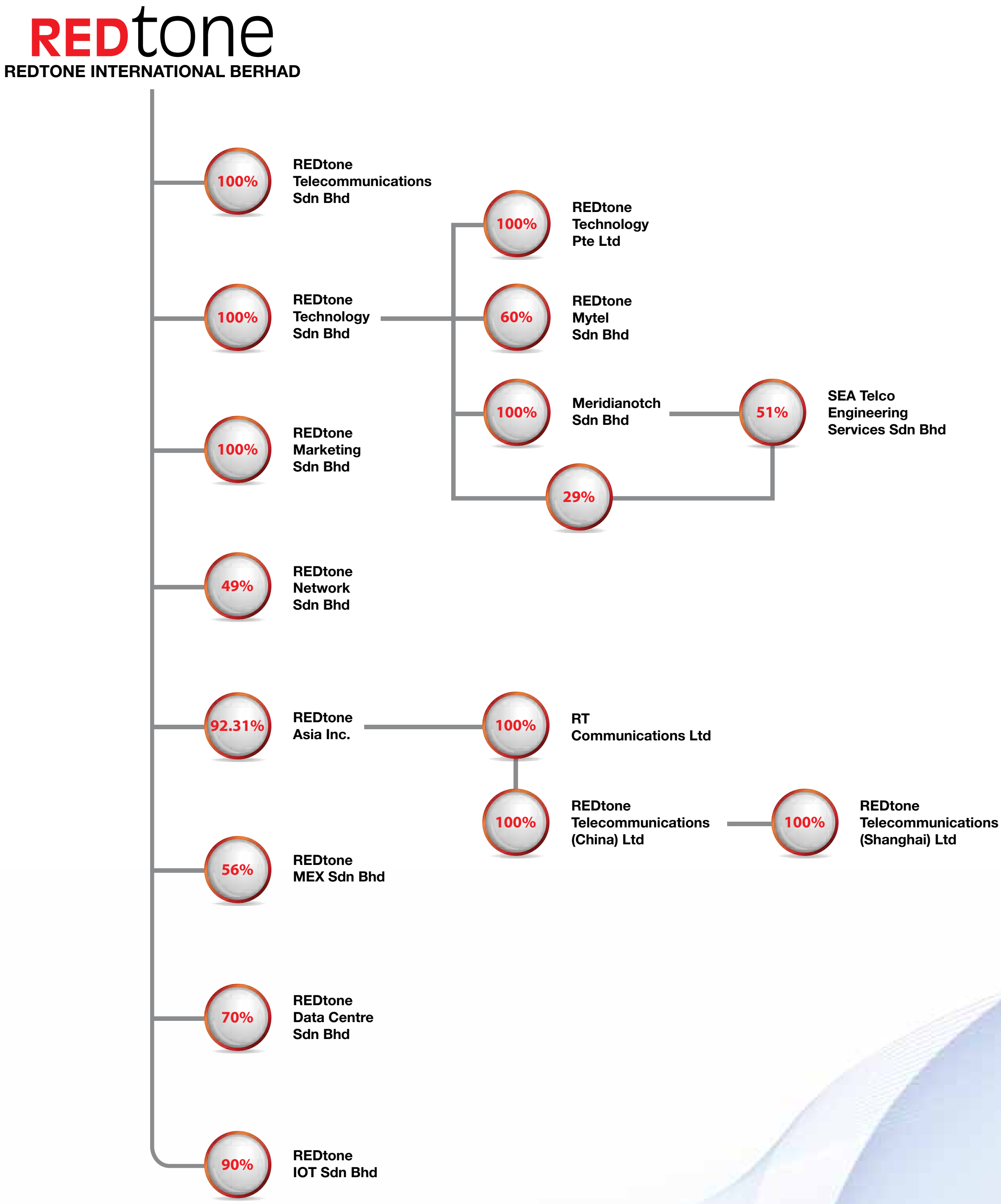
STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Bhd
Stock Name: REDTONE
Stock Code: 0032

COMPANY SECRETARIES

Yeap Kok Leong (MAICSA No. 0862549)
Wong Wai Foong (MAICSA No. 7001358)

CORPORATE STRUCTURE



BOARD OF DIRECTORS' PROFILE

DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS AL HABSHEE
(Chairman/Non-Independent Non-Executive Director)

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee, aged 53, a Malaysian, was appointed to the Board of Directors of the Company on 28 July 2011. He obtained his Professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003.

Datuk Seri has great knowledge and executive experience in leading private, public and government controlled organisations from a broad range of industries. Datuk Seri ventured into business in the early 1980s and currently sits on the board of several private and public corporations involved in a diverse range of businesses such as Asia Media Group Berhad, UZMA Berhad and Bright Packaging Industry Berhad. He is also the Chairman of Yayasan Pendidikan Cheras, Kuala Lumpur, was appointed the Chairman of Perbadanan Nasional Berhad in June 2015, a Board of Trustees Member of Yayasan Wilayah Persekutuan and sits on the board of the Tourism Malaysia and Suruhanjaya Syarikat Malaysia. He was a member of the Malaysian Senate (Dewan Negara) from 21 April 2003 until April 2009.

He attended seven out of nine Board Meetings held during the financial year ended 31 May 2015.

DATO' WEI CHUAN BENG
(Managing Director)

Dato' Wei Chuan Beng, aged 49, was appointed to the Board of Directors of the Company on 15 November 2003. He is the Group Managing Director of REDtone and also manages the business in China which is operating under REDtone Asia Inc, a company listed on the US OTC Bulletin Board. He obtained his Bachelor's Degree (Honors) in Electrical Engineering from University Technology Malaysia in 1989 and Diploma in Management (Gold Medalist Award Winner) from Malaysia Institute of Management (MIM) in 1995. He also completed an Entrepreneur Development Program from the renowned MIT Sloan School of Management in USA in 2006.

Dato' Wei began his career with Hewlett Packard Sales Malaysia Sdn Bhd in 1989 as Customer Engineer responsible for information technology (IT) technical support and customer relations before taking up a role as Major Account Manager managing sales for large and strategic global customers such as Motorola, Nortel, Intel and Alcatel, among others. Having gained wide exposure in the IT, electronics and telecommunications industries, he focused his attention to become an entrepreneur. He started REDtone Telecommunications Sdn Bhd in 1996 with two partners.

As one of the founding members of the REDtone Group, Dato' Wei is instrumental in shaping the Group's strategic directions, business relations and policies to grow the business locally and internationally.

Dato' Wei is known as a passionate ICT leader among industry players. He was appointed member of the National IT Council chaired by Malaysia's Prime Minister (2010-2011). He sat on the board of PIKOM's (Association of the Computer and Multimedia Industry of Malaysia) council for 10 years and was the association's Chairman from 2010-2011. Dato' Wei is currently an advisor for PIKOM. He is also a past Chapter Chair of YPO Malaysia (Young Presidents' Organisation, a global organisation for CEOs with about 20,000 members in 120 countries) and has taken a role in the South East Asia based YPO SEA Dragon Chapter. Dato' Wei was a Youth Service Director of the Royal Kuala Lumpur Rotary Club. He is a master trainer for professional selling skills in REDtone Academy and also a regular speaker at industry conferences and institutions of higher learning.

Dato' Wei is also a member of the Remuneration Committee of the Company.

He attended all nine Board Meetings held during the financial year ended 31 May 2015.

Dato' Wei holds 24,390,000 ordinary shares of RM0.10 each in REDtone as at 30 September 2015.

Board of Directors' Profile

LAU BIK SOON
(Group Chief Executive Officer)

Mr. Lau Bik Soon, aged 44, a Malaysian, was appointed to the Board of Directors of the Company on 13 August 2008. He assumed the position of REDtone's Group Chief Executive Officer on 8 July 2011.

Having guided the company to achieve a firm footing in the data and broadband space, Mr. Lau will continue to play a significant role in driving REDtone as it expands its spectrum of services. He was awarded the 2014 Asia Pacific Entrepreneurship Awards, a regional award for outstanding entrepreneurship.

Mr. Lau has a First Class Honours Degree in Electrical Engineering from University Technology Malaysia. His extensive experience in the ICT and telecommunications industry spans over 20 years during which he held key positions with international organisations such as Cisco Systems, Sun Microsystems, Compaq Computer, TQC Consultant (IT Division) Sdn Bhd and Motorola. He won numerous sales management excellence awards and accolades during his time there. Prior to joining REDtone, he was the Country Manager for Hitachi Data Systems Malaysia.

He attended all nine Board Meetings held during the financial year ended 31 May 2015.

Mr Lau holds 3,710,360 ordinary shares of RM0.10 each in REDtone as at 30 September 2015.

DATO' ISMAIL BIN OSMAN
(Senior Executive Director)

Dato' Ismail Bin Osman, aged 65, a Malaysian, was appointed to the Board of Directors of the Company on 5 September 2011. He obtained his Master of Science in Microwave Semiconductor Electronics from the University of Kent, United Kingdom.

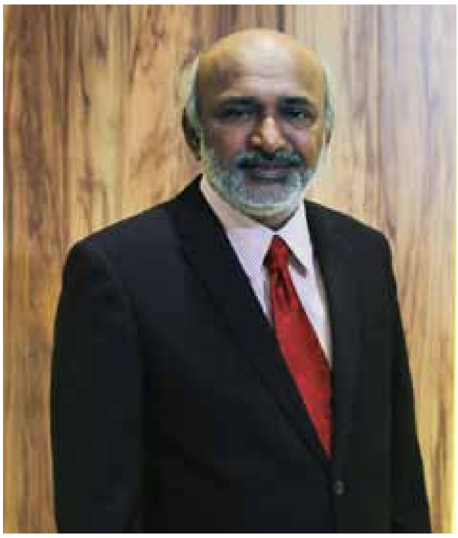
Dato' Ismail Bin Osman began his career in the telecommunications industry when he joined the Jabatan Telekom Malaysia (then known as JT) in 1976 after graduating in 1975 from UiTM. He then moved to the newly established telecommunications regulatory department called Jabatan Telekomunikasi Malaysia (JTM) in January, 1987 when JT migrated from government department to a corporation (called then STMB, now TM) established under the Companies Act, 1965. He held the position of Director of Spectrum Management in JTM until 1994 when he was promoted to Deputy Director General. In January 1999, he was promoted to the Director General of Telecommunications. Due to changes of regulatory regime from the Telecommunications Act, 1950 to the Communication Multimedia Act, 1998, JTM ceased its functions and regulatory functions were handed over to the Communications and Multimedia Commission from April 1999. He retired as the last Director General of Telecommunications on 1 April 1999.

Since his retirement from the government service, he has been actively involved directly in the private sector involving telecommunications industry in particular and others in general. He sat on various boards of public and private companies, including Cosway Berhad, Berjaya Group Berhad, MOLACCESS Bhd and Asiaspace Sdn. Bhd.

He is currently the Chairman of Malaysian Technical Standard Forum Bhd, a forum designated by Malaysian Communications and Multimedia Commission (MCMC). He is also nominated by the Chairman of MCMC to lead the Entry Point Project (EPP) # 9 called Smart Network.

He attended seven out of nine Board Meetings held during the financial year ended 31 May 2015.

Board of Directors' Profile



MATHEW THOMAS A/L VARGIS MATHEWS
(Senior Independent Non-Executive Director)

Mr Mathew Thomas A/L Vargis Mathews, aged 60, a Malaysian, was appointed to the Board of Directors of the Company on 15 November 2003. He obtained his Chartered Association of Certified Accountants (UK) qualification from London in 1985. He is currently a Fellow of the Chartered Association of Certified Accountants, UK. He began his career in a small audit practice and after qualifying, joined one of the big four accounting firms in 1987. In 1990, he left to start up his own audit and accounting practice and is currently the Managing Partner of Mathew & Partners, Chartered Accountants. He is an approved Tax Agent and Company Auditor licensed by the Ministry of Finance. Currently, he sits on the boards of several private limited companies in Malaysia including Mathew & Partners Consulting Sdn Bhd, Westar Corporation Sdn Bhd and Ultimate Class Sdn Bhd. He is also a member of the Malaysian Institute of Accountants (MIA) and a Fellow of The Malaysian Institute of Taxation.

Mr. Mathew Thomas is the Chairman of the Audit Committee and Nomination Committee. He is also a member of Remuneration Committee of the Company.

He attended all nine Board Meetings held during the financial year ended 31 May 2015.

He holds 615,000 ordinary shares of RM0.10 each in REDtone as at 30 September 2015.

JAGDISH SINGH DHALIWAL
(Independent Non-Executive Director)

Mr Jagdish Singh Dhaliwal, aged 63, a Malaysian, was appointed to the Board of Directors of the Company on 1 May 2010. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He began his career as a Managing Director at Nebpalm Ltd in 1975. From 1977 to 1978, he worked in various industries till 1979 when he was appointed as an Accountant/Chief Accountant in Malaysian Rubber Research & Development Board where he served till 1996. He was Financial Controller in Multimedia Development Corporation (MDec) from 1996 to 1999 and Vice President of MDec from 1999 to 2008. Currently, he is a Director of Khalsa Coorperative Berhad.

Mr. Jagdish is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee of the Company.

He attended all nine Board Meetings held during the financial year ended 31 May 2015.

He holds 550,000 ordinary shares of RM0.10 each in REDtone as at 30 September 2015.

Board of Directors' Profile

DATO' MOHD ZAINI BIN HASSAN
(Independent Non-Executive Director)

Dato' Mohd. Zaini Hassan, aged 51, a Malaysian, was appointed to the Board of Directors of the Company on 23 April 2012. He obtained his Master of Science (MSc.) in Media Management from University of Stirling, United Kingdom in 1995. He has also successfully completed his Bachelor of Mass Communication (Journalism) from Universiti Teknologi MARA (UiTM) in 1988. He began his career as a Cadet Reporter with Utusan Melayu (Malaysia) Berhad in 1989, had continuously climbed the corporate ladder, and is the Assistant Editor-in-Chief with Utusan Melayu (Malaysia) Berhad since 2008.

Dato' Mohd. Zaini is a member of the Audit Committee and Nomination Committee of the Company.

He attended all nine Board Meetings held during the financial year ended 31 May 2015.

He holds 20,000 ordinary shares of RM0.10 each in REDtone as at 30 September 2015.

AVINDERJIT SINGH A/L HARJIT SINGH
(Independent Non-Executive Director)

Mr. Avinderjit Singh A/L Harjit Singh, aged 44, a Malaysian, was appointed to the Board of Directors of the Company on 19 February 2014. He completed his education in Singapore Stamford College. He has more than 20 years experience in marketing in several business areas including property development, oil & gas and auto-sports and currently sits on the board of a public company Knusford Berhad and several private limited companies, including Transwater Capital Venture Sdn Bhd, Lido Waterfront Boulevard Sdn Bhd and Berjaya Waterfront Sdn Bhd.

He attended seven out of nine Board Meetings held during the financial year ended 31 May 2015.

Board of Directors' Profile

DATUK LYE EK SEANG
(Non-Independent Non-Executive Director)

Datuk Lye Ek Seang, aged 50, a Malaysian, was appointed to the Board of Directors of the Company on 17 December 2014. He obtained his Bachelor of Science (Hons) degree in Mathematics from the University of Malaya.

Datuk Lye is the founding member of Sunzi Association of Malaysia. While in University of Malaya, he was "The Sportman of the Year" in 1998, founder and instructor of Persatuan Taekwando (WTF) University of Malaya. He joined the Rejimen Askar Wataniah (Reserved Officer Training Unit-ROTU) and was commissioned as Second Lieutenant by Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong on 15 June 1989. He was a Non-Independent Non-Executive Director and Audit Committee Member of Magna Prima Berhad from 16 July 2007 to 24 June 2009. He was also a Non-Independent Non-Executive Director of Ho Hup Construction Company Berhad from August 2008 and re-designated as Deputy Executive Chairman from December 2008 until March 2010. Currently, he is an Executive Director of Berjaya Times Square Sdn Bhd, Executive Director of Berjaya Assets Berhad and a Director of Cardiff City Football Club.

He attended three out of the four Board Meetings held during the financial year ended 31 May 2015 following his appointment to the Board on 17 December 2014.

LOH PAIK YOONG
(Non-Independent Non-Executive Director)

Ms Loh Paik Yoong, aged 51, a Malaysian, was appointed to the Board of Directors of the Company on 9 February 2015. She is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Having articled and worked with Messrs Peat Marwick Mitchell & Co (now known as KPMG) for 6 years to 1990, she subsequent joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad where she was actively involved in a wide variety of corporate exercises in an advisory capacity until her departure in 1995 to join Berjaya Group Berhad ("BGroup").

Currently, she is the Head & Director in Group Investment, Berjaya Corporation Berhad, the holding company of BGroup. She also sits on the boards of several private limited companies.

She attended all three Board Meetings held during the financial year ended 31 May 2015 following her appointment to the Board on 9 February 2015.

Notes:

None of the directors have any family relationships with any directors and/or Substantial Shareholders; any conflict of interest with the company and any convictions for offences within the past 10 years other than traffic offences.

CHAIRMAN AND MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

"….we believe that we have set a firm foundation for a more sustainable, recurring earnings base as we continue to leverage on our R & D expertise to sharpen our competitive edge".

Dear Shareholders,

It is with a sense of deep satisfaction that we can begin this report by announcing yet another profitable year for REDtone. Our company has now recorded four consecutive years of profit in a market that is becoming increasingly competitive as the years advance.

Our back-to-back profit record since FY'12 is the result of years of work to transform your company into an integrated telecommunications solutions provider.

Continued profitability aside, we are also proud to report the emergence of Berjaya Corporation Berhad as REDtone's holding company and His Royal Highness, DYMM Sultan Ibrahim of Johor as our largest individual shareholder. As one of Malaysia's leading conglomerates, Berjaya Corporation Berhad has enormous resources that we can leverage on to support our future growth. **We believe that both Berjaya Corporation Berhad and His Royal Highness will undoubtedly strengthen REDtone's position in the telco industry.**

Financial Highlights

For FY'15, REDtone's revenue was RM150.82 million, a slight increase of 6.39% from the RM141.76 million recorded in the previous year's restated accounts. Pre-tax profit for the year under review was RM14.62 million, up 18.18% from last year's restated pre-tax profit of RM12.37 million. In the telco industry where market conditions remain challenging, the company's financial performance is commendable.

The Board will be recommending a final dividend of 0.2 sen per ordinary share subject to shareholders' approval at the forthcoming AGM. This is after taking into consideration the capital and operational expenditure needs of the company in the new financial year and beyond. The recommended 0.2 sen net per share dividend translates to 13% of the profit for the financial year ended 31 May 2015.

Business Review

It has been 19 years since REDtone was established and 11 years since our listing. During this period we have evolved, continuously adapting to change and competition. From being the No. 1 voicemail provider back then, then the No. 1 discounted call service provider, we are today an integrated telecommunications solutions provider. We offer our customers a comprehensive range of services in these business areas namely **telecommunications services, managed telecommunications network services** and **managed value-added services (MVAS)**.

Our key revenue generator continues to be our voice and data services to government, enterprise and SME clients. Till today, we remain the only company in the industry to offer infrastructure integration expertise. Our technology also enables us to offer broadband on demand. We will continue to invest in this area of business to remain competitive, innovative and relevant to our loyal customer base.

In the area of managed telecommunications network services, we are pleased to announce that we were awarded a contract to build, operate and maintain a radio access network infrastructure in the rural areas of Sarawak and Johor as part of the Malaysian Communications and Multimedia Commission's Time 3 extension programme. Work is in progress to build the infrastructure and upon completion, REDtone will provide maintenance and operation support services for three years which will contribute to our revenue and profit.

For MVAS, in our previous report to shareholders, we mentioned our entry into the "tele-radiology" business by establishing a radiology centre in Petaling Jaya. With hospitals and medical centres in the country facing a severe shortage of qualified radiologists, our tele-radiology reporting service will help hospitals send X-rays and other types of medical imaging data to a panel of radiologists located off-site. This panel of radiologists will then analyse the images and provide their medical opinions. We expect this subscription-based service to start contributing revenue in FY'16.

Chairman and Managing Director's Letter to Shareholders

To keep pace with our growing MVAS business, we now have two data centres – one located within our office premises in Kuala Lumpur and the other in Cyberjaya. Offering ICT-As-A-Service, Business Continuity Services and Professional Advisory Services, these three complementing pillars work synergistically to support and assist our customers' business needs.

We have also recently ventured into Internet of Things (IoT) via our CitiSense platform and CitiAct app.

As you will have noted, over the past 12 months REDtone has actively either grown or invested in MVAS. We believe that this is an area of business with huge potential. Our aim is to build on our strengths as well as focus on developing recurring revenue streams for a stable future income.

With the developments we have made and contracts we have secured over the past year, we believe that we have set a firm foundation for a more sustainable, recurring earnings base. Some of our new businesses in managed telecommunications network services and MVAS will bear fruit in FY'16 and further strengthen our financial performance.

We have left China for last. With the discounted call industry there facing severe challenges, we do not foresee any growth for the China operations.

Looking Ahead

In August 2015, we launched our first IoT solution, the innovative CitiSense platform and CitiAct. CitiAct is a mobile application that allows citizens to report and track issues concerning their community, town or city. Local councils will be able to respond to these reports more effectively and efficiently. Applications like CitiAct are a foundation in the development of Smart Cities and are a bridge to enable interaction between citizens and government. Needless to say that our R&D team has lined up several more applications to support Smart City development and these will be rolled out as a matter of course in the future. For the moment, we expect CitiAct to contribute positively to our income starting from FY'16.

Also in the pipeline are plans to offer a range of Cloud services to our customers. This enables customers to free up or maximise their own resources. Cloud computing services range from full applications and development platforms to servers, storage, and virtual desktops.

In addition, we will also actively explore opportunities of working with companies in the areas of Media and value-added ICT business locally as well as regionally so as to accelerate our growth.

Looking a little farther ahead, we have identified factors, market trends or conditions that we believe will create opportunities for REDtone. These include:-

- High market penetration of smart phones: As use of these devices grows rapidly, we anticipate an even greater demand for broadband connectivity. There will also be a demand for more useful and creative applications that support the IoT (Internet of Things).

- The opportunity for the expansion of infrastructure in rural areas: With proven capability and expertise in being able to build, operate and maintain infrastructure in very remote areas, we are confident that we will be able to secure more business as the government expands Internet penetration to rural communities both in the Peninsula and Sabah and Sarawak.

- WiFi access as a complement to fixed and mobile broadband networks: The industry no longer views WiFi as an opposing alternative to fixed and mobile access. As more people use smart devices, demand for WiFi connectivity increases. REDtone has already successfully demonstrated that we can build large scale WiFi infrastructure and is well placed to capitalise on opportunities that will result from expansion of WiFi services.

- The Iskandar development: This is undoubtedly the single largest and most active development happening in the country. The scale of development of just the infrastructure alone is huge. We have upgraded our office in the southern region of the country so that we will be able to provide a full spectrum of services to both the public and private sector clients who are expected to establish themselves in the Iskandar region.

- The final important factor that is expected to positively impact our business in the future is the Asean Free Trade Zone. This will give us an opportunity to enter new markets to expand our business across borders.

Chairman and Managing Director's Letter to Shareholders

Despite a somewhat unsettled local economy, declining Ringgit and less than positive local market sentiment, we are confident that REDtone will continue to perform reasonably well in FY'16. We are here for the long term and we remain prudent in our spending and investing. Rather than spend money on creating new infrastructure, we will look at ways of maximising any existing available infrastructure to create and deliver solutions for our customers.

We will also look at synergistic opportunities that may arise from being a subsidiary of Berjaya Corporation Berhad as well as companies related to its directors.

Corporate Social Responsibility

As in the past years, we continued to extend a helping hand to those who need our assistance. At the height of the floods that hit our country in January this year, REDtone's team in Sabah visited flood-hit areas in Mambakut with United Pasokmomogun Kadazandusun Murut Organization (UPKO) to deliver essential supplies, part of which were contributed by our Sabah team.

REDtone also sponsored for the third year running, the REDtone KL International Junior Open Squash Championships 2014. It was the second biggest tournament in terms of the number of participating countries and players after the US Junior Open. The event provided an excellent platform for our Malaysian national juniors to hone their skills.

Appreciation

The staff, management, fellow board members and business partners have been instrumental in the continued success of the company. To all of you, we extend our sincere appreciation for a job well done and your support. To our shareholders and customers, we say thank you for continuing to believe in us and trusting us.

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee
Non-Independent Non-Executive Chairman

Dato' Wei Chuan Beng
Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of REDtone International Berhad recognises the importance of upholding good corporate governance in the discharge of its duties and responsibilities to uphold shareholders' confidence and enhance shareholders' value.

The Board presents the following Statement on Corporate Governance ("Statement") which outlines the key aspects of how the Company has applied the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the governance standards prescribed in Bursa Malaysia Securities Berhad ACE Market Listing Requirements, and any non-observation of the Recommendations of MCCG 2012, including the reasons thereof, has been included in this Statement.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1. Clear Functions of the Board and Management

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board fully understands their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation in order to safeguard shareholders' value.

The Board has reserved certain matters for its review including the approval of Group strategic plans, financial statements, dividend policy, risk management, significant acquisitions and disposals, investments in significant joint ventures, significant property transactions, significant capital expenditure, board appointments, Board members' fees and remuneration, etc.

The Board recognises that a strong independent element of the Board is essential to ensure a balance of power and authority. The roles and responsibilities of the Chairman and Managing Director are clearly segregated to further enhance and preserve a balance of authority and accountability. The Chairman provides overall leadership to the Board, without compromising the principle of collective responsibility for Board's decisions while the Managing Director focuses primarily on formulation and implementation of business strategies, oversees the implementation of the Board's decision and policies, as well as supervises the day-to-day management and running of the Group.

Beyond matters reserved for the Board's decision, the Board has delegated the authority to achieving the corporate objective to the Managing Director supported by the Executive Directors and Management team. The Managing Director and Executive Directors remain accountable to the Board for the authority that is delegated to them and for the performance of the Group.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. The Board receives reports at its meetings from the chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered and made by the Board as a whole.

2. Clear Roles and Responsibilities

During the financial year ended 31 May 2015, the Board reviewed the sustainability, effectiveness and the implementation of the strategic plans for the year and provided guidance and input to the Management. To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following specific areas:-

- Strategic business plan and direction of the Group
- Investment and divestment proposals
- Approval of financial results
- Risk management
- Reviewing the adequacy and integrity of the Group's internal control systems
- Implementing effective public communications and investor relations policies

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

3. Code of Conduct

The Board had formalised ethical standards through a Directors' Code of Best Practice as contained in the Board Charter to ensure the implementation of appropriate internal systems by the Management to support, promote and ensure its compliance. The Board would also ensure that the Directors' Code of Best Practice would be reviewed and updated regularly to meet the Company's needs and to address the changing conditions of its business environment.

The Board continues to observe high standard of ethical conducts based on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

4. Strategies Promoting Sustainability

The Group in pursuit of sustainability and growth also recognises the impact of its strategies on the environment, social, cultural and governance aspects.

The Group also promotes protection of the environment within the work environment, preventing wastages, recycling initiatives and conserving energy. The Group also had initiatives such as "Dengue Buster" run, flood relief efforts and sponsoring the KL International Junior Open Squash Championships.

5. Access to Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretary and External Auditors and, may request for information from the Management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's business concerns from the Management to enable the Board to discharge its duties in relation to the matters being deliberated.

The Chairman of the Audit Committee would brief the Board on any salient matters raised at the Audit Committee meetings and which require the Board's notice or direction.

Members of senior management and external advisers are invited to attend the meetings to provide additional insights and professional views on specific items on the agenda when necessary.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to the confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarifications or raise comments on the minutes prior to the meetings.

The Directors, whether as a full board or in their individual capacity, may seek independent professional advice at the Company's expense on specific issues and gain access to relevant information whenever required to enable the Board to discharge its duties in connection with specific matters.

6. Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. All directors have access to the advice and services of the Company Secretaries, who are responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The existing Company Secretaries of the Company are members of Malaysian Institute of Chartered Secretaries and Administrators.

The Board is satisfied with the support rendered by the Company Secretaries to the Board when discharging their roles and responsibilities. The Company Secretaries play an advisory role to the Board on the Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. Also, the Company Secretaries ensure that the deliberations at the Board meetings are well captured and minuted.

Statement on Corporate Governance

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

7. Board Charter

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties and to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities, a Board Charter has been formalised and adopted by the Board. The Board Charter clearly sets out the roles, responsibilities, authorities and operation of the Board and Board Committees.

The Board Charter is made available on the Company's website at www.redtone.com The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices.

B. STRENGTHEN COMPOSITION

1. Nomination Committee

The Board has established the Nomination Committee comprising exclusively of three (3) Independent Non-Executive Directors.

A summary of the activities of the Nomination Committee in discharging its duties during the financial year ended 31 May 2015 are set out in the Nomination Committee Statement on pages 35 to 36 of this Annual Report.

The Nomination Committee is guided by a clearly defined terms of reference approved by the Board and is tasked with the following responsibilities:-

(i) Consider and recommend to the Board prospective candidates for directorship, proposed by the Management, a Director or a Shareholder, taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity;

(ii) Recommend to the Board, the candidates to fill the seats on board committees, in consultation with the chairman of those committees. In the event that the chairman's position (regardless of board/committees) is to be filled, the Nomination Committee will consult the Board;

(iii) Recommend to the Board, eligible candidates for re-election of directors by shareholders during the annual re-election provision or retirement;

(iv) Reviewing and assessing the independence of the independent directors;

(v) Periodically report to the Board on succession planning personnel including the senior management. The Nomination Committee will together with the Board evaluate potential successors, taking into account the challenges and opportunities facing the Company, and the skills and expertise, including diversity needed on the Board in the future; and

(vi) Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the board committees and the contribution of each individual director.

B. STRENGTHEN COMPOSITION (CONT'D)

2. Develop, Maintain and Review Criteria for recruitment and Annual Assessment of Directors

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements. The MCCG 2012 endorses a formal procedure for appointments to the Board and as such the Nomination Committee assists the Board in assessing and recommending suitable candidates of directors to fill the Board vacancies and complement the existing Board taking into consideration the required mix of skills, knowledge, expertise, experience, professionalism, integrity of the candidates, and in the case of independent non-executive directors, their abilities to discharge the responsibilities as expected from them. New nomination will be assessed and recommended to the full Board for appointment when the need arises.

Directors are also advised on appointment of their legal and other obligations as a director of a listed company. They are also encouraged to attend training courses at the Company's expense.

The Nomination Committee also assists the Board in the annual assessment of Board and Board Committees.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, mix of skills, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's role and responsibilities. For Individual Self Assessment, the assessment criteria include contribution to interaction, quality of inputs, and understanding of role.

3. Remuneration Policies and Procedures

The Remuneration Committee was established to assist the Board and is responsible for recommending the remuneration framework for Executive Directors.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Executive Director. The Remuneration Committee met once during the financial year under review and the attendance record is as follows:

NAME OF COMMITTEE MEMBERS	Designation	Attendance
Mr Jagdish Singh Dhaliwal (Independent Non-Executive Director)	Chairman	1/1
Dato' Wei Chuan Beng (Managing Director)	Member	1/1
Mr Mathew Thomas A/L Vargis Mathews (Senior Independent Non-Executive Director)	Member	1/1

The Remuneration Committee is responsible for recommending the remuneration framework for Executive Directors. In formulating the recommended framework and levels of remuneration, the Remuneration Committee ensures the remuneration policy remains supportive of the Company's corporate objectives, is aligned with the interests of the shareholders, is designed to attract, retain and motivate the Executive Directors, and reflective of their experience and level of responsibilities.

The Board, as a whole, determines the fees of Non-Executive Directors, with each Director concerned abstaining from any decision as regards his fees. Taking into account the performance of the Group and the responsibilities and performance of the Directors, Directors' fees are set in accordance with a remuneration framework comprising responsibility fees and attendance fees. The Company pays its Directors an annual fee which is approved by its shareholders during the Annual General Meeting ("AGM").

B. STRENGTHEN COMPOSITION (CONT'D)

3. Remuneration Policies and Procedures (Cont'd)

Details of the nature and amount of each major element of the remuneration and fees of directors of the Company, during the financial year, are as follows:

	Fees (RM'000)	Value of Remuneration and Others (RM'000)	Total (RM'000)
Executive Directors	–	1,983	1,983
Non-Executive Directors	786	72	858

The number of directors whose remuneration fell within the respective bands is as follows:

Range of Remuneration (RM)	Number of Executive Directors	Number of Non-Executive Directors
50,000 and below	–	3
50,001 to 100,000	–	–
100,001 to 150,000	–	3
150,001 to 200,000	–	–
200,001 to 250,000	1	–
250,001 to 300,000	–	–
300,001 and above	2	1

C. REINFORCE INDEPENDENCE

1. Annual Assessment of Independence

The Nomination Committee had undertaken a review and assessment of the level of independence of the Independent Directors of the Board on an annual basis.

The Independent Directors each completes a comprehensive checklist on their independence and upon review, the Nomination Committee and the Board are satisfied that the Independent Directors are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement.

2. Tenure of Independent Directors

The Company does not have term limits for Independent Directors as the Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs coupled with their calibre, qualifications, experience and personal qualities.

Recommendation 3.2 of MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

Mr Mathew Thomas A/L Vargis Mathews has served on the Board for more than nine (9) years. However, the Nomination Committee and the Board again have duly assessed, determined and resolved that Mr Mathew Thomas A/L Vargis Mathews, who had served the Board for more than nine (9) years, remains objective and independent in expressing his views and in participating in deliberation and discussion of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Group. Mr Mathew Thomas A/L Vargis Mathews has demonstrated independence in carrying out his roles as a member of the Board and Board Committees, notably in fulfilling his role as Chairman of the Audit Committee and Nomination Committee.

The Board will recommend and seek the shareholders approval at the forthcoming AGM to retain Mr Mathew Thomas A/L Vargis Mathews as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of MCCG 2012.

C. REINFORCE INDEPENDENCE (CONT'D)

3. Separation of Positions of the Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by two different individuals and there is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.

4. Board Composition and Balance

There are currently ten (10) Directors, comprising three (3) Executive Directors, three (3) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors.

The Board acknowledges and takes cognisance of Recommendation 3.5 of the MCCG 2012, which recommends that the Board should comprise a majority of independent directors where the chairman is not an independent director.

The Chairman is a Non-Independent Non-Executive Director and he does not participate in the day-to-day management of the Group and there is no business or other relationship with the Group which could be perceived to materially interfere with his exercise of independent judgment. The Group's Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board. The Board is of the opinion that this deviation from the recommendation of the MCCG 2012 will not significantly impair the corporate governance framework of the Company, and will maintain close monitoring to ensure balance of power and authority and the Board's decisions are made with adequate independent supervision. Also, Directors are required to abstain from deliberations and voting on decisions concerning transactions which are related to them or of which they have interests in.

The profiles of the directors are set out on pages 10 to 14 of this Annual Report.

The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race or religion, throughout the organisation.

Where boardroom diversity is concerned, the Board does not adopt any formal gender diversity policy in the selection of new Board candidates. The Board is cognisant of Recommendation 2.2 of the MCCG 2012 on gender diversity policies and targets and the measures taken to meet the targets. Ms Loh Paik Yoong's appointment to the Board in 2015 is evidence that Board does not consider gender to be a bar to Board membership. The Board is satisfied with the current mix of skills, experiences, and industry-specific knowledge gained to-date by the respective Directors. The Board will continue to be mindful of the gender diversity guideline when considering future changes to the Board's composition.

The Board will, from time to time continue to review its composition and size to ensure its effectiveness in its pivotal role in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

According to the Articles of Association ("AA") 85 of the Company, all Directors are required to submit themselves for re-election at intervals not more than three (3) years. Article 85 of the AA provides that at every AGM of the Company, one-third (1/3) of the directors shall retire from office and shall be eligible for re-election at the same AGM. New directors appointed by the Board are subject to re-election by the shareholders at the next AGM following their appointments during the year in accordance with Article 92 of the AA of the Company.

D. FOSTER COMMITMENT

1. Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead.

During the financial year ended 31 May 2015, the Board met nine (9) times, deliberating upon and considering a variety of matters including the Group's financial results, major investments, conditional take-over offer by Berjaya Corporation Berhad, strategic decisions and the overall direction of the Group.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes maintained by the Company Secretary. Details of the Directors' attendance during the financial year under review are summarised below:

NAME OF DIRECTORS	Attendance
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	7/9
Dato' Wei Chuan Beng	9/9
Mr Mathew Thomas A/L Vargis Mathews	9/9
Mr Lau Bik Soon	9/9
Dato' Ismail Bin Osman	7/9
Mr Jagdish Singh Dhaliwal	9/9
Dato' Mohd Zaini Bin Hassan	9/9
Avinderjit Singh A/L Harjit Singh	7/9
Datuk Lye Ek Seang (appointed on 17 December 2014)	3/4
Ms Loh Paik Yoong (appointed on 9 February 2015)	3/3

2. Directors' Training

The Board places great emphasis on continuous education for Directors. All Directors have successfully completed the Mandatory Accreditation Programme. In addition, the Directors undergo continuous training to ensure that they are kept abreast of various issues facing the changing business environment within which the Group operates. The Nomination Committee would also assess the training needs of the Board from time to time.

Some of the courses, seminars, conferences and talks attended by the Directors were in the following areas:

- GST Awareness & Implications
- Leadership Effectiveness Zone
- 2014 Economy Update
- Super Decision – Making & Execution
- How Frisa Transformed its Business
- The New Wave of Scalable Entrepreneurship in S.E.A
- Retaining Talent to Stay Ahead of the Competition
- Risk Management & Internal Control Workshop for Audit Committee
- Advocacy Sessions on corporate disclosure
- Global Leadership Conference
- Internet & Technology Network Peer Learning Event
- Panelist for Malaysia Capitalizing on E-Commerce Conference

The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on these updates at Board Meetings.

E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

1. Compliance with Applicable Financial Reporting Standards

The Company's audited financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Board aims to provide a balanced, clear and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly results and the Chairman and Managing Director's Letter in the Annual Report. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting to ensure compliance, completeness, adequacy and accuracy of its financial reporting. This assessment is provided in this Annual Report through the Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 as set out on page 50 of this Annual Report.

2. Suitability and Independence of External Auditors

The Group has always maintained a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the relevant accounting standards whilst the Audit Committee maintains an appropriate transparent relationship with the External Auditors.

The Company's External Auditors play an essential role by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The Audit Committee has explicit authority to communicate directly with the External Auditors. The Group External Auditors are invited to attend the Audit Committee meeting as and when necessary. The Audit Committee meets the External Auditors without the presence of the Executive Directors and Management to discuss any concerns including management's cooperation in the audit process, quality and competency in the financial reporting function, sharing of information and audit issues in relation to appropriate accounting treatment.

The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to the Audit Committee's recommendation to the Board for approval. The effectiveness, independence and performance of the External Auditors are reviewed annually by the Audit Committee.

The External Auditors have direct access at all times to highlight to the Audit Committee and the Board any issues of concern, significant defects in the Company's system of control and compliance.

F. RECOGNISE AND MANAGE RISK

1. Risk Management and Internal Control

The Board acknowledges its overall responsibility for continuous maintenance of a sound system of internal control. The Board has the overall responsibility in reviewing and monitoring the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets. The Group is in the midst of establishing an Enterprise-Wide Risk Management System to identify, evaluate and manage significant risks that may affect the achievement of the business objectives of the Group. A Risk Management Committee will be establised to oversee the risk management system of the Group.

The Board believes that this is a continuing process and more importantly a concerted effort by all employees of the Group.

Statement on Corporate Governance

F. RECOGNISE AND MANAGE RISK (CONT'D)

2. Internal Audit Function

The Company has outsourced its internal audit function to independent professional consulting firms as part of its effort to provide adequate and effective internal control system.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Internal Audit function is carried out in accordance with the Annual Internal Audit Plan as approved by the Audit Committee and all audit findings arising therefrom are reported to the Audit Committee on a quarterly basis.

The Statement on Risk Management and Internal Control furnished on pages 37 to 39 of this Annual Report provides an overview of the risk management and internal control framework within the Group during the financial year under review.

G. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

1. Corporate Disclosure Policy

The Board acknowledges the need to establish corporate disclosure and procedures to enable timely, comprehensive and accurate disclosures relating to the Group to the regulators, shareholders and stakeholders. The timely release of financial results, announcement of the Group's performance on a quarterly basis and announcements on the Group's material transactions provide the shareholders with an overview of the Group's performance and operations.

The Board is aware that information which is expected to be material must be announced in a timely fashion to Bursa Securities.

The Company is committed to ensuring that communications to the public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

2. Leverage on Information Technology for Effective Dissemination of Information

The Company maintains a website at www.redtone.com to facilitate access on pertinent information concerning the Group and its operations by the shareholders, consumers and general public. The Company's website includes all announcements, annual reports and financial results made by the Company to Bursa Securities as well as the latest information of the Group.

Through the Company's website, the stakeholders are also able to direct queries to the Company.

H. STRENGHTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

1. Encourage Shareholders' Participation at General Meetings

The AGM is the annual principal forum for dialogue with shareholders.

Notice of the AGM and annual reports are sent out to shareholders at least twenty one (21) days before the date of the meeting together with the financial statements and agenda for meeting to enable shareholders to review the annual report, to appoint proxies and collate questions to be raised at the AGM.

Each item of special business included in the Notice of AGM or EGM will be accompanied by a full explanation of the effects of a proposed resolution.

H. STRENGHTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

2. Encourage Poll Voting

The Board takes note of the Recommendation 8.2 of the MCCG 2012 that the Board should encourage poll voting. In line with this recommendation, the Chairman will inform the shareholders of their right to demand for a poll vote at the commencement of the general meeting. The Board will put the substantive resolutions to vote by poll as and when necessary.

3. Effective Communication and Proactive Engagement

Shareholders' meetings are important events for the Board and shareholders to meet each other. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held to consider the ordinary business of the Company and any other special businesses. The Chairman ensures sufficient time is provided to encourage the shareholders, proxies and the corporate representatives to raise any questions before each resolution is proposed. The Senior Management and External Auditors are present at the AGM to answer any query that the shareholders, proxies and corporate representatives may have.

ADDITIONAL COMPLIANCE INFORMATION

Options, Warrants or Convertible Securities

During the financial year ended 31 May 2015, a total of 8,620,000 options were granted and 29,920,000 options were exercised pursuant to the Employees' Share Option Scheme ("ESOS"). The ESOS expired on 5 June 2015 due to the Conditional Take-Over Offer from Juara Sejati Sdn Bhd.

During the financial year, the total number of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") converted to ordinary shares are as follows:

No. of ICULS converted	147,614,391
No. of Ordinary Shares issued	59,045,756

During the financial year, 155,377,551 Warrants were exercised and converted into 155,377,551 ordinary shares. The Warrants expired on 5 March 2015.

Utilisation of Proceeds Raised from Corporate Proposals

There were no corporate proposals carried out during the financial year under review.

Non-Audit Fees

The amount of non-audit fees paid to the External Auditors by the Company for the financial year ended 31 May 2015 was RM17,000. (2014: RM 16,000)

Recurrent Related Party Transactions ("RRPT")

The details of RRPT for the financial year under review are disclosed in Note 36 of the financial statements. The above related party transactions are of revenue or trading in nature and are entered into in the ordinary course of business and no shareholder's mandate was required as the amount involved is below the threshold requiring the shareholder's approval.

Share Buy-Back

During the financial year under review, the share buy-back transactions were as follows:

Month	No. of REDtone shares purchased and retained as Treasury Shares	Average purchase price per Share (RM)	Total consideration paid (RM)
November 2014	192,500	0.73	141,255
December 2014	770,800	0.71	543,805
	963,300		685,060

The shares purchased are held as treasury shares. As at 31 May 2015, the number of treasury shares held by the Company is 3,597,800.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory bodies, which were material and made public during the financial year ended 31 May 2015.

Additional Compliance Information

Variations of Results

There were no significant variances noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimates, forecasts or projections for the financial year ended 31 May 2015.

Profit Guarantee

There were no profit guarantees given by the Company during the financial year ended 31 May 2015.

Material Contract Involving Directors and Major Shareholders

There were no material contracts entered into by the Group involving the interest of Directors and Major Shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

Depository Receipt Programme

During the financial year ended 31 May 2015, the Company did not sponsor any Depository Receipt Programme.

AUDIT COMMITTEE REPORT

The Board of Directors of REDtone International Berhad is pleased to present the Audit Committee Report for the financial year ended 31 May 2015.

OBJECTIVE

The Audit Committee ("the Committee") was established to act as a Committee of the Board of Directors to fulfill its fiduciary responsibilities in accordance to the Terms of Reference of Audit Committee of REDtone International Berhad ("REDtone") and to assist the Board to review the adequacy and integrity of the Group's financial administration and reporting and internal control.

TERMS OF REFERENCE

1.0 COMPOSITION

(a) The Committee shall fulfill the following requirements:

- The Committee must be composed of not less than three members;
- All members of the Committee shall be non-executive directors with a majority of them being independent directors; and
- At least one member of the Committee:
  - must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - if he is not a member of MIA, he must have the relevant qualification and experience as specified by the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("ACE Market Listing Requirements").

(b) Members of the Committee shall elect from among themselves a Chairman who shall be an independent non-executive director.

(c) The Committee shall have the authority to:

- investigate any activity of the Company and its subsidiaries.
- seek any information relevant to its activities from any employee.
- have full and unrestricted access to any information and documents pertaining to the Company and its subsidiaries.
- convene meeting with the internal auditors and external auditors without the presence of the Executive Directors and Management staff.

(d) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad ("Bursa Securities").

2.0 MEMBERSHIP

The current members of the Audit Committee are as follows:

Mr Mathew Thomas A/L Vargis Mathews (Chairman, Senior Independent Non-Executive Director)
Mr Jagdish Singh Dhaliwal (Member, Independent Non-Executive Director)
Dato' Mohd Zaini Bin Hassan (Member, Independent Non-Executive Director)

3.0 ATTENDANCE OF MEETINGS

(a) A quorum shall consist of a majority of independent directors. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

(b) The Committee may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.

(c) Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

(d) The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

4.0 FREQUENCY OF MEETINGS

(a) Meetings shall be held at least four (4) times annually, or more frequently if circumstances so require the Committee to do so.

(b) The Committee should meet with the External Auditors without Executive Directors present at least once a year.

The details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 May 2015 are as follows:

NAME OF COMMITTEE MEMBERS	Designation	Attendance
Mr Mathew Thomas A/L Vargis Mathews	Chairman	5/5
Mr Jagdish Singh Dhaliwal	Member	5/5
Dato' Mohd Zaini Bin Hassan	Member	4/5

5.0 AUTHORITY

(a) The Committee shall have explicit authority to investigate any matter within its Terms of Reference.

(b) The Committee has full access to any information pertaining to the Company and Group and unrestricted access to the Senior Management of the Company and Group.

(c) The Committee has direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity.

(d) The Committee may with the approval of the Board, obtain independent professional or other advice in the performance of its duties.

Audit Committee Report

6.0 DUTIES AND RESPONSIBILITIES

The Committee shall, amongst others, perform the following functions:

(a) Financial Reporting

To review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- the going concern assumption;
- changes in or implementation of major accounting policy;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements.

(b) Related Party Transactions

- To monitor and review any related party transaction that may arise within the Company or Group.

(c) Audit Reports

- To review internal and external audit reports to ensure that Management has taken adequate and appropriate remedial actions on weaknesses identified.
- To discuss problems and reservations arising from the interim and final audits and any matter the auditors wish to discuss (in the absence of Management, where necessary).

(d) External Audit

- To consider the performance of the external auditors and make recommendations to the Board of Directors on their appointment and the external auditors' audit fee.
- To review the external auditors' audit plan, nature and scope of audit.

(e) Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- To review the internal audit plan, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- To approve the appointment of the Internal Auditor.

(f) Other Matters

- To carry out such other function as may be agreed to by the Audit Committee and the Board of Directors.

7.0 SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

1. Reviewed the unaudited quarterly financial results of the Group before recommending of the same for the Board's approval and release to Bursa Securities.

2. Reviewed the annual audited financial statements of the Group, the issues arising from the audit, their resolutions and the external audit report with the external auditors prior to submission to the Board for approval.

3. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

4. Reviewed the Share Buy-Back Statement in relation to Proposed Renewal of Share Buy-Back Authority.

5. Reviewed the Audit Planning Memorandum of the Group for the financial year ended 31 May 2015 prepared by the External Auditors to ensure adequate scope and comprehensive coverage over the activities of the Group.

6. Reviewed the performance of the external auditors and make recommendations to the Board on their re-appointment and remuneration.

7. Reviewed the annual internal audit plan to ensure adequate scope coverage over the activities of the Group.

8. Reviewed the internal audit findings and recommendations presented on the state of internal control of the Group.

9. Reported to the Board on significant audit issues and concerns discussed during the Committee's meetings which have significant impact on the Group, for consideration and deliberation by the Board.

10. Had private sessions with the External Auditors without the presence of Executive Directors and Management.

11. Had meetings with Management on ad-hoc basis to give guidance and to understand further on policies and accounting treatment practices.

12. Attended workshops including workshops on Risk Management & Internal Control to keep abreast of new guidance and practices.

8.0 INTERNAL AUDIT FUNCTION

The Committee is supported by the outsourced Internal Auditors in the discharge of its duties and responsibilities. Based on the audits, the outsourced Internal Auditors provide the Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

The functions of the outsourced Internal Auditors are to:

1. Perform audit work in accordance with the pre-approved internal audit plan, which covered reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;
2. Carry out reviews on the systems of internal control of the Group;
3. Review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and
4. Provide recommendations, if any, for the improvement of the internal control policies and procedures.

8.0 INTERNAL AUDIT FUNCTION (CONT'D)

The Committee and Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsource of the Internal Audit function.

In compliance with the decision of the Committee in the financial year under review, the operational compliance reviews were as follows:

- Loans, Borrowings, Contingencies and Material Litigation
- Purchase and Expense Management
- Occupational Health and Safety Management
- Procurement and Payment Processing
- Inventory Management
- Credit Control and Collection
- Sales and Marketing

The Audit Committee reviews the internal audit reports, its recommendations and its subsequent review to determine management compliance to the same, where applicable.

The fees incurred during the financial year ended 31 May 2015 in relation to the internal audit function for the Group was RM120,000.

9.0 STATEMENT ON SHARE ISSUANCE SCHEME BY THE COMMITTEE

The By-Laws governing the Company's Employee Share Option Scheme ("ESOS") was approved on 30 November 2010 for a duration of five (5) years commencing 14 January 2011.

The Committee confirms that the allocation of options offered by the Company to the eligible employees of the Group complies with the By-Laws of the Company's ESOS.

On 27 March 2015, REDtone received a notice of conditional take-over offer from RHB Investment Bank Berhad on behalf of Juara Sejati Sdn Bhd ("JSSB"), a wholly-owned subsidiary of Berjaya Corporation Berhad to acquire:

i) all the remaining ordinary shares of RM0.10 each in REDtone not already owned by JSSB and persons acting in concert ("PAC") with it and such number of REDtone shares that may be issued pursuant to:

   a. the exercise of outstanding options granted pursuant to ESOS; and/or
   b. the conversion of outstanding 2.75% 10-year irredeemable convertible unsecured loan stocks 2010/2020 issued by REDtone ("REDtone ICULS")

(collectively referred to as the "Offer Shares"); and

ii) all the remaining REDtone ICULS not already owned by JSSB and its PACs ("Offer ICULS"),

for a cash offer price of RM0.80 per Offer Share and RM0.32 per Offer ICULS.
(collectively referred to as the "Offer")

Pursuant to the ESOS's By-Laws, the eligible employees shall be entitled to exercise all or any of their options at the date of the Offer being declared unconditional, within such period to be determined by the Options Committee and any unexercised options shall become null and void upon the expiry of such period. Resulting from the above, the ESOS approved on 30 November 2010 for a duration of five (5) years commencing 14 January 2011, expired on 5 June 2015.

NOMINATION COMMITTEE REPORT

OBJECTIVE

The Nomination Committee ("the Committee") was established to act as a Committee of the Board of Directors to assist the Board of Directors to identify, nominate and orientate new Directors.

TERMS OF REFERENCE

1.0 COMPOSITION

(a) The Committee shall fulfill the following requirements:

- The Committee must comprise not less than three members; and
- All the members of the Committee shall be non-executive directors, with a majority of whom are independent non-executive directors;

(b) The Chairman of the Committee shall be a Senior Independent Non-Executive Director.

2.0 ATTENDANCE OF MEETINGS

(a) A quorum shall consist of two or half of the committee, whichever is the higher. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

(b) The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute his/her presence in person at such meeting. Minutes of such a meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

(c) The Company Secretary shall be the Secretary of the Committee or in his/her absence, another person authorised by the Chairman of the Committee.

3.0 FREQUENCY OF MEETINGS

Meeting shall be held at least once a year, or more frequently if circumstances so require the Committee to do so.

4.0 AUTHORITY

(a) The Committee has full access to any information pertaining to the Company and Group and unrestricted access to the senior management of the Company and Group.

(b) The Committee may with the approval of the Board, obtain independent professional or other advice in the performance of its duties.

5.0 DUTIES AND RESPONSIBILITIES

The Committee shall, amongst other, discharge the following functions:

(a) Consider and recommend to the Board prospective candidates for directorship, proposed by the management, a Director or a shareholder, taking into consideration the candidates skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity;

(b) Recommend to the Board, the candidates to fill the seats on board committees, in consultation with the chairman of those committees. In the event that the chairman's position (regardless of board/committees) is to be filled, the committee will consult with the Board;

Nomination Committee Report

5.0 DUTIES AND RESPONSIBILITIES (CONT'D)

(c) Recommend to the Board, eligible candidates for re-election of directors by shareholders during the annual re-election provision or retirement;

(d) Reviewing and assessing the independence of the independent directors;

(e) Periodically report to the Board on succession planning personnel including the senior management. The Nomination Committee will together with the Board evaluate potential successors, taking into account the challenges and opportunities facing the Company, and the skills and expertise, including diversity needed on the Board in the future;

(f) Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the board, as a whole, the board committees and the contribution of each individual Director.

The Nomination Committee comprises exclusively three (3) Independent Non-Executive Directors. The Nomination Committee met once during the financial year under review and the attendance record is as follows:-

NAME OF COMMITTEE MEMBERS	Designation	Attendance
Mr Mathew Thomas A/L Vargis Mathews (Senior Independent Non-Executive Director)	Chairman	1/1
Mr Jagdish Singh Dhaliwal (Independent Non-Executive Director)	Member	1/1
Dato' Mohd Zaini Bin Hassan (Independent Non-Executive Director)	Member	1/1

The Board is cognisant of the gender diversity recommendation promoted by the Malaysian Code on Corporate Governance 2012. Ms Loh Paik Yoong's appointment to the Board is evidence that the Board does not consider gender to be a bar to Board membership. The Board is satisfied with the current mix of skills, experiences, and industry-specific knowledge gained to-date by the respective Directors. The Board will continue to be mindful of the gender diversity guideline when considering future changes to the Board's composition.

The Nomination Committee conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Committees in respect of the financial year ended 31 May 2015.

The annual assessment comprises Board and Committee Assessments, Board Skills Matrix evaluation and a Self Assessment checklist of the Independent Directors using customised questionnaires which were completed by the Directors. These questionnaires are sent to respective Board Committees and Directors for their completion, in order for them to provide their feedback, views, and suggestions for improvement. The results of the assessment questionnaires are compiled by the Company Secretary and tabled to the Nomination Committee and Board for review and deliberation.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, mix of skills, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

The Board was satisfied with the results of the assessment and the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("Board") of REDtone International Berhad recognises the importance of good corporate governance practices. The Board is committed to maintaining a sound risk management and internal control system to safeguard shareholders' investment and the Group's assets.

The Board is pleased to set out below the Board's Statement on Risk Management and Internal Control ("Statement") which is prepared in accordance with Rule 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, Malaysian Code on Corporate Governance 2012 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"). This Statement outlines the nature and scope of risk management and internal control of the Group and there are no material associates that have not been dealt with as part of the Group in applying the Guidelines.

2. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of risk management and internal control and continuously reviews the adequacy and integrity of the system. It should also be appreciated that the whole system of internal control is designed to manage and control risks appropriately rather than a definitive system designed for the total avoidance of risks or for eliminating the risk of failure.

The system of risk management and internal control covers not only financial control but also operational, commercial and compliance control. The Board believes that this is a continuing process and more importantly a concerted effort by all employees of the Group. As part of its review, the Board continues to take necessary measures to strengthen its risk management and internal control system to address any weaknesses identified. These processes are in place throughout the financial year under review and up to the date of approval of this Annual Report.

The Board has delegated to the Audit Committee the responsibility to review the internal control processes and to report to the Board in the event there is any major inadequacy of the internal control systems. The Executive Committee is in the midst of establishing a Risk Management Committee to oversee the risk management system of the Group.

3. RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group and it is embedded into the culture, processes and structures of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

Day-to-day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and Project Managers. The deliberation of risks and mitigation responses are discussed at periodic management meetings.

The implementation of Enterprise-Wide Risk Management Program ("ERM") to further assist in the management of risks of the Group is in the midst of being established.

The key features of ERM framework are as follows:

- It outlines the ERM methodology on the identification of key business risks through a structured approach and to determine if controls are in place in mitigating the risks identified.
- It establishes guidelines to enable Management to prioritise the risks and allocation of resources to manage the risks.

The management of risks is an on-going process to identify, evaluate and manage the significant risks faced by the Group. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating functions within the Group. The Board shall re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

Statement on Risk Management and Internal control

4. KEY INTERNAL CONTROL ELEMENTS

The key elements of the Group's Internal Control System include:

- Board Committees to assist the Board in overseeing the management of risks, each with clearly defined terms of reference, authorities and responsibilities. The standing committees include the Audit Committee, Nomination Committee and Remuneration Committee;
- Well defined organisational structure with clear lines of authority, accountability and responsibilities of the Management team;
- The Managing Director, Group Chief Executive Officer and Senior Management are closely involved in the running of business and operations of the Group. They report to the Board on significant changes in the business and external environment which may affect the operations of the Group at large;
- The Code of Ethics and Business Conduct is a vital and integral part of the Group's control environment;
- Review of all proposals for material capital and investment opportunities by the Executive Committee and approval for the same by the Board prior to expenditure being committed;
- An Authorisation Matrix which defines the delegation of authority and the approval limits;
- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee comprises of non-executive members of the Board, who are independent directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility;
- Review by the Audit Committee of internal control issues identified by the external and internal auditors and action taken by Management in respect of the findings arising therefrom. The Internal Audit function reports directly to the Audit Committee. Findings are communicated to Management and the Audit Committee with recommendations for improvements and follow-up to confirm all agreed recommendations are implemented. The Internal Audit plan is structured on a risk based approach and is reviewed and approved by the Audit Committee;
- The Company's performance is monitored regularly and the business objectives and plans are reviewed in the management meetings attended by division and business unit heads. The Managing Director and Executive Directors meet regularly with Senior Management to consider the Group's financial performance, business initiatives and other management and corporate issues;
- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operations and financials. Management accounts are prepared timely and on a monthly basis and is reviewed by the Managing Director, Executive Directors and Senior Management;
- The professionalism and competency of staff are enhanced through a training and development program. A performance management system is in place with established key performance indicators to measure and review staff performance on an annual basis; and
- The Group outsources its internal audit function to independent professional consulting firms for greater independence and accountability in the internal audit function.

5. INTERNAL AUDIT FUNCTION

In a desire to maintain total independence from the Management on the internal control environment and remain in compliance with the Guidelines, the Company has outsourced its internal audit function to independent professional consulting firms as part of its effort to provide adequate and effective internal control system.

The internal auditors report independently and directly to the Audit Committee in respect of the internal audit function. The internal audit function is carried out in accordance with the annual internal audit plan as approved by the Audit Committee and all audit findings arising therefrom are reported to the Audit Committee on a quarterly basis.

The internal auditors are allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and independently reviews the risk identification procedures and control processes implemented by Management. It also reviews the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, the internal auditors carry out periodic assignments to ensure the policies and procedures established by the Board are complied with by Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

Based on the reports of the internal auditors, identified issues in internal control have been adequately addressed, and none of the weaknesses noted have resulted in any material losses, contingency and uncertainties that would require separate disclosure in this Annual Report.

The internal auditors also provide improvement recommendations pertaining to the operational and financial activities for the consideration of Management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

6. REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the External Auditors have reviewed the Statement for inclusion in the Annual Report for the financial year ended 31 May 2015. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

7. CONCLUSION

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

For the year under review, the Board has reviewed the risk management and internal control system and is of the view that the system is adequate and effective and no material weakness and/or reported shortfall in the risk management practices and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review. Nevertheless, the Board also recognises the fact that the Group's risk management and internal control system practices must continuously evolve to support the growth and dynamics of the Group as well as to meet the changing and challenging business environment. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans to further enhance the system of internal controls and risk management practices.

This Statement was approved by the Board on 21 September 2015.

STATEMENT OF DIRECTORS' INTEREST

as at 30 September 2015

Name of Director	No. of Shares Held			
	Direct	%	Indirect	%
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	–	–	–	–
Dato' Wei Chuan Beng	24,390,000	3.24	–	–
Lau Bik Soon	3,710,360	0.49	–	–
Dato' Ismail Bin Osman	–	–	–	–
Mathew Thomas A/L Vargis Mathews	615,000	0.08	–	–
Jagdish Singh Dhaliwal	550,000	0.07	–	–
Dato' Mohd Zaini Bin Hassan	20,000	#	–	–
Avinderjit Singh a/l Harjit Singh	–	–	–	–
Datuk Lye Ek Seang	–	–	–	–
Loh Paik Yoong	–	–	–	–

Name of Director	No. of Irredeemable Convertible Unsecured Loan Stocks 2010/2020 Held			
	Direct	%	Indirect	%
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee	–	–	–	–
Dato' Wei Chuan Beng	283,000	0.44	–	–
Lau Bik Soon	–	–	–	–
Dato' Ismail Bin Osman	–	–	–	–
Mathew Thomas A/L Vargis Mathews	–	–	–	–
Jagdish Singh Dhaliwal	–	–	–	–
Dato' Mohd Zaini Bin Hassan	–	–	–	–
Avinderjit Singh a/l Harjit Singh	–	–	–	–
Datuk Lye Ek Seang	–	–	–	–
Loh Paik Yoong	–	–	–	–

Notes:

Less than 0%

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 1965 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that the accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enables the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgment and estimates.

The Directors have also a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 May 2015 as set out on pages 53 to 134 of this Annual Report.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	11,300	13,664
Attributable to:-		
Owners of the Company	11,660	13,664
Non-controlling interests	(360)	–
	11,300	13,664

DIVIDENDS

Since the end of the previous financial year, the Company paid a final tax-exempt dividend of 1.10 sen per ordinary share amounting to RM5,791,939 in respect of the financial year ended 31 May 2014.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up ordinary share capital from RM50,822,327 to RM75,256,608 by:-

  (i) the issuance of 59,045,756 new ordinary shares of RM0.10 each resulting from the conversion of 2.75% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at the rate of ten RM0.10 nominal amount of ICULS into four fully paid-up ordinary shares of RM0.10 each in the Company;

  (ii) the issuance of 29,919,500 new ordinary shares of RM0.10 each at prices ranging from RM0.145 to RM0.652 per share pursuant to the Employees' Share Option Scheme of the Company; and

  (iii) the issuance of 155,377,551 new ordinary shares of RM0.10 each resulting from the exercise of warrants at the rate of one RM0.10 nominal amount of warrants into one fully paid-up ordinary share of RM0.10 each in the Company.

  The entire new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there were no debentures issued by the Company.

TREASURY SHARES

During the financial year, the Company repurchased a total of 963,300 of its issued ordinary shares from the open market for RM685,060 including transaction costs. The average price paid for the shares repurchased was approximately RM0.71 per share. The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and are presented as a deduction from equity.

Of the total 752,566,072 (2014 - 508,223,265) issued and fully paid-up ordinary shares as at the end of the reporting period, 3,597,800 (2014 - 2,634,500) ordinary shares are held as treasury shares by the Company amounting to RM2,426,438 (2014 - RM1,741,378). Relevant details on the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 30 November 2010. The ESOS is to be in force for a period of 5 years effective from 14 January 2011. During the financial year, the expiry date of ESOS has been revised from 13 January 2016 to 5 June 2015.

The salient features, other terms of the ESOS and details of the share options granted during the financial year are disclosed in Note 21(f) to the financial statements.

During the financial year, the Company granted 8,620,000 share options under the ESOS.

The option prices and the details in the movement of the options granted are as follows:-

		Number Of Share Options over Ordinary Shares Of RM0.10 Each				
Date of Offer	Exercise Price	At 1 June 2014 ('000)	Granted ('000)	Exercised ('000)	Forfeited ('000)	At 31 May 2015 ('000)
4 March 2011	RM0.165	6,400	–	(6,300)	(100)	–
11 August 2011	RM0.145	3,335	–	(3,280)	(55)	–
7 June 2012	RM0.220	120	–	(120)	–	–
5 July 2012	RM0.250	14,050	–	(12,043)	(712)	1,295
25 September 2012	RM0.300	180	–	(82)	(90)	8
21 February 2013	RM0.340	2,350	–	(1,165)	(185)	1,000
27 June 2013	RM0.610	1,000	–	–	(1,000)	–
2 September 2013	RM0.550	100	–	(100)	–	–
22 October 2013	RM0.630	100	–	(100)	–	–
9 January 2014	RM0.590	300	–	(300)	–	–
18 December 2014	RM0.630	–	7,000	(4,900)	–	2,100
18 February 2015	RM0.652	–	1,620	(1,530)	–	90
		27,935	8,620	(29,920)	(2,142)	4,493

Directors' Report

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 200,000 ordinary shares of RM0.10 each. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM0.10 each during the financial year, other than the directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:-

Name	Grant Date	Expiry Date	Exercise Price	Granted during the financial year
Prabodh Kumar A/L Kantilal H Sheth	18 December 2014	5 June 2015	RM0.63	2,000,000
Mao Hong	18 December 2014	5 June 2015	RM0.63	2,000,000
Tan Kee Ann	18 December 2014	5 June 2015	RM0.63	200,000
Ong Cheok Seong	18 December 2014	5 June 2015	RM0.63	200,000
Ng Kok Hing	18 December 2014	5 June 2015	RM0.63	200,000
Amrul Halim Gan Bin Abdullah	18 December 2014	5 June 2015	RM0.63	200,000
Mohamad Zazrian Bin Zakaria	18 December 2014	5 June 2015	RM0.63	200,000
Lee Kok Ser	18 December 2014	5 June 2015	RM0.63	200,000
Monica Tan Chee Ling	18 December 2014	5 June 2015	RM0.63	200,000
Cheong Jau Jiunn	18 December 2014	5 June 2015	RM0.63	200,000
Kenny Foo Jin Teck	18 December 2014	5 June 2015	RM0.63	200,000
Janice Lim Joo Lin	18 February 2015	5 June 2015	RM0.652	300,000

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 40 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANIES

The immediate holding company is Berjaya Group Berhad and the ultimate holding company is Berjaya Corporation Berhad, all of which are incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee
Dato' Wei Chuan Beng
Lau Bik Soon
Dato' Ismail Bin Osman
Mathew Thomas A/L Vargis Mathews
Jagdish Singh Dhaliwal
Dato' Mohd Zaini Bin Hassan
Avinderjit Singh A/L Harjit Singh
Datuk Lye Ek Seang (Appointed on 17.12.14)
Loh Paik Yoong (Appointed on 09.02.15)

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.6.2014/ Date Of Appointment	**Bought**	**Sold**	**At 31.5.2015**
The Company				
Direct Interests				
Dato' Wei Chuan Beng	24,184,456	12,585,300	(14,269,756)	22,500,000
Mathew Thomas A/L Vargis Mathews	515,000	100,000	–	615,000
Lau Bik Soon	5,216,600	2,704,760	(4,211,000)	3,710,360
Jagdish Singh Dhaliwal	500,000	50,000	–	550,000
Datuk Lye Ek Seang	29,800,000	2,481,920	(32,281,920)	–
Dato' Ismail Bin Osman	–	500,000	(500,000)	–
Dato' Mohd Zaini Bin Hassan	–	50,000	–	50,000
Indirect Interests				
Dato' Wei Chuan Beng*	4,000,000	–	(4,000,000)	–
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	156,300,000	62,848,847	(219,148,847)	–

	Number Of 2.75% 2010/2020 ICULS Of RM0.10 Nominal Value Each			
	At 1.6.2014/ Date Of Appointment	**Bought**	**Converted**	**At 31.5.2015**
The Company				
Direct Interests				
Dato' Wei Chuan Beng	283,000	–	–	283,000
Lau Bik Soon	511,900	–	(511,900)	–
Datuk Lye Ek Seang	579,800	–	(579,800)	–
Indirect Interest				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	53,602,291	–	(53,602,291)	–

DIRECTORS' INTERESTS (CONT'D)

	At 1.6.2014/ Date Of Appointment	Number Of Warrants Bought	Exercised	At 31.5.2015
The Company				
Direct interests				
Dato' Wei Chuan Beng	–	1,136,000	(1,136,000)	–
Datuk Lye Ek Seang	2,250,000	–	(2,250,000)	–
Indirect Interest				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	41,407,931	–	(41,407,931)	–

	Number Of Share Options Over Ordinary Shares Of RM0.10 Each			
	At 1.6.2014	Granted	Exercised	At 31.5.2015
Share Options Of The Company				
Dato' Wei Chuan Beng	9,000,000	–	(8,500,000)	500,000
Mathew Thomas A/L Vargis Mathews	100,000	–	(100,000)	–
Lau Bik Soon	2,000,000	500,000	(2,500,000)	–
Dato' Ismail Bin Osman	500,000	–	(500,000)	–
Dato' Mohd Zaini Bin Hassan	50,000	–	(50,000)	–

	Number Of Ordinary Shares Of RM1.00 Each			
	At 8.5.2015^	Bought	Sold	At 31.5.2015
Ultimate Holding Company, Berjaya Corporation Berhad:-				
Direct Interests				
Loh Paik Yoong	25	–	–	25
Datuk Lye Ek Seang	1,200,000	–	–	1,200,000
Indirect Interest				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	14,680,950	–	–	14,680,950

	Number Of 0% ICULS 2005/2015 Of RM0.50 Nominal Value Each			
	At 8.5.2015^	Bought	Converted	At 31.5.2015
Ultimate Holding Company, Berjaya Corporation Berhad:-				
Direct Interest				
Loh Paik Yoong	1,672	–	–	1,672

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

	Number Of Ordinary Shares Of RM0.50 Each			
	At 8.5.2015^	Bought	Sold	At 31.5.2015
Related Companies:-				
Berjaya Land Berhad *Direct Interests*				
Loh Paik Yoong	16,400	–	–	16,400
Datuk Lye Ek Seang	3,750,000	–	–	3,750,000
Indirect Interest				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	5,350,000	496,800	–	5,846,800

	Number Of Ordinary Shares Of RM0.10 Each			
	At 8.5.2015^	Bought	Sold	At 31.5.2015
Berjaya Sports Toto Berhad *Direct Interest*				
Loh Paik Yoong	36,609	–	–	36,609
Indirect Interest				
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Al Habshee #	1,797,465	–	(65,000)	1,732,465

	Number Of Ordinary Shares Of RM0.50 Each			
	At 8.5.2015^	Bought	Sold	At 31.5.2015
Berjaya Food Berhad *Direct Interest*				
Datuk Lye Ek Seang	2,142,200	–	–	2,142,200

Note:
^ *The date the Company became a subsidiary of Berjaya Corporation Berhad.*
# *Deemed interested by virtue of his interest in Indah Pusaka Sdn Bhd via Tema Juara Sdn Bhd.*
* *Deemed interested by virtue of 4,000,000 shares registered in the name of his spouse.*

The other director holding office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The significant events during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, retire at the forthcoming annual general meeting and do not wish to seek re-appointment.

Signed in accordance with a resolution of the directors
dated 28 September 2015

Dato' Wei Chuan Beng

Lau Bik Soon

STATEMENT BY DIRECTORS

We, **Dato' Wei Chuan Beng** and **Lau Bik Soon**, being two of the directors of **REDtone International Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 53 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 May 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 28 September 2015

Dato' Wei Chuan Beng

Lau Bik Soon

STATUTORY DECLARATION

I, **Prabodh Kumar A/L Kantilal H Sheth**, being the officer primarily responsible for the financial management of **REDtone International Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 53 to 134 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Prabodh Kumar A/L Kantilal H Sheth,
at Kuala Lumpur in the Federal Territory
on this 28 September 2015

Prabodh Kumar A/L Kantilal H Sheth

Before me

Lai Din (W-668)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of REDtone International Berhad
(Incorporated in Malaysia)
Company No.: 596364-U

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of REDtone International Berhad, which comprise the statements of financial position as at 31 May 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 134.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 May 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Independent Auditors' Report

to the Members of REDtone International Berhad
(Incorporated in Malaysia)
Company No.: 596364-U

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/16 (J)
Chartered Accountant

Kuala Lumpur

28 September 2015

STATEMENTS OF FINANCIAL POSITION

at 31 May 2015

	Note	The Group			The Company		
		31.5.2015 RM'000	31.5.2014 RM'000 (Restated)	1.6.2013 RM'000	31.5.2015 RM'000	31.5.2014 RM'000 (Restated)	1.6.2013 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	6	–	–	–	89,412	87,316	84,702
Investments in an associate	7	–	–	22,958	–	–	–
Property, plant and equipment	8	38,974	30,285	29,307	–	–	–
Investment properties	9	1,143	1,274	1,138	–	–	–
Deferred tax assets	10	1,424	1,631	3,060	170	606	782
Other investments	11	50	50	50	–	–	–
Goodwill	12	6,363	6,758	6,756	–	–	–
Intangible assets	13	40,516	35,110	–	–	–	–
Development costs	14	11,301	11,151	9,478	–	–	–
Other receivables	17	–	1,346	14,174	–	1,346	14,174
		99,771	87,605	86,921	89,582	89,268	99,658
CURRENT ASSETS							
Inventories	15	114	841	1,076	–	–	–
Trade receivables	16	85,281	54,699	65,278	–	–	–
Other receivables, deposits and prepayments	17	16,378	13,310	13,037	85,365	27,738	20,913
Tax recoverable		2,469	530	10	–	–	–
Other investments	11	–	8	1	–	–	–
Deposits with licensed banks	18	41,139	25,054	31,513	382	–	–
Cash and bank balances		23,010	12,652	5,085	14	54	554
		168,391	107,094	116,000	85,761	27,792	21,467
TOTAL ASSETS		268,162	194,699	202,921	175,343	117,060	121,125

The annexed notes form an integral part of the financial statements

Statements of Financial Position
at 31 May 2015

	Note	The Group			The Company		
		31.5.2015 RM'000	31.5.2014 RM'000 (Restated)	1.6.2013 RM'000	31.5.2015 RM'000	31.5.2014 RM'000 (Restated)	1.6.2013 RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	19	75,257	50,822	48,298	75,257	50,822	48,298
Treasury shares	20	(2,426)	(1,741)	(1,950)	(2,426)	(1,741)	(1,950)
Reserves	21	101,290	62,757	59,318	74,786	41,055	61,445
Equity attributable to owners of the Company		174,121	111,838	105,666	147,617	90,136	107,793
Non-controlling interests		11,676	10,004	7,394	–	–	–
TOTAL EQUITY		185,797	121,842	113,060	147,617	90,136	107,793
NON-CURRENT LIABILITIES							
Irredeemable convertible unsecured loan stock ("ICULS")	21(e)	678	2,424	3,128	678	2,424	3,128
Finance lease payables	22	86	197	300	–	–	–
Term loans	23	4,817	1,825	1,890	–	–	–
Deferred tax liabilities	10	867	482	61	–	–	–
		6,448	4,928	5,379	678	2,424	3,128
CURRENT LIABILITIES							
Deferred income	24	7,604	6,194	6,450	–	–	–
Trade payables	25	18,918	34,296	25,943	–	–	–
Other payables and accruals	26	28,084	22,878	42,876	27,048	24,500	10,204
Finance lease payables	22	111	103	103	–	–	–
Term loans	23	12,644	65	62	–	–	–
Provision for taxation		3,398	2,757	5,755	–	–	–
Bank overdrafts	27	5,158	1,636	3,293	–	–	–
		75,917	67,929	84,482	27,048	24,500	10,204
TOTAL LIABILITIES		82,365	72,857	89,861	27,726	26,924	13,332
TOTAL EQUITY AND LIABILITIES		268,162	194,699	202,921	175,343	117,060	121,125

The annexed notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 May 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
REVENUE	28	150,817	141,758	16,000	–
COST OF SALES		(88,013)	(82,430)	–	–
GROSS PROFIT		62,804	59,328	16,000	–
OTHER INCOME		7,249	9,408	1,907	717
		70,053	68,736	17,907	717
GENERAL AND ADMINISTRATIVE EXPENSES		(54,067)	(55,328)	(3,336)	(15,937)
FINANCE COSTS		(1,368)	(1,039)	(471)	(561)
PROFIT/(LOSS) BEFORE TAXATION	29	14,618	12,369	14,100	(15,781)
INCOME TAX EXPENSE	30	(3,318)	(4,130)	(436)	(176)
PROFIT/(LOSS) AFTER TAXATION		11,300	8,239	13,664	(15,957)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Item that may be reclassified subsequently to profit or loss - Foreign currency translation		4,598	1,415	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		15,898	9,654	13,664	(15,957)

The annexed notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 May 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)	The Company 2015 RM'000	The Company 2014 RM'000 (Restated)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		11,660	7,125	13,664	(15,957)
Non-controlling interests		(360)	1,114	–	–
		11,300	8,239	13,664	(15,957)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		15,828	7,872	13,664	(15,957)
Non-controlling interests		70	1,782	–	–
		15,898	9,654	13,664	(15,957)
EARNINGS PER SHARE (SEN)					
Basic	31	2.02	1.22		
Diluted	31	2.01	1.01		

The annexed notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 May 2015

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Other Reserves RM'000	ICULS RM'000	Employees' Share Option Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Non-distributable						→	Distributable			
Balance at 1.6.2013		48,298	(1,950)	11,765	(1,427)	19,749	9,696	3,291	16,244	105,666	7,394	113,060
Profit after taxation for the financial year:-												
- As previously reported		–	–	–	–	–	–	–	22,174	22,174	1,114	23,288
- Prior year adjustment	44	–	–	–	–	–	–	–	(15,049)	(15,049)	–	(15,049)
- As restated		–	–	–	–	–	–	–	7,125	7,125	1,114	8,239
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation		–	–	–	747	–	–	–	–	747	668	1,415
Total comprehensive income for the financial year		–	–	–	747	–	–	–	7,125	7,872	1,782	9,654
Transactions with owners:-												
- Dividend paid		–	–	–	–	–	–	–	(7,587)	(7,587)	–	(7,587)
- Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	828	828
- Issuance of shares, pursuant to conversion of ICULS		1,259	–	(1)	–	–	(1,258)	–	–	–	–	–
- Exercise of warrants		560	–	1,507	–	(668)	–	–	–	1,399	–	1,399
- Treasury shares:-												
- acquired		–	(1,741)	–	–	–	–	–	–	(1,741)	–	(1,741)
- disposed of		–	1,950	1,988	–	–	–	–	–	3,938	–	3,938
- Employees' share options: -												
- granted		–	–	–	–	–	–	1,213	–	1,213	–	1,213
- exercised		705	–	1,508	–	–	–	(1,135)	–	1,078	–	1,078
Total transactions with owners		2,524	209	5,002	–	(668)	(1,258)	78	(7,587)	(1,700)	828	(872)
Balance at 31.5.2014, restated		50,822	(1,741)	16,767	(680)	19,081	8,438	3,369	15,782	111,838	10,004	121,842

The annexed notes form an integral part of the financial statements

Statements of Changes in Equity

for the financial year ended 31 May 2015

The Group	Note	← Non-distributable: Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Other Reserves RM'000	ICULS RM'000	Employees' Share Option Reserve RM'000 →	Distributable: Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.6.2014:-												
- As previously reported		50,822	(1,741)	16,767	(680)	19,081	8,438	3,369	30,831	126,887	10,004	136,891
- Prior year adjustment	44	–	–	–	–	–	–	–	(15,049)	(15,049)	–	(15,049)
- As restated		50,822	(1,741)	16,767	(680)	19,081	8,438	3,369	15,782	111,838	10,004	121,842
Profit after taxation for the financial year		–	–	–	–	–	–	–	11,660	11,660	(360)	11,300
Other comprehensive income for the financial year, net of tax:-												
- Foreign currency translation		–	–	–	4,168	–	–	–	–	4,168	430	4,598
Total comprehensive income for the financial year		–	–	–	4,168	–	–	–	11,660	15,828	70	15,898
Balance carried forward		50,822	(1,741)	16,767	3,488	19,081	8,438	3,369	27,442	127,666	10,074	137,740

The annexed notes form an integral part of the financial statements

Statements of Changes in Equity
for the financial year ended 31 May 2015

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Other Reserves RM'000	ICULS RM'000	Employees' Share Option Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Non-distributable						→	Distributable			
Balance brought forward		50,822	(1,741)	16,767	3,488	19,081	8,438	3,369	27,442	127,666	10,074	137,740
Transactions with owners:-												
- Dividend paid:-												
- by the Company		–	–	–	–	–	–	–	(5,792)	(5,792)	–	(5,792)
- by a subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	–	(55)	(55)
- Dilution of equity interest in a subsidiary		–	–	–	–	–	–	–	2,638	2,638	(2,638)	–
- Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	(942)	(942)
- Issuance of share capital to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	–	5,237	5,237
- Issuance of shares pursuant to conversion of ICULS		5,905	–	(12)	–	–	(5,893)	–	–	–	–	–
- Warrants:-												
- exercised		15,538	–	41,797	–	(18,490)	–	–	–	38,845	–	38,845
- expired		–	–	–	–	(173)	–	–	173	–	–	–
- Treasury shares:-												
- acquired		–	(685)	–	–	–	–	–	–	(685)	–	(685)
- Employees' share options:-												
- granted		–	–	–	–	–	–	2,096	–	2,096	–	2,096
- exercised		2,992	–	10,784	–	–	–	(4,423)	–	9,353	–	9,353
- forfeited		–	–	–	–	–	–	(335)	335	–	–	–
Total transactions with owners		24,435	(685)	52,569	-	(18,663)	(5,893)	(2,662)	(2,646)	46,455	1,602	48,057
Balance at 31.5.2015		75,257	(2,426)	69,336	3,488	418	2,545	707	24,796	174,121	11,676	185,797

The annexed notes form an integral part of the financial statements

Statements of Changes in Equity

for the financial year ended 31 May 2015

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ICULS RM'000	Other Reserves RM'000	Distributable Retained Profits/ (Accumu -lated Losses) RM'000	Total Equity RM'000
		← Non-distributable				→		
Balance at 1.6.2013		48,298	(1,950)	11,765	9,696	22,622	17,362	107,793
Total comprehensive expenses for the financial year:-								
- As previously reported		–	–	–	–	–	(1,085)	(1,085)
- Prior year adjustment	44	–	–	–	–	–	(14,872)	(14,872)
- As restated		48,298	(1,950)	11,765	9,696	22,622	1,405	91,836
Transactions with owners:-								
- Dividend paid		–	–	–	–	–	(7,587)	(7,587)
- Issuance of shares pursuant to conversion of ICULS		1,259	–	(1)	(1,258)	–	–	–
- Exercise of warrants		560	–	1,507	–	(668)	–	1,399
- Treasury shares:								
- acquired		–	(1,741)	–	–	–	–	(1,741)
- disposed of		–	1,950	1,988	–	–	–	3,938
- Employees' share options:-								
- granted		–	–	–	–	1,213	–	1,213
- exercised		705	–	1,508	–	(1,135)	–	1,078
Total transactions with owners		2,524	209	5,002	(1,258)	(590)	(7,587)	(1,700)
Balance at 31.5.2014, restated		50,822	(1,741)	16,767	8,438	22,032	(6,182)	90,136

The annexed notes form an integral part of the financial statements

Statements of Changes in Equity

for the financial year ended 31 May 2015

		Non-distributable					Distributable	
The Company	**Note**	**Share Capital RM'000**	**Treasury Shares RM'000**	**Share Premium RM'000**	**ICULS RM'000**	**Other Reserves RM'000**	**Retained Profits/ (Accumu -lated Losses) RM'000**	**Total Equity RM'000**
Balance at 31.5.2014/ 1.6.2014:-								
- As previously reported		50,822	(1,741)	16,767	8,438	22,032	8,690	105,008
- Prior year adjustment	44	–	–	–	–	–	(14,872)	(14,872)
- As restated		50,822	(1,741)	16,767	8,438	22,032	(6,182)	90,136
Total comprehensive income for the financial year		–	–	–	–	–	13,664	13,664
Transactions with owners:-								
- Dividend paid		–	–	–	–	–	(5,792)	(5,792)
- Issuance of shares pursuant to conversion of ICULS		5,905	–	(12)	(5,893)	–	–	–
- Warrants:-								
- exercised		15,538	–	41,797	–	(18,490)	–	38,845
- expired		–	–	–	–	(173)	173	–
- Treasury shares:-								
- acquired		–	(685)	–	–	–	–	(685)
- Employees' share options:-								
- granted		–	–	–	–	2,096	–	2,096
- exercised		2,992	–	10,784	–	(4,423)	–	9,353
- forfeited		–	–	–	–	(335)	335	–
Total transactions with owners		24,435	(685)	52,569	(5,893)	(21,325)	(5,284)	43,817
Balance at 31.5.2015		75,257	(2,426)	69,336	2,545	707	2,198	147,617

The annexed notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
for the financial year ended 31 May 2015

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	14,618	12,369	14,100	(15,781)
Adjustments for:-				
Amortisation of development costs	2,274	1,942	–	–
Bad debts written off	–	467	–	–
Depreciation of property, plant and equipment	5,562	5,861	–	–
Development costs written off	648	–	–	–
Dividend income	–	–	(16,000)	–
Fair value loss/(gain) on investment properties	131	(136)	–	–
Gain on disposal of:-				
- property, plant and equipment	(2)	–	–	–
- subsidiaries	(3,275)	–	–	–
- associate	–	(5,000)	–	–
Impairment loss on:-				
- non-trade receivables	29	14,972	29	14,972
- trade receivables	302	523	–	–
Interest expense	1,050	846	471	561
Interest income	(1,085)	(1,373)	(161)	(13)
Inventories written down	555	–	–	–
Inventories written off	–	176	–	–
Share-based payments	2,096	1,213	–	–
Net gain on ICULS conversion	(1,530)	(416)	(1,529)	(416)
Property, plant and equipment written off	26	–	–	–
Provision for annual leave	66	–	–	–
Provision of Universal Service Fund Contribution ("USOF")	337	305	–	–
Unrealised loss/(gain) on foreign exchange	2,162	(50)	1,190	(80)
Writeback of impairment losses on trade receivables	(133)	(52)	–	–
Writeback of impairment losses on other receivables	–	(528)	–	–
Operating profit/(loss) before working capital changes	23,831	31,119	(1,900)	(757)
Decrease in inventories	149	59	–	–
(Increase)/Decrease in receivables	(31,963)	8,060	(40,157)	(8,970)
(Decrease)/Increase in payables	(22,515)	(16,490)	1,143	14,088
CASH (FOR)/FROM OPERATIONS	(30,498)	22,748	(40,914)	4,361
Interest paid	(1,050)	(846)	(471)	(561)
Tax paid	(4,024)	(5,278)	–	–
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(35,572)	16,624	(41,385)	3,800

The annexed notes form an integral part of the financial statements

Statements of Cash Flows

for the financial year ended 31 May 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)	The Company 2015 RM'000	The Company 2014 RM'000 (Restated)
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		(35,572)	16,624	(41,385)	3,800
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Disposal of subsidiaries, net of cash and cash equivalents disposed	32	4,953	–	–	–
Acquisition of subsidiaries, net of cash and cash equivalents acquired	33	(382)	(1,440)	–	–
(Increase)/Decrease in pledged deposits		(19,755)	14,490	–	–
Increase in investment in subsidiaries		–	–	–	(1,400)
Interest income received		930	1,373	6	13
Purchase of property, plant and equipment		(9,761)	(3,645)	–	–
Proceeds from disposal of property, plant and equipment		2	–	–	–
Proceeds from disposal of an associate		–	5,000	–	–
Purchase of intangible assets		(10,435)	(10,440)	–	–
Development costs paid		(2,458)	(1,940)	–	–
Government grant received:-					
- intangible assets		5,029	–	–	–
- development costs		321	–	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(31,556)	3,398	6	(1,387)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from non-controlling interests		6,871	–	–	–
Proceeds from exercise of employee share options		9,353	1,078	9,353	1,078
Purchase of treasury shares		(685)	(1,741)	(685)	(1,741)
Proceeds from resale of treasury shares		–	3,938	–	3,938
Proceeds from exercise of warrants		38,845	1,399	38,845	1,399
Issuance of share capital to non-controlling interests of subsidiaries		5,237	–	–	–
Repayment of finance lease payables		(103)	(103)	–	–
Repayment of term loans		(438)	(62)	–	–
Drawdown of term loans		14,895	–	–	–
Dividend paid		(5,847)	(7,587)	(5,792)	(7,587)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		68,128	(3,078)	41,721	(2,913)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		1,000	16,944	342	(500)

The annexed notes form an integral part of the financial statements

Statements of Cash Flows
for the financial year ended 31 May 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)	The Company 2015 RM'000	The Company 2014 RM'000 (Restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		1,000	16,944	342	(500)
EFFECTS OF EXCHANGE RATE CHANGES		2,166	311	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		19,047	1,792	54	554
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	22,213	19,047	396	54

The annexed notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 May 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
Principal place of business	:	Suite 22-30, 5th Floor, IOI Business Park, 47100 Puchong, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 September 2015.

2. HOLDING COMPANIES

The immediate holding company is Berjaya Group Berhad and the ultimate holding company is Berjaya Corporation Berhad, all of which are incorporated in Malaysia.

3. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.

4. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

(c) The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9: Financial Instruments
MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. Accordingly, there will be no material financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 15: Revenue from Contracts with Customers
MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

Amendments to MFRS 119: Employee Contributions
The amendments to MFRS 119 simplify the accounting treatment on contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. Accordingly, there will be no material financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of Property, Plant and Equipment, Intangible Assets (Other Than Goodwill) and Other Investments

The Group assesses impairment of the assets mentioned above whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for the asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from the asset discounted at an appropriate discount rate.

Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and provisions to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(vi) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) Classification between Investment Properties and Owner Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(viii) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(ix) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(x) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(xi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity

(xii) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(xiii) Fair Value Estimates for Investment Properties

The Group carries investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these investment properties would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Business Combinations (Cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(iv) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

  Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

  Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

  Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

  Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(a) Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(b) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(c) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of ICULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The interests on ICULS are recognised as interest expense in the profit or loss using the effective interest rate method.

Transaction costs are apportioned between the liability and equity components of the ICULS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

(d) Warrants Reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Investments in Associates

An associate is an entity in which the Group and the Company have a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

(h) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (Cont'd)

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold office lots	2%
Computers and software	10%
Furniture, fittings and office equipment	10%
Equipment, plant and machinery	10% - 20%
Office renovation	10%
Motor vehicles	20%

The assets in progress are stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for their intended use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(i) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 5(h) above.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible Assets

(i) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its intention to complete and the ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The useful lives of development expenditure are assessed to be either finite or indefinite. Development expenditure with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the development expenditure may be impaired. The amortisation period and the amortisation method for the development expenditure with a finite useful life are reviewed at least at the end of each reporting period.

Development expenditure with indefinite useful lives are not amortised but tested for impairment annually or more frequently if there are changes in circumstances which indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(ii) Spectrum Rights

The Group's spectrum rights consist of telecommunications licences with allocated spectrum rights which were acquired as part of a business combination. Spectrum rights are considered to have an indefinite economic useful life and are not amortised but tested for impairment on an annual basis.

See accounting policy Note 5(k)(ii) on impairment of non-financial assets.

Management assesses the indefinite economic useful life assumption applied to the acquired intangible assets annually.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible Assets (Cont'd)

(iii) Licences

Licences acquired relating to teleradiology, management and health record systems are measured on initial recognition at cost. The licences are considered to have an indefinite economic useful life and are not amortised but tested for impairment on an annual basis, and where an indication of impairment exists.

See accounting policy Note 5(k)(ii) on impairment of non-financial assets.

Management assesses the indefinite economic useful life assumption applied to the acquired intangible assets annually.

(k) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Assets under Finance Lease and Hire Purchase

Leases of plant and equipment where substantially all the benefits and risks of ownership are transferred to the Company are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are recognised in profit or loss over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets in accordance with the policy set out in Note 5(h).

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(n) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits (Cont'd)

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (share options).

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

(r) Related Parties

A party is related to an entity (referred to as the 'reporting entity') if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Contingent Assets

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(u) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(v) Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of Call Bandwidth

Revenue from sale of mobile telephony, fixed services, interconnection revenue and other network based services are recognised based on actual traffic volume net of rebates/discounts.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue Recognition (Cont'd)

(ii) Sale of Telecommunication Software and Goods

Revenue relating to sale of telecommunication software and goods are recognised net of services tax and discounts upon the transfer of risks and rewards.

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Maintenance Income

Revenue from maintenance income is recognised on an accrual basis.

(v) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(vi) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(vii) Rental Income

Rental income is recognised on an accrual basis.

(w) Government Grants

Government grants that compensate the Group for the cost of assets are recognised in profit or loss on a systematic basis over the expected life of the related assets.

(x) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(y) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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6. INVESTMENTS IN SUBSIDIARIES

	The Company 2015 RM'000	2014 RM'000
Unquoted shares, at cost		
- in Malaysia	13,986	11,890
Quoted shares, at cost		
- outside Malaysia	75,426	75,426
	89,412	87,316

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2015 %	2014 %	Principal Activities
REDtone Telecommunications Sdn Bhd	Malaysia	100	100	Research, development, manufacturing and marketing of computer-telephony integration, provision of communication services and investment holding.
REDtone Technology Sdn Bhd ("RTT")	Malaysia	100	100	Provider of total solutions in business communication and telecommunication services and investment holding.
REDtone Marketing Sdn Bhd	Malaysia	100	100	Research and development, manufacturing and marketing of telecommunication and multimedia solutions.
REDtone Data Centre Sdn Bhd ("RDC")	Malaysia	70	70	Provides system integration, software solutions and trading in computer hardware.
REDtone MEX Sdn Bhd ("REX") ^^	Malaysia	56	70	Building of teleconsultation/ teleradiology exchange and distributing, designing and development of information system, mobile solutions and healthcare solution.
REDtone IOT Sdn Bhd ("RIOT")	Malaysia	90	–	Provider of business solutions in information technology and to build interconnection of uniquely identifiable embedded computing device within existing internet infrastructure, and investment holding.
REDtone Asia Inc. ("RTA") ^	United States of America	92.31	92.31	Investment holding.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Held through RTT				
REDtone Mytel Sdn Bhd ("RTM")	Malaysia	60	60	Provision of telecommunication services.
REDtone Technology Pte Ltd ("RTPLS") ^	Singapore	100	100	Provision of telecommunication related products and services.
SEA Telco Engineering Services Sdn Bhd ("STE")	Malaysia	80	80	Provision of information technology services.
Meridianotch Sdn Bhd	Malaysia	100	100	Investment holding company.
Held through RTA				
RT Communication Ltd ("RTCL") ^	British Virgin Islands	92.31	92.31	Investment holding.
Held through RTCL				
VMS Technology Ltd ^	Hong Kong SAR	92.31	92.31	Provides system design, maintenance services and distance call services.
REDtone Telecommunications (China) Limited ("RTCC") ^	Hong Kong SAR	92.31	92.31	Investment holding.
Held through RTCC				
REDtone Telecommunications (Shanghai) Ltd ("RTShanghai") ^*	The People's Republic of China	92.31	92.31	Provide technical support services.
Shanghai Huitong Telecommunication Company Ltd ("SHT") ^*	The People's Republic of China	92.31	92.31	Marketing and distribution of IP call and discounted call services.
Held through RTShanghai				
Shanghai Hongsheng Net Communication Company Ltd ("Hongsheng") ^*	The People's Republic of China	–	92.31	Marketing and distribution of discounted call services on consumer products.

Notes to the Financial Statements
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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Held through SHT				
Shanghai Jia Mao E-commerce Company Ltd ("Jia Mao") ^* ^^^	The People's Republic of China	92.31	–	Marketing and distribution of products on the internet.
Shanghai Xin Chang Information Technology Company Ltd ("SXC") ^* ^^^	The People's Republic of China	51.69	–	Marketing and distribution of internet phone call and discounted call services.
Shanghai Yu Zhong Financial Information Services Company Ltd ("SYZ") ^*	The People's Republic of China	45.97	–	Investment holding.
Held through Hongsheng				
Nantong Jiatong Investment Consultant Co., Ltd ^*	The People's Republic of China	–	92.31	Investment holding.
Jia Mao ^* ^^^	The People's Republic of China	–	92.31	Marketing and distribution of products on the internet.
Shanghai Qian Yue Business Administration Co., Ltd ("QBA") ^*	The People's Republic of China	–	92.31	Provide prepaid shopping card and services.
SXC ^* ^^^	The People's Republic of China	–	51.69	Marketing and distribution of internet phone call and discounted call services.
Held through SYZ				
Shanghai Yu Guang Automobile Inspection Technology Company Ltd ("SYG") ^*	The People's Republic of China	55.24	–	Investment holding.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Held through SYG				
Taizhou Haitai Motor Vehicle Inspection Company Ltd ("TH") ^*#	The People's Republic of China	28.17	–	Investment holding.
Held through TH				
Feng Cheng Motor Vehicle Inspection Company Ltd ("FC") ^*	The People's Republic of China	28.17	–	Provision of service for motor vehicle, technical and emission inspection.

^ *These subsidiaries were audited by other firms of chartered accountants.*

* *Being nominee companies which are controlled by RTCC through controlling agreements as RTCC provides funding for the shareholders of the nominee companies.*

During the financial year, the Group acquired 28.17% equity interest in TH for a total cash consideration of CNY652,800 which is equivalent to RM386,000. The Group does have control in TH at the date of acquisition as it has majority voting powers and representation in TH. Consequently, TH and its subsidiary became subsidiaries of the Group, as disclosed in Note 33 to the financial statements.

^^ *During the financial year, the Group's equity interest in REX was diluted as a result of issuance of new ordinary shares to a third party.*

^^^ *During the financial year, Hongsheng transferred its equity interest in Jia Mao and SXC to SHT before the Group disposed of Hongsheng and its subsidiaries.*

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Group's Effective Equity Interest 2015 %	Group's Effective Equity Interest 2014 %	The Group 2015 RM'000	The Group 2014 RM'000
RTA Group (excluded SXC, SYZ, SYG, FC, TH)	92.31	92.31	8,225	7,641
STE	80	80	1,528	883
REX	56	70	3,440	389
RTM	60	60	253	379
RDC	70	70	(294)	134
SXC	51.69	51.69	20	578
SYZ and SYG	44.97	–	237	–
TH and FC	28.17	–	(1,727)	–
RIOT	90	–	(6)	–
			11,676	10,004

Notes to the Financial Statements
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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	RTA Group	
	2015 RM'000	**2014 RM'000**
At 31 May		
Non-current assets	89,595	80,634
Current assets	60,225	60,348
Non-current liabilities	–	(15)
Current liabilities	(45,052)	(39,157)
Net assets	104,768	101,810
Financial year ended 31 May		
Revenue	28,780	20,251
(Loss)/Profit for the financial year	(1,029)	3,408
Total comprehensive (expenses)/income	(1,029)	3,408
Total comprehensive income attributable to non-controlling interests	1,202	89
Net cash flows from/(for) operating activities	2,168	(1,000)
Net cash flows from/(for) investing activities	3,670	(1,669)
Net cash flows (for)/from financing activities	(4,261)	104

	STE	
	2015 RM'000	**2014 RM'000**
At 31 May		
Non-current assets	2,518	2,889
Current assets	9,327	8,591
Current liabilities	(3,895)	(4,342)
Net assets	7,950	7,138
Financial year ended 31 May		
Revenue	13,651	10,787
Profit for the financial year	3,227	2,889
Total comprehensive income	3,227	2,889
Total comprehensive income attributable to non-controlling interests	645	686
Net cash flows from/(for) operating activities	2,317	(3,499)
Net cash flows for investing activities	(100)	(761)
Net cash flows (for)/from financing activities	(2,510)	4,373

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	REX	
	2015 **RM'000**	**2014** **RM'000**
At 31 May		
Non-current assets	18,736	11,259
Current assets	4,737	2,055
Current liabilities	(15,639)	(12,017)
Net assets	7,834	1,297
Financial year ended 31 May		
Revenue	2,577	2,000
Profit for the financial year	1,522	297
Total comprehensive income	1,522	297
Total comprehensive income attributable to non-controlling interests	689	89
Net cash flows from operating activities	7,190	10,281
Net cash flows for investing activities	(7,535)	(11,262)
Net cash flows from financing activities	5,000	1,000

The summarised financial information (before intra-group elimination) of the other subsidiaries that have non-controlling interests are not presented as the non-controlling interests are not material to the Group.

Notes to the Financial Statements
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7. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares in Malaysia, at cost	841	841	841	841
Accumulated impairment loss	(841)	(841)	(841)	(841)
	–	–	–	–

(a) The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
REDtone Network Sdn Bhd	Malaysia	49	49	Research and development and marketing of communication applications.

(b) The Group has not recognised losses relating to REDtone Network Sdn Bhd, where its share of losses exceeded the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period amounted to RM1,006,974 (2014 – RM995,629). The Group has no obligation in respect of these losses.

(c) The summarised financial information for this associate is not presented as the associate is not material to the Group.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.6.2014 RM'000	Acquisition of subsidiaries RM'000	Disposal of subsidiaries RM'000	Additions RM'000	Written off RM'000	Depreciation Charge RM'000	Reclassi-fication RM'000	Exchange Difference RM'000	At 31.5.2015 RM'000
Net Book Value									
Leasehold office lots	4,984	–	–	–	–	(123)	–	–	4,861
Computers and software	2,881	–	(20)	1,134	(18)	(736)	–	1	3,242
Furniture, fittings and office equipment	820	–	–	271	(6)	(131)	17	3	974
Equipment, plant and machinery *	20,047	–	–	2,294	(2)	(4,143)	596	464	19,256
Other assets **	1,553	4,044	–	6,062	–	(429)	(613)	24	10,641
	30,285	4,044	(20)	9,761	(26)	(5,562)	–	492	38,974

The Group	At 1.6.2013 RM'000	Acquisition of subsidiaries RM'000	Additions RM'000	Depreciation Charge RM'000	Reclassi-fication RM'000	Exchange Difference RM'000	At 31.5.2014 RM'000
Net Book Value							
Leasehold office lots	5,107	–	–	(123)	–	–	4,984
Computers and software	2,813	–	1,131	(1,115)	26	26	2,881
Furniture, fittings and office equipment	487	40	56	(243)	473	7	820
Equipment, plant and machinery *	19,175	2,519	2,256	(4,050)	(86)	233	20,047
Other assets **	1,725	356	202	(330)	(413)	13	1,553
	29,307	2,915	3,645	(5,861)	–	279	30,285

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.5.2015			
Leasehold office lots	5,954	(1,093)	4,861
Computers and software	11,749	(8,507)	3,242
Furniture, fittings and office equipment	2,573	(1,599)	974
Equipment, plant and machinery *	61,438	(42,182)	19,256
Other assets **	16,780	(6,139)	10,641
	98,494	(59,520)	38,974
At 31.5.2014			
Leasehold office lots	5,954	(970)	4,984
Computers and software	10,652	(7,771)	2,881
Furniture, fittings and office equipment	2,289	(1,469)	820
Equipment, plant and machinery *	58,085	(38,038)	20,047
Other assets **	7,263	(5,710)	1,553
	84,243	(53,958)	30,285

* Equipment consists of laboratory equipment, auto dialers, gateway equipment, travelfon, payphones and Wimax equipment.

** Other assets consist of renovation, motor vehicles and assets-in-progress.

(a) Included in the assets of the Group at the end of the reporting period were equipment with a total net book value of RM324,927 (2014 - RM381,037) acquired under hire purchase terms.

(b) The leasehold office lots of the Group have been pledged to licensed banks as security of banking facilities granted to the Group.

9. INVESTMENT PROPERTIES

	The Group	
	2015 RM'000	2014 RM'000
Leasehold office lots, at fair value		
At 1 June	1,274	1,138
Fair value adjustment	(131)	136
At 31 May	1,143	1,274

(a) The leasehold office lots have been pledged to a licensed bank as security for banking facilities granted to the Group.

(b) Investment properties are stated at fair value, which have been determined based on directors' valuation at the end of the reporting period. The directors estimated the fair values of the investment properties to be approximately RM1,143,000 (2014 - RM1,274,000) based on the recent net selling prices of similar properties at locations adjacent to the Group's investment properties.

10. DEFERRED TAXATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 June	1,149	2,999	606	782
Recognised in profit or loss (Note 30)	(592)	(1,850)	(436)	(176)
At 31 May	557	1,149	170	606

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets	1,424	1,631	170	606
Deferred tax liabilities	(867)	(482)	–	–
At 31 May	557	1,149	170	606

As disclosed in Note 5(a) to the financial statements in respect of critical accounting estimates and judgements, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of call charges and operating costs. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

The Group	Unutilised tax losses and unabsorbed capital allowances RM'000	Provision RM'000	Property, plant and equipment RM'000	ICULS RM'000	Others RM'000	Total RM'000
At 1 June 2013	4,425	2,291	(4,561)	782	62	2,999
Recognised in profit or loss	(3,329)	1,142	575	(176)	(62)	(1,850)
At 31 May 2014/1 June 2014	1,096	3,433	(3,986)	606	–	1,149
Recognised in profit or loss	(399)	(176)	419	(436)	–	(592)
At 31 May 2015	697	3,257	(3,567)	170	–	557
The Company						
At 1 June 2013	–	–	–	782	–	782
Recognised in profit or loss	–	–	–	(176)	–	(176)
At 31 May 2014/1 June 2014	–	–	–	606	–	606
Recognised in profit or loss	–	–	–	(436)	–	(436)
At 31 May 2015	–	–	–	170	–	170

Notes to the Financial Statements
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10. DEFERRED TAXATION (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:-

	The Group 2015 RM'000	The Group 2014 RM'000
Unutilised tax losses and unabsorbed capital allowances	19,994	19,552
Provisions	3,621	3,068
	23,615	22,620

The above items are available for offsetting against future taxable profit subject to no substantial change in shareholdings as provided in the Income Tax Act 1967 and guidelines issued by the tax authority.

11. OTHER INVESTMENTS

	The Group 2015 RM'000	The Group 2014 RM'000
At Cost:		
Non-Current		
Unquoted shares in Malaysia	50	50
Current		
Unquoted shares outside Malaysia	–	8
	50	58

Investments in unquoted shares of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

12. GOODWILL

	The Group 2015 RM'000	The Group 2014 RM'000
At 1 June	9,917	9,915
Acquisition of subsidiaries	1,367	2
Disposal of subsidiaries	(1,762)	–
	9,522	9,917
Accumulated impairment losses	(3,159)	(3,159)
At 31 May	6,363	6,758

12. GOODWILL (CONT'D)

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
RTA Group	5,561	5,956
Others	802	802
	6,363	6,758

(b) The Group assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Average Budgeted EBITDA Margin 2016 - 2020	Average Growth Rate 2016 - 2020	Discount Rate 2016 - 2020	Terminal Growth Rate 2021 until infinity
RTA Group	32%	16%	11.2%	0% - 2.1%
Others	4%	10%	11.2%	4.7%

The key assumptions represent management's assessment of future trends in the regional telecommunication industry and are based on both external sources and internal sources.

Management has determined the average budgeted EBITDA margin and weighted average growth rate based on past performance and its expectation of market development. The discount rates used are computed based on the weighted average cost of capital of the industry that the Group operates in.

<u>Sensitivity to Changes in Assumptions</u>

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

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13. INTANGIBLE ASSETS

The Group	Telecommu-nications Licences with Allocated Spectrum RM'000	Teleradiology, Management and Health Record Systems Licences RM'000	Total RM'000
At 1 June 2013	–	–	–
Acquisition of subsidiaries	24,670	–	24,670
Addition during the financial year	–	10,440	10,440
At 31 May 2014/1 June 2014	24,670	10,440	35,110
Addition during the financial year	–	10,435	10,435
Government grant received during the financial year	–	(5,029)	(5,029)
At 31 May 2015	24,670	15,846	40,516

During the financial year, the government grant received from the relevant authority amounted to approximately RM5,029,000 is in respect of the claims to establish the medical exchange for teleconsultation and teleradiology and cloud based personal health record.

The Group assessed the recoverable amounts of intangible assets and determined that no impairment is required.

The recoverable amounts of the telecommunications licences with allocated spectrum are determined using the market comparable approach based on a valuation carried out by an independent firm of professional valuers.

The recoverable amounts of the teleradiology, management and health record systems licences are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

Average budgeted EBITDA margin	18.0%
Average growth rate	40.0%
Discount rate	14.16%
Terminal growth rate	0.5%

The key assumptions represent management's assessment of future trends in the region's similar industry and are based on both external sources and internal sources.

Management has determined the average budgeted EBITDA margin and weighted average growth rate based on its expectation of market development. The discount rates used are computed based on the weighted average cost of capital of the Group.

Sensitivity to Changes in Assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the intangible assets to be materially higher than its recoverable amount.

14. DEVELOPMENT COSTS

	The Group 2015 RM'000	2014 RM'000
At Cost:-		
At 1 June	25,765	22,057
Additions during the financial year	2,458	1,940
Government grant received during the financial year	(321)	–
Acquisition of subsidiaries	–	1,516
Written off during the financial year	(1,756)	–
Exchange differences	1,401	252
At 31 May	27,547	25,765
Accumulated amortisation:-		
At 1 June	(14,614)	(12,579)
Amortisation for the financial year	(2,274)	(1,942)
Written off during the financial year	1,108	–
Exchange differences	(466)	(93)
At 31 May	(16,246)	(14,614)
Net carrying amount	11,301	11,151

The development costs included the following expenses:-

	The Group 2015 RM'000	2014 RM'000
Staff costs	1,867	1,940
Others	591	–
	2,458	1,940

During the financial year, the government grant received from the relevant authority amounted to approximately RM321,000 is in respect of the claims to establish the medical exchange for teleconsultation and teleradiology and cloud based personal health record.

15. INVENTORIES

	The Group 2015 RM'000	2014 RM'000
At Cost:-		
Finished goods	114	841
Recognised in profit or loss:-		
Inventories recognised as cost of sales	10,672	10,411
Amount written down to net realisable value	555	–

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16. TRADE RECEIVABLES

	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)
Trade receivables:-		
- Third parties	56,910	23,327
- Accrued revenue	33,830	36,662
	90,740	59,989
Allowance for impairment losses	(5,459)	(5,290)
	85,281	54,699

	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)
Allowance for impairment losses:-		
At 1 June	(5,290)	(4,670)
Arising from acquisition of subsidiaries	–	(917)
Addition during the financial year	(302)	(523)
Written back during the financial year	133	52
Written off during the financial year	–	768
At 31 May	(5,459)	(5,290)

The Group's normal trade credit terms range from 30 to 90 (2014 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)	The Company 2015 RM'000	The Company 2014 RM'000 (Restated)
Current		16,378	13,310	85,365	27,738
Non-current		–	1,346	–	1,346
		16,378	14,656	85,365	29,084
Represented by:-					
Other receivables:-					
- Third parties	17(a)	22,321	24,398	20,856	20,414
- Associate	17(b)	2,048	2,023	2,048	2,023
- Subsidiaries	17(c)	–	–	81,199	25,363
		24,369	26,421	104,103	47,800
Deposits		1,749	1,606	14	–
Prepayments		3,464	2,354	30	37
Sundry receivables	17(d)	5,781	3,231	–	–
		35,363	33,612	104,147	47,837

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

		The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Allowance for impairment losses:-					
At 1 June		(18,956)	(4,512)	(18,753)	(3,781)
Addition during the financial year		(29)	(14,972)	(29)	(14,972)
Written back during the financial year		–	528	–	–
At 31 May	17(e)	(18,985)	(18,956)	(18,782)	(18,753)
Net carrying amount		16,378	14,656	85,365	29,084

(a)

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Current	3,668	4,399	2,203	415
Non-current	18,653	19,999	18,653	19,999
	22,321	24,398	20,856	20,414

(b) The amount owing by an associate is non-trade in nature, interest-free, unsecured and repayable on demand.

(c) The amount owing by subsidiaries is non-trade in nature, interest-free, unsecured and repayable on demand.

(d) Included in sundry receivables were advances for purchases amounting to approximately RM5,781,000 (2014 - RM3,231,000) paid to certain suppliers.

(e)

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Current	(332)	(303)	(129)	(100)
Non-current	(18,653)	(18,653)	(18,653)	(18,653)
	(18,985)	(18,956)	(18,782)	(18,753)

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18. DEPOSITS WITH LICENSED BANKS

(a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.90% to 3.30% (2014 - 2.70% to 3.15%) per annum. The deposits have maturity periods ranging from 30 to 365 days (2014 - 30 to 365 days).

(b) The deposits with licensed banks of the Group at the end of the reporting period, amounted to approximately RM36,778,000 (2014 - RM17,023,000) have been pledged to licensed banks as security for banking facilities granted to the Group.

19. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Group and Company are as follows:-

	The Group/The Company			
	2015	2014	2015	2014
	Number Of Shares ('000)		RM'000	RM'000
Authorised				
Ordinary shares of RM0.10 each	1,000,000	1,000,000	100,000	100,000
Issued And Fully Paid-up				
Ordinary shares of RM0.10 each				
At 1 June	508,223	482,979	50,822	48,298
Issuance of shares pursuant to conversion of ICULS	59,046	12,595	5,905	1,259
Issuance of shares pursuant to exercise of warrants	155,378	5,604	15,538	560
New shares issued under the employees' share option scheme	29,919	7,045	2,992	705
At 31 May	752,566	508,223	75,257	50,822

20. TREASURY SHARES

During the financial year, the Company repurchased a total of 963,300 of its issued ordinary shares from the open market for RM685,060 including transaction costs. The average price paid for the shares repurchased was approximately RM0.71 per share. The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from equity.

Of the total 752,566,072 (2014 - 508,223,265) issued and fully paid-up ordinary shares as at the end of the reporting period, 3,597,800 (2014 - 2,634,500) ordinary shares are held as treasury shares by the Company amounting to RM2,426,438 (2014 - RM1,741,378).

Details of the shares repurchased and retained as treasury shares were as follows:-

Month	No. of shares bought back	Highest price per share RM	Lowest price per share RM	Average price per share RM	Total consideration RM
August 2013	10,000	0.79	0.79	0.80	7,958
November 2013	65,000	0.70	0.70	0.71	45,858
December 2013	1,245,000	0.68	0.67	0.67	840,190
January 2014	1,199,500	0.66	0.63	0.65	775,455
February 2014	114,000	0.62	0.61	0.62	71,117
April 2014	1,000	0.76	0.76	0.80	800
November 2014	192,500	0.73	0.73	0.73	141,254
December 2014	770,800	0.72	0.68	0.71	543,806
	3,597,800				2,426,438

21. RESERVES

	Note	The Group 2015 RM'000	The Group 2014 RM'000 (Restated)	The Company 2015 RM'000	The Company 2014 RM'000 (Restated)
Share premium	21(a)	69,336	16,767	69,336	16,767
Foreign currency translation reserve	21(b)	3,488	(680)	–	–
Revaluation reserve	21(c)	418	418	–	–
Warrants reserve	21(d)	–	18,663	–	18,663
Irredeemable convertible Unsecured loan stocks	21(e)	2,545	8,438	2,545	8,438
Employees' share option reserve	21(f)	707	3,369	707	3,369
Retained profits/ (Accumulated losses)		24,796	15,782	2,198	(6,182)
		101,290	62,757	74,786	41,055

21. RESERVES (CONT'D)

(a) Share Premium

The movements in the share premium of the Group and the Company are as follows:-

	The Group/The Company	
	2015 RM'000	2014 RM'000
At 1 June	16,767	11,765
Utilisation of share premium for the conversion of ICULS to ordinary shares	(12)	(1)
Ordinary shares issued pursuant to exercise of ESOS	10,784	1,508
Ordinary shares issued pursuant to exercise of warrants	41,797	1,507
Disposal of treasury shares	–	1,988
At 31 May	69,336	16,767

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

(c) Revaluation Reserve

The revaluation reserve arose from the revaluation of leasehold office lots when the leasehold office lots transferred from property, plant and equipment to investment properties. It is not distributable by way of dividends.

(d) Warrants Reserve

	The Group/The Company	
	2015 RM'000	2014 RM'000
At 1 June	18,663	19,331
Exercise of warrants	(18,490)	(668)
Expired warrants	(173)	–
At 31 May	–	18,663

Each warrant entitled the registered holder to subscribe for one new ordinary share in the Company at any time on or after 4 March 2010 up to the date of expiry on 4 March 2015, at an exercise price of RM0.25 per share or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the ACE Market of Bursa Malaysia Securities Berhad with effect from 4 March 2010.

155,377,551 warrants were exercised during the financial year ended 31 May 2015.

At the date of expiry, 1,460,583 warrants remain unexercised and expired.

21. RESERVES (CONT'D)

(d) Warrants Reserve (Cont'd)

The fair value of the warrants is estimated using the Trinomial American model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions were as follows:-

Valuation model	Trinomial
Exercise type	American
Tenure	5 years
5-day volume weighted average price of REDtone share at 29.12.2009	RM0.29
Conversion price	RM0.25
Volatility rate	29.817%
Period of volatility assessment	The average of the following market days: 29.12.2009; 30.09.2009,30.6.2009; 31.3.2009; and 31.12.2008

(e) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

	The Group/The Company	
	2015 RM'000	2014 RM'000
Equity		
At 1 June	8,438	9,696
Converted during the financial year	(5,893)	(1,258)
At 31 May	2,545	8,438

	The Group/The Company	
	2015 RM'000	2014 RM'000
Non-current liabilities		
At 1 June	2,424	3,128
Converted during the financial year	(1,530)	(416)
Amortisation charge during the financial year	(216)	(288)
At 31 May	678	2,424

The ICULS represent the unconverted portion of the original RM40,611,634 nominal value of 10-year 2.75% ICULS issued and allotted at 100% of the nominal value, net of deferred tax and the amount allocated to the warrant reserve.

The ICULS have a tenure of ten years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price applicable on the maturity date. The ICULS are convertible into fully paid ordinary shares of RM0.10 each at any time during the tenure of the ICULS from 4 March 2010 to the maturity date on 4 March 2020, at the rate of ten RM0.10 nominal amount of ICULS for four fully paid up ordinary shares of RM0.10 each in the Company.

21. RESERVES (CONT'D)

(e) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Cont'd)

Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all material respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares except that the newly converted ordinary shares shall not be entitled to any rights, allotments of dividends, and/or other distribution if the dividend entitlement date is on or before the relevant conversion date.

The interest on the ICULS is at the rate of 2.75% per annum on the nominal value of the ICULS commencing March 2010 and is payable annually in arrears on March each year.

(f) Employees' Share Option Reserve

The employees' share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 30 November 2010. The ESOS is to be in force for a period of 5 years effective from 14 January 2011. During the financial year, the expiry date of the ESOS has been revised from 13 January 2016 to 5 June 2015.

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least for a continuous 6 months (which shall include any probation period) before the date of the offer.

(ii) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 10%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

(iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

21. RESERVES (CONT'D)

(f) Employees' Share Option Reserve (Cont'd)

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price	At 1 June 2014 ('000)	Number Of Share Options over Ordinary Shares Of RM0.10 Each Granted* ('000)	Exercised ('000)	Forfeited ('000)	At 31 May 2015 ('000)
4 March 2011	RM0.165	6,400	–	(6,300)	(100)	–
11 August 2011	RM0.145	3,335	–	(3,280)	(55)	–
7 June 2012	RM0.220	120	–	(120)	–	–
5 July 2012	RM0.250	14,050	–	(12,043)	(712)	1,295
25 September 2012	RM0.300	180	–	(82)	(90)	8
21 February 2013	RM0.340	2,350	–	(1,165)	(185)	1,000
27 June 2013	RM0.610	1,000	–	–	(1,000)	–
2 September 2013	RM0.550	100	–	(100)	–	–
22 October 2013	RM0.630	100	–	(100)	–	–
9 January 2014	RM0.590	300	–	(300)	–	–
18 December 2014	RM0.630	–	7,000	(4,900)	–	2,100
18 February 2015	RM0.652	–	1,620	(1,530)	–	90
		27,935	8,620	(29,920)	(2,142)	4,493

* During the financial year, the Company granted 8,620,000 share options under the ESOS.

The fair values of the share options granted were estimated using an option model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	2015	2014	2013	2012
Fair value of share options at the grant date (RM)				
- 11 August 2011	N/A	N/A	N/A	0.1713
- 7 June 2012	N/A	N/A	0.1181	N/A
- 5 July 2012	N/A	N/A	0.1465	N/A
- 25 September 2012	N/A	N/A	0.1520	N/A
- 21 February 2013	N/A	N/A	0.1615	N/A
- 27 June 2013	N/A	0.2388	N/A	N/A
- 2 September 2013	N/A	0.2118	N/A	N/A
- 22 October 2013	N/A	0.2323	N/A	N/A
- 9 January 2014	N/A	0.1962	N/A	N/A
- 18 December 2014	0.1634	N/A	N/A	N/A
- 18 February 2015	0.1237	N/A	N/A	N/A
Share price (RM)	0.719 - 0.730	0.611 - 0.698	0.243 - 0.376	0.159 - 0.255
Exercise price (RM)	0.63 - 0.652	0.55 - 0.63	0.22 - 0.34	0.145 - 0.230
Expected volatility (%)	24.75 - 35.82	43.77 - 48.29	55.42 - 60.62	61.23 - 61.99
Expected life (years)	0.747 - 0.753	0.66 - 0.75	0.271 - 0.415	0.30 - 0.316
Risk free rate (%)	3.78 - 3.86	3.35 - 3.54	3.15 - 3.29	3.22 - 3.37
Expected dividend yield (%)	0 - 1.43	0 - 1.04	0	0

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22. FINANCE LEASE PAYABLES

	The Group	
	2015 RM'000	2014 RM'000
Future minimum lease payments:-		
- not later than one year	123	123
- later than one year and not later than five years	113	236
	236	359
Less: Future finance charges	(39)	(59)
Present value of finance lease payables	197	300
Current portion:-		
- not later than one year	111	103
Non-current portion:-		
- later than one year and not later than five years	86	197
	197	300

23. TERM LOANS

	The Group	
	2015 RM'000	2014 RM'000
Current portion:-		
- not later than one year	12,644	65
Non-current portion:-		
- later than one year and not later than two years	1,765	68
- later than two years and not later than five years	1,577	226
- later than five years	1,475	1,531
	4,817	1,825
	17,461	1,890

The term loans are secured by:-
(i) a first party legal charge over the Group's leasehold office lots as disclosed in Notes 8 and 9 to the financial statements;
(ii) a corporate guarantee provided by the Company; and
(iii) deposits with licensed banks as disclosed in Note 18 to the financial statements.

23. TERM LOANS (CONT'D)

The repayment terms of the term loans are as follows:-

Fixed loan 1 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM1,881, effective from June 2009.
Fixed loan 2 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM4,428, effective from June 2009.
Fixed loan 3 at effective interest rate 2.76% per annum	Repayable in full one year after the first drawing date effective from October 2014.
Fixed loan 4 at effective interest rate 7.85% per annum	Repayable in 36 monthly instalments of RM156,337, effective from March 2015.
Refinancing loan 1 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM1,538, effective from September 2009.
Refinancing loan 2 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM3,635, effective from September 2009.
Refinancing loan 3 at effective interest rate 5.20% per annum	Repayable in 240 monthly instalments of RM1,604, effective from September 2009.

24. DEFERRED INCOME

	The Group	
	2015 RM'000	2014 RM'000
At 1 June	6,194	6,450
Net addition/(utilisation) during the financial year	1,410	(256)
At 31 May	7,604	6,194

Deferred income consists of prepaid products sold to customers which are yet to be utilised and advance billings.

25. TRADE PAYABLES

	The Group	
	2015 RM'000	2014 RM'000
Third parties	15,418	23,601
Accrued purchase	3,500	10,695
	18,918	34,296

The normal trade credit term granted to the Group and the Company is 60 (2014 - 60) days. Other credit terms are assessed and approved on a case-by-case basis.

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26. OTHER PAYABLES AND ACCRUALS

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Other payables:-					
- Sundry payables	26(a)	14,899	8,697	91	43
- Subsidiaries	26(b)	–	–	26,799	24,217
		14,899	8,719	26,890	24,260
Provision for Universal Service Fund Contribution ("USOF")		5,841	6,513	–	–
Accruals		5,772	6,340	158	240
Deposits payable		1,572	1,328	–	–
		28,084	22,878	27,048	24,500

(a) Included in sundry payables is an amount of approximately RM6,871,000 (2014 - Nil) owing to non-controlling interests. The amount represents unsecured interest-free advances granted to the Group and is repayable on demand.

(b) The amount owing to subsidiaries represents unsecured interest-free advances granted to the Company. The amount is repayable on demand.

27. BANK OVERDRAFTS

The bank overdrafts of the Group bore effective interest rates ranging from 7.35% to 7.85% (2014 - 7.1%) per annum.

The bank overdrafts are secured by:-
(i) a Deed of Assignment executed by the Group;
(ii) assigning all the rights and titles, interests and benefits in respect of the properties with a total net book value of approximately RM6,004,000 (2014 – RM6,258,000) as disclosed in Notes 8 and 9 to the financial statements;
(iii) deposits with licensed banks as disclosed in Note 18 to the financial statements; and
(iv) a corporate guarantee provided by the Company.

28. REVENUE

	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Telecommunication services	82,245	70,678	–	–
Managed telecommunication network services	64,068	64,850	–	–
Managed solutions	3,268	5,520	–	–
Sale of telecommunication software, goods and installation charges	1,236	710	–	–
Dividend income	–	–	16,000	–
	150,817	141,758	16,000	–

29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of development costs	2,274	1,942	–	–
Audit fee:-				
- statutory audits	408	478	105	85
- other services	270	163	208	163
Bad debts written off	–	467	–	–
Depreciation of property, plant and equipment	5,562	5,861	–	–
Directors' remuneration:-				
- fees	786	455	786	455
- non–fee emoluments	2,055	1,282	72	39
Fair value loss/(gain) on investment properties	131	(136)	–	–
Gain on disposal of:-				
- subsidiaries	(3,275)	–	–	–
- associates	–	(5,000)	–	–
- property, plant and equipment	(2)	–	–	–
Loss/(Gain) on foreign exchange:–				
- realised	40	124	–	–
- unrealised	2,162	(50)	1,190	(80)
Impairment loss on:-				
- non-trade receivables	29	14,972	29	14,972
- trade receivables	302	523	–	–
Interest expense:-				
- bank overdraft	185	170	–	–
- bankers' acceptances	10	–	–	–
- finance lease	20	20	–	–
- ICULS	471	561	471	561
- term loans	364	95	–	–
Dividend income	–	–	(16,000)	–
Interest income from:-				
- deposits with licensed banks	(930)	(1,373)	(6)	(13)
- others	(155)	–	(155)	–
Development costs written off	648	–	–	–
Inventories written down	555	–	–	–
Inventories written off	–	176	–	–

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29. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
Property, plant and equipment written off	26	–	–	–
Rental of computer	172	187	–	–
Rental of office	1,665	894	–	–
Share-based payments	2,096	1,213	–	–
Staff costs:-				
- salaries, wages, bonuses and allowances	18,640	12,370	–	–
- defined contribution plan	2,300	1,573	–	–
- other benefits	1,837	2,839	–	–
Loss on remeasurement	–	(490)	–	–
Writeback on:-				
- impairment losses on trade receivables	(133)	(52)	–	–
- impairment losses on other receivables	–	(528)	–	–

30. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax:-				
- Malaysian tax	2,882	2,748	–	–
- Foreign tax	248	(293)	–	–
- Overprovision in the prior financial years	(404)	(175)	–	–
	2,726	2,280	–	–
Deferred tax (Note 10):-				
- Relating to originating and recognition of temporary differences	2,154	1,548	436	176
- (Over)/Underprovision in the previous financial year	(1,562)	302	–	–
	592	1,850	436	176
	3,318	4,130	436	176

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A subsidiary, REDtone MEX Sdn Bhd has been granted tax-exempt status under the Income Tax Act 1967 for a period of 10 years.

30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Profit/(Loss) before taxation	14,618	12,369	14,100	(15,781)
Tax at the statutory tax rate of 25%	3,654	3,092	3,525	(3,945)
Tax effects of:-				
Non-taxable income	(969)	(2,916)	(4,000)	–
Tax-exempt income	(380)	(74)	–	–
Non-deductible expenses	2,704	4,840	911	4,121
Deferred tax assets not recognised during the financial year	1,079	136	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(837)	(1,057)	–	–
Overprovision of current tax in the prior financial years	(404)	(175)	–	–
(Over)/Underprovision of deferred tax in the previous financial year	(1,562)	302	–	–
Differential tax rates	33	(18)	–	–
Income tax expense for the financial year	3,318	4,130	436	176

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

31. EARNINGS PER SHARE (SEN)

(a) Basic

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2015	2014 (Restated)
Profit attributable to owners of the Company (RM'000)	11,660	7,125
Total weighted average number of ordinary shares in issue ('000)	578,474	585,659
Basic earnings per share (Sen)	2.02	1.22

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31. EARNINGS PER SHARE (SEN) (CONT'D)

(b) Diluted

The calculation of diluted earnings per ordinary share at 31 May 2015 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	The Group	
	2015 RM'000	2014 RM'000 (Restated)
Profit attributable to owners of the Company	11,660	7,125

	The Group	
	2015 '000	2014 '000
Total weighted average number of ordinary shares in issue (basic)	578,474	585,659
Effect of exercise of warrants	–	101,069
Effect of share options in issue	1,612	18,163
Total weighted average number of ordinary shares in issue (diluted)	580,086	704,891

	The Group	
	2015	2014 (Restated)
Diluted earnings per share (Sen)	2.01	1.01

32. DISPOSAL OF SUBSIDIARIES

On July 2014, the Group entered into an agreement to dispose of its entire equity interest in Hongsheng, to Guotai Investment Holdings Limited for a total cash consideration of CNY28,000,000 (equivalent to approximately RM14,997,000). Consequently the Group ceased to control Hongsheng and its subsidiaries.

Details of the net assets of subsidiaries disposed of and the net cash flows from disposal of subsidiaries are as follows:-

	At Date of Disposal	
	Carrying Amount RM'000	**Fair Value Recognised RM'000**
Goodwill	1,762	1,762
Non-current assets	20	20
Current assets	10,099	10,099
Current liabilities	(159)	(159)
Fair value of net assets disposed of	11,722	11,722
Gain on disposal of subsidiaries		3,275
Proceeds from disposal		14,997
Less: Cash and cash equivalents of subsidiaries disposed of		(10,044)
Net cash inflow for disposal of subsidiaries		4,953

The effects of the disposal of the subsidiaries on the financial results of the Group for the financial year are as follows:-

	The Group 2015 RM'000
Revenue	12,544
Loss after taxation	(109)

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33. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired 28.17% equity interest in TH and its wholly-owned subsidiary, FC, for a total purchase consideration of CNY652,800 (equivalent to approximately RM386,000).

The fair values of the identifiable assets and liabilities of the abovementioned subsidiaries at the date of acquisition were:-

	At Date Of Acquisition	
	Carrying Amount RM'000	**Fair Value Recognised RM'000**
Property, plant and equipment	4,044	4,044
Cash and bank balances	4	4
Other receivables and prepayments	409	409
Other payables	(6,380)	(6,380)
Net identifiable liabilities	(1,923)	(1,923)
Less: Non-controlling interests		942
Add: Goodwill on acquisition		1,367
Total purchase consideration		386
Less: Cash and bank balances of subsidiaries acquired		(4)
Net cash outflow for acquisition of subsidiaries		382

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

The acquired subsidiaries have contributed the following results to the Group:-

	The Group 2015 RM'000
Revenue	–
Loss after taxation	(1,018)

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation would have been approximately RM150,817,000 and RM8,799,000 respectively.

In the previous financial year, the Group completed the following acquisitions:-

(a) On 29 July 2013, the Group entered into a Share Sale Agreement with TSM Global Berhad ("TSM") for the acquisition of the remaining 700,001 ordinary shares of RM1.00 each, representing 50% of the total paid up capital of Meridianotch Sdn Bhd from TSM for a total cash consideration of RM490,001. Consequently, Meridianotch Sdn Bhd became a subsidiary of the Group.

(b) On 28 January 2014, Shanghai Hongsheng Net Telecommunication Company Limited, an indirect subsidiary of the Company, acquired 56% equity interest in SXC for a purchase consideration of CNY1.5 million (equivalent to RM849,000) and advance of up to CNY3 million (equivalent to RM1,698,000) as working capital, when necessary.

33. ACQUISITION OF SUBSIDIARIES (CONT'D)

In the previous financial year, the Group completed the following acquisitions:- (Cont'd)

The fair values of the identifiable assets and liabilities of the abovementioned subsidiaries at the date of acquisition were as follows:-

	At Date Of Acquisition Carrying Amount RM'000	Fair Value Recognised RM'000
Equipment	2,915	2,915
Intangible asset	–	24,670
Development cost	1,434	1,516
Trade and other receivables	796	796
Cash and cash equivalents	(101)	(101)
Trade and other payables	(27,057)	(27,057)
Deferred income	(245)	(245)
Loss on remeasurement	–	(490)
Non-controlling interests	–	(667)
Net identifiable liabilities and assets	(22,258)	1,337
Add: Goodwill on acquisition		2
Total purchase consideration		1,339
Add: Cash and cash equivalents of subsidiaries acquired		101
Net cash outflow for acquisition of subsidiaries		1,440

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

The acquired subsidiaries have contributed the following results to the Group:-

	The Group 2014 RM'000
Revenue	5,179
Profit after taxation	3,213

If the acquisition had taken place at the beginning of the previous financial year, the Group's revenue and profit after taxation would have been approximately RM143,133,000 and RM7,659,000 respectively.

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34. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Deposits with licensed banks	41,139	25,054	382	–
Cash and bank balances	23,010	12,652	14	54
Bank overdrafts	(5,158)	(1,636)	–	–
	58,991	36,070	396	54
Less: Deposits pledged to licensed banks	(36,778)	(17,023)	–	–
	22,213	19,047	396	54

The Renminbi is not freely convertible into foreign currencies. Under The People's Republic of China Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

35. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and other emoluments	2,055	1,282	72	39
Non-executive directors:-				
- fee	786	455	786	455
	2,841	1,737	858	494

35. DIRECTORS' REMUNERATION (CONT'D)

(b) Details of directors' emoluments of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	The Group		The Company	
	2015	2014	2015	2014
Executive directors:-				
RM200,001 - RM250,000	1	1	–	–
Above RM300,000	2	2	–	–
Non-executive directors:-				
Below RM50,000	3	3	3	3
Above RM50,000	4	2	4	2
	10	8	7	5

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend income receivable from a subsidiary	–	–	16,000	-
Key management personnel compensation (exclude directors' remuneration):- - short-term employee benefits	1,062	844	–	-

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37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The primary segment reporting format is determined to be geographical segment as the Group's risks and rates of return are affected predominantly by the differences in the countries operated.

As the Group operates primarily in the telecommunication business segment, no segment information is prepared in respect of business segments.

Geographical Information

	Malaysia RM'000	The People's Republic of China RM'000	Other Countries RM'000	The Group RM'000 (Restated)
2015				
Revenue				
External revenue	122,036	28,779	2	150,817
Inter-segment revenue	24,792	–	–	24,792
	146,828	28,779	2	175,609
Adjustments and eliminations				(24,792)
Consolidated revenue				150,817
Interest income	802	283	–	1,085
Other material items of income	2,771	3,393	–	6,164
Depreciation of property, plant and equipment	(4,624)	(938)	–	(5,562)
Other material items of expenses	(97,221)	(30,753)	(51)	(128,025)
Other non-cash expenses	(7,394)	(1,097)	(2)	(8,493)
				15,986
Finance costs				(1,368)
Income tax expense				(3,318)
Consolidated profit after taxation				11,300

37. OPERATING SEGMENTS (CONT'D)

Geographical Information (Cont'd)

	Malaysia RM'000	The People's Republic of China RM'000	Other Countries RM'000	The Group RM'000
2015				
Assets				
Segment assets	214,607	49,641	21	264,269
Tax recoverable				2,469
Deferred tax assets				1,424
Consolidated total assets				268,162
Liabilities				
Segment liabilities	61,237	16,837	26	78,100
Deferred tax liabilities				867
Provision for taxation				3,398
Consolidated total liabilities				82,365
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	3,167	6,594	–	9,761
- intangible assets	10,435	–	–	10,435
- development costs	1,867	591	–	2,458
Amortisation of development costs	1,177	1,097	–	2,274

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37. OPERATING SEGMENTS (CONT'D)

Geographical Information (Cont'd)

	Malaysia RM'000 (Restated)	The People's Republic of China RM'000	Other Countries RM'000	The Group RM'000 (Restated)
2014				
Revenue				
External revenue	121,463	19,988	307	141,758
Inter-segment revenue	23,960	–	–	23,960
	145,423	19,988	307	165,718
Adjustments and eliminations				(23,960)
Consolidated revenue				141,758
Interest income	577	–	796	1,373
Other material items of income	8,030	–	5	8,035
Depreciation of property, plant and equipment	(4,573)	–	(1,288)	(5,861)
Other material items of expenses	(97,515)	(46)	(14,914)	(112,475)
Other non-cash expenses	(18,518)	–	(904)	(19,422)
				13,408
Finance costs				(1,039)
Income tax expense				(4,130)
Consolidated profit after taxation				8,239

37. OPERATING SEGMENTS (CONT'D)

Geographical Information (Cont'd)

	Malaysia RM'000 (Restated)	The People's Republic of China RM'000	Other Countries RM'000	The Group RM'000 (Restated)
2014				
Assets				
Segment assets	148,254	44,151	133	192,538
Tax recoverable				530
Deferred tax assets				1,631
Consolidated total assets				194,699
Liabilities				
Segment liabilities	55,170	14,039	409	69,618
Deferred tax liabilities				482
Provision for taxation				2,757
Consolidated total liabilities				72,857
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	2,905	–	740	3,645
- intangible assets	10,440	–	–	10,440
- development costs	1,680	–	260	1,940
Amortisation of development costs	1,496	–	446	1,942

Major Customer

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounts to approximately RM36,179,000 (2014 – RM44,345,000) arising from sales by the Malaysia segment.

38. CAPITAL COMMITMENTS

	The Group 2015 RM'000	2014 RM'000
Approved and contracted for:-		
Purchase of property, plant and equipment	11,684	184
Purchase of intangible assets	–	10,210
	11,684	10,394

39. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group 2015 RM'000	2014 RM'000
Not more than one year	191	110
Later than one year and not later than five years	85	32
	276	142

40. CONTINGENT LIABILITY

	The Group 2015 RM'000	2014 RM'000
Corporate guarantees given by subsidiaries to third parties	24,092	13,927

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

The Group	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2015						
Financial assets						
Other investments	–	–	–	–	50	50
Trade receivables	63	–	15	3,029	82,174	85,281
Other receivables and deposits	152	–	2	238	12,522	12,914
Deposits with licensed banks	–	–	–	15,631	25,508	41,139
Cash and bank balances	2,992	26	8	2,705	17,279	23,010
	3,207	26	25	21,603	137,533	162,394

The Group	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	Chinese Renminbi RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial liabilities							
Finance lease payables	–	–	–	–	–	197	197
Term loans	11,009	–	–	–	–	6,452	17,461
Trade payables	559	1	211	2,789	1	15,357	18,918
Other payables and accruals	305	28	41	9,931	–	17,779	28,084
Bank overdrafts	–	–	–	–	–	5,158	5,158
	11,873	29	252	12,720	1	44,943	69,818
Net financial (liabilities)/assets	(8,666)	(3)	(227)	8,883	(1)	92,590	92,576
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	6	2	17	(8,883)	–	(92,590)	(101,448)
Currency exposure	(8,660)	(1)	(210)	–	(1)	–	(8,872)

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41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

The Group	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000 (Restated)
2014						
Financial assets						
Other investments	–	–	–	–	58	58
Trade receivables	–	–	14	9,326	45,359	54,699
Other receivables and deposits	211	11	142	2,691	9,247	12,302
Deposits with licensed banks	–	–	–	8,030	17,024	25,054
Cash and bank balances	47	91	8	6,913	5,593	12,652
	258	102	164	26,960	77,281	104,765
Financial liabilities						
Finance lease payables	–	–	–	–	300	300
Term loans	–	–	–	–	1,890	1,890
Trade payables	492	67	88	9,040	24,609	34,296
Other payables and accruals	189	295	20	1,484	20,890	22,878
Bank overdraft	–	–	–	–	1,636	1,636
	681	362	108	10,524	49,325	61,000
Net financial (liabilities)/assets	(423)	(260)	56	16,436	27,956	43,765
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	427	260	71	(16,436)	(27,956)	(43,634)
Currency exposure	4	–	127	–	–	131

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015 Increase/ (Decrease) RM	**2014 Increase/ (Decrease) RM**
Effects On Profit After Taxation		
United States Dollar:-		
USD/RM – strengthened by 5%	(325)	–
– weakened by 5%	325	–
Effects On Equity		
United States Dollar:-		
USD/RM – strengthened by 5%	(325)	–
– weakened by 5%	325	–

A 5% strengthening or weakening for other currencies would have had immaterial effect on the profit after taxation and equity of the Group. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 41(a)(iii) to the financial statements.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015 Increase/ (Decrease) RM	**2014 Increase/ (Decrease) RM**
Effects On Profit After Taxation		
Increase of 100 basis points (bp)	(170)	(26)
Decrease of 100 bp	170	26
Effects On Equity		
Increase of 100 bp	(170)	(26)
Decrease of 100 bp	170	26

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, it is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2014 - 2) customers which constituted approximately 39% (2014 - 58%) of its trade receivables at the end of the reporting period.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2015 RM'000	**2014 RM'000 (Restated)**
China	3,029	9,326
Malaysia	82,252	45,373
	85,281	54,699

Ageing analysis

The ageing analysis of the Group's trade receivables is as follows:-

The Group	**Gross Amount RM'000**	**Individual Impairment RM'000**	**Collective Impairment RM'000**	**Carrying Value RM'000**
2015				
Not past due	50,463	–	–	50,463
Past due:-				
- less than 3 months	9,835	–	–	9,835
- 3 to 6 months	13,339	–	–	13,339
- over 6 months	17,103	(4,765)	(694)	11,644
	90,740	(4,765)	(694)	85,281

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

The Group	Gross Amount RM'000 (Restated)	Individual Impairment RM'000 (Restated)	Collective Impairment RM'000	Carrying Value RM'000 (Restated)
2014				
Not past due	45,676	–	–	45,676
Past due:-				
- less than 3 months	3,483	–	–	3,483
- 3 to 6 months	4,372	–	–	4,372
- over 6 months	6,458	(5,160)	(130)	1,168
	59,989	(5,160)	(130)	54,699

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2015						
Finance lease payables	7.20	197	236	123	113	–
Term loans	4.36	17,461	19,058	13,172	3,907	1,979
Trade payables	–	18,918	18,918	18,918	–	–
Other payables and accruals	–	28,084	28,084	28,084	–	–
Bank overdrafts	7.38	5,158	5,158	5,158	–	–
		69,818	71,454	65,455	4,020	1,979
2014						
Finance lease payables	7.20	300	359	123	236	–
Term loans	4.95	1,890	2,841	157	628	2,056
Trade payables	–	34,296	34,296	34,296	–	–
Other payables and accruals	–	22,878	22,878	22,878	–	–
Bank overdraft	7.10	1,636	1,636	1,636	–	–
		61,000	62,010	59,090	864	2,056
The Company						
2015						
Other payables and accruals	–	27,048	27,048	27,048	–	–
2014						
Other payables and accruals	–	24,500	24,500	24,500	–	–

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41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net borrowings from financial institutions divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Financial assets				
Available-for-sale financial assets				
Other investments	50	58	–	–
Loans and receivables financial assets				
Trade receivables	85,281	54,699	–	–
Other receivables and deposits	12,914	12,302	85,335	29,047
Deposits with licensed banks	41,139	25,054	382	–
Cash and bank balances	23,010	12,652	14	54
	162,344	104,707	85,731	29,101
Financial liabilities				
Other financial liabilities				
Finance lease payables	197	300	–	–
Term loans	17,461	1,890	–	–
Trade payables	18,918	34,296	–	–
Other payables and accruals	28,084	22,878	27,048	24,500
Bank overdrafts	5,158	1,636	–	–
	69,818	61,000	27,048	24,500

41. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2015								
Financial Asset								
Other investments:-								
– unquoted shares	–	–	–	–	–	#	#	50
Financial Liabilities								
Finance lease payables	–	–	–	–	236	–	236	197
Term loans	–	–	–	–	17,461	–	17,461	17,461
2014								
Financial Asset								
Other investments:-								
– unquoted shares	–	–	–	–	–	#	#	58
Financial Liabilities								
Finance lease payables	–	–	–	–	323	–	323	300
Term loans	–	–	–	–	1,890	–	1,890	1,890

The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

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42. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The significant events during the financial year are as follows:-

(a) On 25 July 2014, the Group entered into a Share Sale Agreement with Guotai Investment Holdings Limited Holdings Limited ("GUOTAI") for the divestment of Hongsheng for a total cash consideration of CNY28 million (equivalent to approximately RM14.997 million) for the purpose of GUOTAI acquiring the third party payment licence held by Hongsheng's wholly-owned subsidiary, QBA.

(b) On 11 September 2014, the Group acquired 28.17% equity interest in TH and its subsidiary, FC, for a total purchase consideration of CNY652,800 (equivalent to approximately RM386,000).

(c) On 22 September 2014, the Company announced that its indirect subsidiary, RTCC, had via its wholly-owned subsidiary, Shanghai Huitong Telecommunications Co. Ltd. ("Shanghai Huitong"), subscribed for the equity interests in the following new subsidiaries incorporated in The People's Republic of China:-

   (i) subscription of 49.8% equity interest in Shanghai YuZhong Financial Information Service Co., Ltd. for CNY398,400 on 11 September 2014; and
   (ii) subscription of 20% equity interest in Shanghai YuGuang Automobile Inspection Technology Co., Ltd for CNY200,000 on 11 September 2014.

(d) REDtone International Berhad had on 11 November 2014 incorporated a new subsidiary by subscribing for a 90% equity interest comprising 90 ordinary shares of RM1.00 each in REDtone IOT Sdn. Bhd. for a cash consideration of RM90.00.

(e) REDtone Marketing Sdn Bhd had on 9 December 2014 received the Letter of Award from the Malaysian Communications and Multimedia Commission ("MCMC") to build, operate and maintain radio access network ("RAN") infrastructure in rural areas in Sarawak and Johor as part of MCMC's Time 3 Extension Programme.

(f) On 4 March 2015, the Company's 2010/2015 Warrants expired and was delisted on 5 March 2015.

(g) On 8 May 2015, Berjaya Corporation Berhad holds in aggregate more than 50% of the voting shares of the Company. Consequently the Company is deemed a subsidiary of Berjaya Corporation Berhad with effect from 8 May 2015.

43. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as follows:-

(a) On 31 July 2015, the Company announced that its wholly-owned subsidiary, REDtone Telecommunications Sdn Bhd ("RTC") had provided financial assistance to Sprintz Designs Sdn Bhd ("Sprintz"), a third party main contractor of RTC in the form of guarantee to facilitate the bank guarantee provided for Sprintz in conjunction with the projects undertaken by Sprintz and RTC in the ordinary course of business of the Group amounting to RM1.4 million.

(b) On 7 August 2015, the Company announced that the financial year end of the REDtone Group had been changed to 30 April 2016 to coincide with the financial year end of its ultimate holding company, Berjaya Corporation Berhad and the next audited financial statements shall be for a period of eleven (11) months, made up from 1 June 2015 to 30 April 2016.

44. PRIOR YEAR ADJUSTMENT

A prior adjustment has been made in relation to the collectability of a third party debt because the directors had erred in their assessment in the financial year ended 31 May 2014. The trade receivables and other receivables have been restated due to this impairment of the long outstanding debt owing by the third party which amounted to RM15,049,000 for the Group and RM14,872,000 for the Company. The impairment represents a correction of an error made in the financial statements for the financial year ended 31 May 2014. The assessment of the error was made to determine the earliest practicable period and quantum of adjustment of each period, from which the adjustment was made for the financial year ended 31 May 2014. The amounts to be adjusted for the financial year ended 31 May 2012 and 31 May 2013 were not significant to the Group and the Company.

The financial impacts on the prior year adjustment are as below:-

	As Previously Reported RM'000	Reclassi-fication Of Account RM'000	Effect of Prior Year Adjustment RM'000	As Restated RM'000
The Group				
Statement of Financial Position (Extract):-				
Non-Current Assets				
- Other receivables	16,960	(742)	(14,872)	1,346
Current Assets				
- Trade receivables	54,134	742	(177)	54,699
Equity				
- Reserves	77,806	–	(15,049)	62,757
Statement of Profit or Loss and Other Comprehensive Income (Extract):-				
- General and administrative expenses	(40,279)	–	(15,049)	(55,328)
- Profit before taxation	27,418	–	(15,049)	12,369
- Profit after taxation				
- Owners of the Company	22,174	–	(15,049)	7,125
- Total comprehensive income				
- Owners of the Company	22,921	–	(15,049)	7,872
Consolidated Statements of Cash Flows (Extract):-				
- Profit before taxation	27,418	–	(15,049)	12,369
- Impairment loss on:				
- non-trade receivables	100	–	14,872	14,972
- trade receivables	346	–	177	523

Notes to the Financial Statements
for the financial year ended 31 May 2015

44. PRIOR YEAR ADJUSTMENT (CONT'D)

The financial impacts on the prior year adjustment are as below:- (Cont'd)

	As Previously Reported RM'000	Effect of Prior Year Adjustment RM'000	As Restated RM'000
The Company			
Statement of Financial Position (Extract):-			
Non-Current Assets			
- Other receivables	16,218	(14,872)	1,346
Equity			
- Reserves	55,927	(14,872)	41,055
Statement of Profit or Loss and Other Comprehensive Income (Extract):-			
- General and administrative expenses	(1,065)	(14,872)	(15,937)
- Loss before taxation	(909)	(14,872)	(15,781)
- Loss after taxation			
- Owners of the Company	(1,085)	(14,872)	(15,957)
- Total comprehensive expenses			
- Owners of the Company	(1,085)	(14,872)	(15,957)
Consolidated Statements of Cash Flows (Extract):-			
- Loss before taxation	(909)	(14,872)	(15,781)
- Impairment loss on:			
- non-trade receivables	100	14,872	14,972

45. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

Consolidated Statements of Cash Flows (Extract):-	As Restated RM'000	As Previously Reported RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Decrease in pledged deposits	14,490	6,459
NET CASH FROM/(FOR) INVESTING ACTIVITIES	3,398	(4,633)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,944	8,913
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19,047	11,016

46. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
Total retained profits/(accumulated losses) of the Company and its subsidiaries:-				
- realised	42,825	40,729	3,388	(6,182)
- unrealised	(1,179)	(5,116)	(1,190)	–
	41,646	35,613	2,198	(6,182)
Total share of accumulated losses of associates:-				
- realised	–	–	–	–
	41,646	35,613	2,198	(6,182)
Less: Consolidation adjustments	(16,850)	(19,831)	–	–
	24,796	15,782	2,198	(6,182)

LIST OF PROPERTIES

Beneficial owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Fair Value as at 31 May 2015	Date of Valuation/ Effective Year of Purchase
RTC/ Unit No: T18/6F/BC6A (12), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 89.37 square meters	Leasehold 99 years expiring on 22.11.2094	17	RM 115,060.38	N/A/ 10 Feb 1999
RTC/ Unit No: T19/6F/BC6B (13), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 93.92 square meters	Leasehold 99 years expiring on 22.11.2094	17	RM 120,920.93	N/A/ 10 Feb 1999
RTC/ Unit No: T27/6F/BC6C (14), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 113.90 square meters	Leasehold 99 years expiring on 22.11.2094	17	RM 146,639.30	N/A/ 10 Feb 1999
RTC/ Unit No: T32/6F/BC7A (16), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 116.78 square meters	Leasehold 99 years expiring on 22.11.2094	17	RM 149,029.40	N/A/ 10 Feb 1999
RTC/ Unit No: 26 Storey: 2nd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 136.29 square meters	Freehold	18	RM 296,457.12	N/A/ 1 Mar 2005

List of Properties

Beneficial owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Fair Value as at 31 May 2014	Date of Valuation/ Effective Year of Purchase
RTC/ Unit No: 27 Storey: 2nd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 321.63 square meters	Freehold	18	RM 870,000	30 April 2009/ 1 Mar 2005
RTC/ Unit No: 26 & 27 Storey: 3rd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 457.92 square meters	Freehold	18	RM 1,209,345.67	N/A/ 16 Feb 2009
RTC/ Unit No: 23 Storey: 4th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 119.66 square meters	Freehold	18	RM 228,139.08	N/A/ 28 Mar 2005
RTC/ Unit No: 24 Storey: 4th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 145.49 square meters	Freehold	18	RM 287,010	N/A/ 21 Jun 2005
RTC/ Unit No: 24, 25, 26, 27, 28, 29 & 30 Storey: 5th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 1,143 square meters	Freehold	18	RM 2,037,619.50	N/A/ 29 Mar 2004
RTC/ Unit No: 28 Storey: 6th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 142.14 square meters	Freehold	18	RM 287,721.83	N/A/ 7 July 2005

ANALYSIS OF SHAREHOLDINGS

as at 30 September 2015

Authorised share capital	:	RM100,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up share capital	:	RM 75,329,671.20 (excluding 3,940,800 Treasury Shares of RM0.10 each)
Class of Shares	:	Ordinary shares of RM0.10 each
Voting rights	:	One (1) vote per ordinary share

Size of shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Issued Capital
1 – 99 shares	152	3.499	6,345	0.001
100 – 1,000 shares	292	6.722	167,661	0.022
1,001 – 10,000 shares	2,200	50.645	12,229,675	1.623
10,001 – 100,000 shares	1,398	32.182	48,253,132	6.406
100,001 – 37,664,834 shares	300	6.906	217,026,987	28.810
37,664,835 and above of shares	2	0.046	475,612,912	63.138
TOTAL	4,344	100.000	753,296,712#	100.000

less 3,940,800 shares bought back and retained as Treasury Shares

THIRTY (30) LARGEST SHAREHOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	% of Issued Capital
1	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Juara Sejati Sdn. Bhd.	341,612,912	45.349
2	DYMM Sultan Ibrahim Johor	134,000,000	17.788
3	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	36,800,000	4.885
4	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wei Chuan Beng	14,500,000	1.924
5	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wei Chuan Beng	9,890,000	1.312
6	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Phang Miow Sin	7,760,000	1.030
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Vincent Tan Chee Yioun	7,000,000	0.929
8	Lim Gaik Bway @ Lim Chiew Ah	6,308,200	0.837
9	Prime Credit Leasing Sdn. Bhd.	5,400,000	0.716
10	Lau Bik Soon	3,710,360	0.492

Analysis of Shareholdings
as at 30 September 2015

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	% of Issued Capital
11	Tan Siew Li	3,057,000	0.405
12	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Juara Sejati Sdn Bhd	3,000,000	0.398
13	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Pacific Pearl Fund	2,921,300	0.387
14	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Lean Pang	2,805,900	0.372
15	Tiew Ming Ching	2,562,341	0.340
16	Universal Trustee (Malaysia) Berhad Pacific Premier Fund	2,402,500	0.318
17	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Prabodh Kumar A/L Kantilal H Sheth	2,300,000	0.305
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Wee Mian	2,246,800	0.298
19	Ng Hui Nooi	2,240,080	0.297
20	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd	2,216,100	0.294
21	RHB Nominees (Asing) Sdn Bhd Pledged Securities Account For Mao Hong	2,000,000	0.265
22	Ung Ching Erh	2,000,000	0.265
23	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account Phang Miow Sin	1,800,700	0.239
24	Maybank Nominees (Tempatan) Sdn Bhd Yaw Chee Hou	1,702,500	0.226
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Siew Eng @ Ong Chai	1,654,800	0.219
26	Pang Chee Min	1,620,000	0.215
27	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Ng Kam Loong	1,518,400	0.201
28	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tong Yun Mong	1,450,000	0.192
29	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account For Noble Plan Sdn Bhd	1,400,000	0.185
30	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For De Souza Jeremy Larry	1,350,000	0.179

Analysis of Shareholdings
as at 30 September 2015

SUBSTANTIAL SHAREHOLDERS

No	Name	No. of Shares Held			
		Direct	%	Indirect	%
1	Juara Sejati Sdn Bhd	344,612,912	45.74	42,200,000 [1]	5.60
2	Berjaya Group Berhad	–	–	386,812,912 [2]	51.34
3	Berjaya Corporation Berhad	–	–	386,812,912 [3]	51.34
4	Tan Sri Dato' Seri Vincent Tan Chee Yioun	7,000,000	0.92	386,812,912 [4]	51.34
5	DYMM Sultan Ibrahim Johor	134,000,000	17.79	–	–

Notes:

1. *Deemed interested by virtue of its interests in Berjaya Land Berhad, which has indirect interests in Berjaya Philippines Inc., and Berjaya Capital Berhad, which has direct interest in Prime Credit Leasing.*
2. *Deemed interested by virtue of its interests in Juara Sejati Sdn Bhd.*
3. *Deemed interested by virtue of its interest in Berjaya Group Berhad.*
4. *Deemed interested by virtue of his interest in Berjaya Corporation Berhad.*

ANALYSIS OF 2.75% 10-YEAR IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2010/2020 (ICULS) HOLDINGS

as at 30 September 2015

Nominal Amount of ICULS	:	RM6,304,094.40
Conversion Price	:	RM0.25 per ordinary share of RM0.10 each
Conversion Period	:	4 March 2010 to 4 March 2020
Redeemability	:	Not redeemable for cash. All outstanding ICULS will be mandatorily converted into new ordinary shares of RM0.10 each on the Maturity Date at the Conversion Price
Coupon Rate	:	2.75% per annum calculated on the nominal value of the ICULS payable annually in arrears during the 10 years on the ICULS remaining outstanding. The last coupon payment shall be made on the Maturity Date.
ICULS converted during the year ended 31 May 2015	:	147,614,391

Size of ICULS holdings	No. of ICULS Holders	% of Total ICULS Holders	No. of ICULS	% of ICULS
1 – 99 ICULS	23	3.305	1,009	0.002
100 – 1,000 ICULS	27	3.879	12,235	0.019
1,001 – 10,000 ICULS	329	47.270	1,793,550	2.845
10,001 – 100,000 ICULS	285	40.948	9,134,600	14.490
100,001 – 3,152,046 ICULS	30	4.310	6,970,100	11.056
3,152,047 and above of ICULS	2	0.288	45,129,450	71.588
TOTAL	696	100.00	63,040,944	100.00

THIRTY (30) LARGEST ICULS HOLDERS
(As per Record of Depositors)

No.	Name	No. of ICULS Held	% of ICULS
1	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	40,330,000	63.974
2	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Juara Sejati Sdn. Bhd.	4,799,450	7.613
3	Lim Gaik Bway @ Lim Chiew Ah	1,611,900	2.556
4	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Wong King Hu	346,000	0.548
5	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Janice Low Su-Lyn	300,000	0.475
6	Cheong Kai Kee	300,000	0.475
7	K.B. Loh Sdn Bhd	300,000	0.475
8	T C Holdings Sendirian Berhad	300,000	0.475
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wei Chuan Beng	283,000	0.448
10	Tan Ah Weng @ Tang Ah Bah	250,000	0.396

ANALYSIS OF 2.75% 10-YEAR IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2010/2020 (ICULS) HOLDINGS

as at 30 September 2015

THIRTY (30) LARGEST ICULS HOLDERS

(As per Record of Depositors)

No.	Name	No. of ICULS Held	% of ICULS
11	Peh Sew Chong	233,700	0.370
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Thean Shiang	200,000	0.317
13	Soh Kan Tee	200,000	0.317
14	Trans Pacific Corporation Sdn Bhd	180,000	0.285
15	Chai Ai Li	160,000	0.253
16	Woon Wee Juang	160,000	0.253
17	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Khong See	155,200	0.246
18	Wang Jianping	153,750	0.243
19	Lim Jit Hai	152,500	0.241
20	Yong Kim Meng	152,250	0.241
21	CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd	150,000	0.237
22	Lim Thiam Wan	150,000	0.237
23	Loh Chun Lin	150,000	0.237
24	Tan Soon Leong	150,000	0.237
25	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Peng @ Lim Pang Tun	135,400	0.214
26	Wei Hui Kim	133,500	0.211
27	Nor Zakiah Au Binti Abdullah	130,000	0.206
28	Heng Ding Ding	112,500	0.178
29	Chua Yok Wan	110,000	0.174
30	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Belinda Wong Kah Hung	109,700	0.174

ANNEXURE A

Crowe Horwath

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

Our Ref: AUD002.15(11)-retire/LKW/CSU4/RLKL/OSY/cynthia

25 September 2015

The Board of Directors
REDtone International Berhad
Suite 22-30, 5th Floor
IOI Business Park
47100 Puchong

Private & Confidential

Dear Sirs/Madam

Re: Retirement as the Auditors of REDtone International Berhad Group of Companies

We refer to the above matter.

We write to advise that we will not seek for re-appointment as the auditors of the companies as per Appendix 1 at the forthcoming Annual General Meeting.

We wish to thank the Management and the Board for the co-operation and support during our tenure as your auditors.

Yours faithfully
Crowe Horwath AF 1018

Crowe Horwath Offices in Malaysia:
Kuala Lumpur • Klang • Penang • Johor Bharu • Melaka • Muar • Kuching • Sibu • Bintulu • Miri • Kota Kinabalu • Labuan

Annexure A

Crowe Horwath™

Appendix I

1. REDtone International Berhad (596364-U)
2. REDtone Telecommunications Sdn Bhd (378160-H)
3. REDtone Technology Sdn Bhd (413031-V)
4. REDtone Mytel Sdn Bhd (632786-M)
5. REDtone Marketing Sdn Bhd (526020-T)
6. REDtone MEX Sdn Bhd (1052697-U)
7. REDtone Data Centre Sdn Bhd (1054676-V)
8. REDtone IOT Sdn Bhd (1117341-V)
9. Meridianotch Sdn Bhd (725479-A)
10. SEA Telco Engineering Services Sdn Bhd (593355-A)
11. REDtone Network Sdn Bhd (524762-X)

REDtone

REDTONE INTERNATIONAL BERHAD
(Company No. 596364-U)
(Incorporated in Malaysia)

CDS Account No.

No. of Shares held

FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

I/We .... Tel No..
(FULL NAME IN BLOCK LETTERS & NRIC NO. & TELEPHONE NO.)

of ....
(FULL ADDRESS)

being a member of **REDtone International Berhad** ("the Company"), hereby appoint ....

....
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

of ....
(FULL ADDRESS)

or failing him/her ....
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

of ....
(FULL ADDRESS)

as my/our proxy to attend and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 19 November 2015 at 10.00 a.m. and at any adjournment thereof:

ORDINARY RESOLUTION		FOR	AGAINST
1.	Payment of Final Dividend.		
2.	Payment of Directors' fees.		
3.	Re-election of Dato' Wei Chuan Beng as Director.		
4.	Re-election of Mathew Thomas A/L Vargis Mathews as Director.		
5.	Re-election of Dato' Mohd Zaini Bin Hassan as Director.		
6.	Re-election of Datuk Lye Ek Seang as Director.		
7.	Re-election of Loh Paik Yoong as Director.		
8.	Appointment of Messrs Ernst & Young as new Auditors of the Company.		
9.	Retention of Mathew Thomas A/L Vargis Mathews as an Independent Non-Executive Director.		
10.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
11.	Proposed Share Buy-Back		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. Unless voting instructions are indicated in the space above, your proxy will vote or abstain from voting as he/she thinks fit.

Dated this .... day of...........................2015

....
Signature of member/Common Seal

Notes:

I) A member of the Company entitled to attend and vote at the above meeting is not entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

II) A proxy may but need not be a Member of the Company, an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia, and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

III) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

IV) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

V) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

VI) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

VII) For the purpose of determining a member who shall be entitled to attend the Thirteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 12 November 2015. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

Please fold here

Stamp

Share Registrar

REDtone International Berhad (596364-U)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Please fold here

REDtone

REDtone International Berhad (596364-U)
Suites 22-30, 5th Floor, IOI Business Park, 47100 Puchong, Selangor, Malaysia. Tel: +603 8073 2288 Fax: +603 2773 9015